

**OUTSOURCING STRATEGIES AND COMPETITIVE ADVANTAGE
OF HOTELS IN NAIROBI, KENYA**

BY


HAM NOON WEKESA

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
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DECLARATION

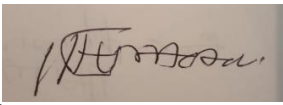
I, the undersigned, declare that this is my original work and that it has not been submitted for academic recognition to any college, institution or university other than the University of Nairobi.

Signed:  Date: 24th Nov 2022

Ham Noon.

D61/29881/2019.

This research project has been presented for examination with my approval as the appointed supervisor.

Signed:  Date: 28th November 2022.

Professor Evans Aosa.

Faculty of business and management science.

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DEDICATION

This project is dedicated to my loving parents, Mr. and Mrs. Wekesa, who have provided me with kind and vital encouragement during my studies and whose motivation keeps me going.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
LIST OF TABLES	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of Study	1
1.1.1 Concept of outsourcing	2
1.1.2 Concept of competitive advantage	3
1.1.3 Overview of hotels in Nairobi County	4
1.2 Research Problem	5
1.3 Research objective	7
1.4 Value of the Study	7
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Theoretical Foundation of the Study	9
2.2.1 Transaction-Cost Theory	9
2.2.2 Porters theory of Competitive Advantage	9
2.3 Outsourcing and competitive advantage	10
2.4 Empirical Studies and research gaps	13
CHAPTER THREE: RESEARCH METHODOLOGY	15
3.1 Introduction	15
3.2 Research Design	15

3.3 Population of the Study	16
3.4 Data Collection	16
3.5 Data Analysis	17
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....	19
4.1 Introduction	19
4.2 Demographic Information.....	19
4.3 Outsourcing strategies and competitive advantage of hotels in Nairobi.....	22
4.4 Discussion.....	26
CHAPTER FIVE	
SUMMARY, CONCLUSION AND RECOMMENDATIONS	29
5.2 Summary of the Findings	29
5.3 Conclusion	30
5.4 Recommendations	30
5.5 Limitations of the Study	31
5.6 Suggestions for Further Research.....	32
REFERENCES	38
APPENDICES	41
Appendix I: Questionnaire	41

LIST OF TABLES

Table 4.1 Gender Composition	20
Table 4.2 Level of Education	20
Table 4.3 Work Experience	21
Table 4.4 Outsourcing Strategies	23
Table 4.5 Model Summary	24
Table 4.6 ANOVA	25
Table 4.7 Table of Coefficients	25

ABSTRACT

Outsourcing is the procedure of engaging external organizations for service formerly executed by internal employees. This has been in practice for quite a while, and a lion's share of it is concentrated on achieving operational efficiencies and competitive edge (Efling & Bave, 1994). The influence of outsourcing techniques on the competitive advantage of star-rated hotels in Nairobi County was the main topic of this study. The study's main objective was to investigate how outsourcing strategy affected Nairobi County's star-rated hotels' ability to compete. The study used a descriptive survey study design and a structured questionnaire to gather primary data. Descriptive statistics and simple linear regression were then used to evaluate the data quantitatively. Results indicated that the majority of hotels in Nairobi County have used outsourcing techniques, Results in particular demonstrated that a significant amount of outsourcing was done for non-core business programs, logistics operations, employee training and development, IT services, human resources, and tax processes. Further, the study found that outsourcing had a significant positive influence on competitive advantage of hotels in Nairobi county. The study concluded that outsourcing strategies can be used to create unique or important positions that involve various sets of undertakings when deciding which competitive strategies to adopt. The recommendations based on the findings and conclusions included hotels in Nairobi county taking advantage of the numerous opportunities to outsource functions that are not core to their business and setting up guidelines to control the process of outsourcing. The study suggests that further research should be conducted to address the gaps of methodology and context that could not be addressed by this study due to limitations faced by the researcher.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Macro-economic situation is full of a high level of disconnect between outsourcing and pursuance of consumer contact by many companies in Kenya due to the nature of its complexity. Globally, outsourcing strategies is common among many companies. Some of the activities various companies outsource include their accounting, logistics and transportation, human resource management, information technology, support service, sales, and direct marketing. Outsourcing strategies promote a competitive advantage for companies since they allow companies to access specialized talents and develop their non-core business activities (Asare and Prempeh ,2017).

This study is underpinned in the transaction costs theory and Porter's theory of competitive advantage. The transaction costs approach supports the view that transactions should be lower for companies to enjoy a highly competitive edge. However, Michael Porter's approach to competitive edge designates the environmental factors and generic strategies associated with costs, differentiation and segmentation, play a key role in companies achieving a competitive edge.

Hotels can be defined as establishments that provide wide range of activities connected to providing food, drink, and accommodation (Noor et al, 2013). The sector is an essential economic component due to the fact that when tourists spend money in hotels, they directly

contribute to the growth of the economies. Tourists also help the economy indirectly by purchasing local souvenirs and crafts, pharmacy items, and retail goods. The influx of tourists into hotels also encourages the construction of infrastructure like roads and public transportation. The remodeling of demand in the hospitality industry, has increased need for hotel accommodation, hence, Hotels have realized that the adoption of outsourcing plans is economically viable and allow them to achieve high performance and a competitive advantage. As such many hotels in Kenya support the adoption of outsourcing, especially for their non-core activities. This paper will determine.

1.1.1 Concept of outsourcing

Outsourcing can broadly be defined as a process that hands over part of the entire business activities of an organization to an external firm that is experienced in those business activities more than the organization (Quinn & Hilmer, 1994). Outsourcing non-essential procedures free the business time and resources for essential procedures. The service provider possesses, manages, and regulates the business procedure, building on a clarified and quantifiable achievement to improve the general business performance and competitive advantage (Sarpin and Weideman, 2009). Businesses operate on procedures such as; essential procedures, which offer logistical value, crucial but out-of-business procedures, that are of significant but not competitive point of difference, and non-essential, which are required for the operation of the environment (Mwambuwa, 2014). Competitive tension has compelled firms to look impartially and critically at their procedures (Asare and Prempeh, 2017).

Firms have been outsourcing operations; value-added initiation and sometimes the whole sector of the industry for a long time now. Some of the functions and plans of action that businesses normally outsource include logistics, data processing, human resources management, accounting, maintenance and marketing. Competitive tension and demand to upgrade are propelling an increase in the essential qualities, and volume of businesses globally.

1.1.2 Concept of competitive advantage

The term indicates the power of a firm to out-smart its rivals (West & Ibrahim, 2015). Competitive edge is gained when accompany operates on peculiarity that helps it outwit its competition in the industry. This may mean access to natural resources, expertise, or technological advancement (Michael Porter,1985). During the past decades, the global business environment has experienced notable changes with some of the changes including advances in technology and globalization. The changes have brought about competition in the business environment.

Competitive edge motivates a company to process goods or services in a recommended manner to consumers or at a lower cost (West & Ibrahim, 2015). Some of the ingredients that enhance competitive advantage include broad networks; trademark; expenditure pattern; brand; and the quality of products or services. Firms that possesses a feasible competitive edge constantly produces client service that is in line with those buying criteria that meet the consumer market need. It involves achieving exceptional performance and economic benefit over a prolonged period in the market (Meihami, and Meihami ,2014). Firms should always be a step ahead by having the ability to predict their rivals' next move

and ensuring they match their resources to the current gaps in the industry. Scholars acknowledge that some forms of competitive advantages that are hard to imitate yield in long-lasting and superior economic performance (West, & Ibrahim, 2015).

In the modern business world, organizations can advance a competitive edge by fostering brand loyalty through stable low pricing of their products and services or building good relationships with potential customers and providing them with an excellent customer service experience. Furthermore, the interminable design of products that match the needs of the market appeal to most customers based on the perceived quality attached to the product. Further, companies that have various tools of competitive edge maintain their advantages for a longer period (Barney, 2015). For instance, a firm that provides quality products at affordable prices and prompt delivery to its consumers has a better result than that with only one or two tools of competitive edge.

1.1.3 Overview of hotels in Nairobi County

The hospitality business in Nairobi county forms the biggest share of the tourism trade. A framework of the Hospitality business is variegated and classified ranging from one to five stars and the tourism regulatory authority is mandated to conduct this exercise. Classification is based on various factors such as the site, environmental accessibility, architectural plan, hotel size and framework, working hours, communication framework, and the kind of schemas and solutions provided to the identified market niche. Hotels that operate in Nairobi county receive high volume of business due to the fact that they are located in the capital city of Kenya (Mwanzia,2012).

Due to remodel of demand in the hospitality industry, to cater for non-holiday making visitors, there is an increased need for hotel accommodation. Statistics by Kenya Tourism Board in April 2019, revealed increasing number of commerce and convention visitors and sports by 21.10% and 11.60% respectively. This incorporated with other factors, demanded more quality service hence the need for classification. Famous group of hotels such as Belgium Rezidor hotel groups, have seized the moment and set up their business in Kenya. The imminent introduction of their businesses in the Kenyan economy is to address the scarcity formerly witnessed in bed capacity during the Tourism reverberation in 2017. This has been attributed to increased business competition, providing a very healthy ground for business in this sector.

1.2 Research Problem

The procedure of engaging external organizations for service formerly executed by internal employees is referred to us outsourcing which has been in practice for quite a while, and still a lion's share of it is concentrated on achieving operational efficiencies and competitive edge (Efling & Bave, 1994). Recently, the world has seen a fast development in the business processes redistributing to the different hierarchical exercises, for example, information technology, manufacturing, sales and marketing, finance, and insurance. Strategic outsourcing in organizations aims to achieve the overall business benefits whether enhancing a company's competitive position or improving profitability (Maku & Iravo, 2013).

Globally, managers are considering outsourcing as a strategic way of keeping the company competitive in the 21st century. The exceptionally turbulent business condition related to practical client needs for customized administrations and products has constrained organizations to audit, improve and re-engineer their activities. Studies done in the past indicate that the approval of outsourcing policies promotes the competitive edge of companies globally (Robertson, 2007). Baytok, Soybal, and Zorlu, (2013) explored the status of the outsourcing strategies within a Turkish thermal hotel. The study established that the hotel did not prefer outsourcing the services that are considered to be its core business activities. However, it outsourced the services that are considered to be non-core.

Wahira, Brookes, and Haines (2016) conducted a study to investigate the impacts of outsourcing carried out by organizations in Nairobi. They established that outsourcing can produce a balance of contrary forces to an organization depending on the risks of its business, the commitment and competence of the external firm that provides the services, and the functions outsourced. Outsourcing is a major tool companies are employing in order to outwit their competition (Nyamamba, 2007). As such many hotels in Kenya support the adoption of outsourcing, especially for their non-core activities.

Few studies have been done on this topic, and the few studies done mainly focused on the manufacturing industry. Consequently, this study endeavors to infuse the breach in the research alongside determining; what are the influence of outsourcing strategies on the competitive advantage of hotels in Nairobi county?

1.3 Research objective

The objective of this study was to establish the influence of outsourcing strategies on the competitive advantage of hotels in Nairobi county.

1.4 Value of the Study

The study results will help the top administration of hotels in the nation and beyond to figure out the impacts of outsourcing on the competitive advantage on their businesses. This will assist with advancing competitive edge, achievements, and execution of outsourcing in the different hotels in Nairobi.

The result of the study will likewise assist with directing the policymakers in the country, particularly towards the plan and execution of outsourcing strategies in the hotel industry in Nairobi. This is because the policy makers will use the study results to help in regulating and managing issues associated with the outsourcing strategies and competitive advantage of companies within the hotel industry in Nairobi Kenya.

The discoveries will likewise be of extraordinary assistance to future researchers and scientists. This is on the grounds that the study will give valuable bits of knowledge on the effects of outsourcing on the competitive advantage of hotels in Nairobi. Therefore, future specialists and academicians will apply the tribute point of the research in their studies. The review will give a hypothetical structure that guides studies and specialists, that will put together their system with respect to this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this phase, the researcher will explore the constructs, which includes an analysis of the copious research done by researchers on a conceptual basis, on effects of outsourcing strategies and their competitive advantage of firms. It also covers the theoretical foundation and knowledge gaps.

2.2 Theoretical Foundation of the Study

The various argument presented in this literature seeks to confirm the outstanding estimate on impact of outsourcing on the competitive advantage of businesses. The arguments comprise the transaction cost theory and Porter's theory of Competitive Advantage.

2.2.1 Transaction-Cost Theory

This theory was first uncovered by Ronald Coase in the year 1930 and Williamson made a huge commitment to its improvement in the 1975. The theory shows that businesses outsource their non-core functions as a way of reducing costs and obtaining cost efficiency (Kulmala, 2003). There are three regions where the theory covers, that is recurrence of exchanges, vulnerability, and level of resource explicitness. In case all the three areas of the theory are determined not to be large; the business will opt for the outsource. The theory points out the demand for an exhaustive and defined commitment between the Customer and trader to circumvent exploitation and ensure accountability (Poppo & Zenger, 2002).

Capital expenditure is the cost incurred while obtaining output, which may be in form of the product or service. This cost includes Human resource acquisition, Merchandise and capital. Coordination costs comprise; monitoring, administration, and running operations within the business, hence transactional cost should not supersede the cost of managing the business (Aubert et al, 2004). Therefore, the transaction should be re-arranged internally and vice versa. The reason behind transaction costs is to ease operation.

The comparative arrangement and prime price are connected with the service rendered, allowing the hotels to either outsource their services or use the internal staff (Mahnke et al, 2005). The view advances rigidity and inflexibility among businesses due to its focus on complex arithmetic. This theory applies to this study because it gives businesses an option as to the best method of applying these integrated operational functions, allowing the business either to run its own business or decide to outsource such functions when the market value protects firm value.

2.2.2 Porter's theory of Competitive Advantage

In the advancement of this theory Michael Porter, an economic researcher digs into the aggressive manner that leads to the success of some businesses. In his research, Michael uncovers the ground behind the long-term competitiveness of some companies over others (Thompson & Strickland, 2012). Through this Michael Porter, developed three generic frameworks that would assist most businesses to outwit competitors and gain a competitive edge. Competitive edge is gained when accompany operates on peculiarity that helps it outwit its competition in the industry. This may mean access to natural resources, expertise, and technological advancement (Michael Porter,1985).

According to Porter (1985), competitive advantage increases depending on whether the value presented by the business overrides the cost of the product. His three generic framework which is considerable in helping businesses gain a competitive edge over their competitors included price, differentiation and focus. The price framework involves production at a lower cost than competitors do. This entails finding a low-cost base in terms of readily available resources for a firm (Thompson & Strickland, 2012).

2.3 Outsourcing and competitive advantage

Outsourcing can broadly be defined as a process that hands over part of the entire business activities of an organization to an external firm that is experienced in those business activities more than the organization (Quinn & Hilmer, 1994). This can help the organization that outsources some of its services to focus its attention on its core competencies. It is believed that outsourcing occurred for the first time in the Roman Empire when the regime contracted an external firm to collect taxes on its behalf (Ford & Ibrahim, 2015).

The term competitive advantage indicates the power of a firm to out-smart its rivals. Competitive edge is gained when accompany operates on peculiarity that helps it outwit its competition in the industry. This may mean access to natural resources, expertise, or technological advancement (Michael Porter,1985). During the past decades, the global business environment has experienced notable changes with some of the changes including advances in technology and globalization. The changes have brought about competition in the business environment.

Competitive edge motivates a company to process goods or services in a recommended manner to consumers or at a lower cost (West & Ibrahim, 2015). The core competencies are the areas in which a firm has a competitive edge compared to the other businesses within the industry. It can be in form of information or something that its competitors cannot imitate easily because it is unique to the organization.

In Kenya, the concept of outsourcing in the business and construction industry is known as "contract manufacturing" and for organizations to advance in their lines of business, they ought to commit their limited resources to the essential business activities and outsource the inessential activities. It is, for this reason, the majority of the firms form alliances and joint ventures to offer specialized services (Dolgui & Proth, 2013). Consequently, the majority of the firms in today's business environment want to understand their unique areas so that they can specialize in those areas to offer specialized services or outsource the services they are not good at. The majority of the enterprises in the hospitality industry outsource services to gain a competitive edge over their competing partners. They focus their attention on core competencies hence they reduce costs, enhance flexibility and enjoy better services from superior suppliers and even offer quality services to their areas of specialization (West & Ibrahim, 2015).

Analysis reveals that outsourcing promotes saving costs and capital structure. In the hospitality industry, hotels and restaurants outsource services to benefit from external firms that specialize in the industry's non-core functions, the resources that is saved through outsourcing is therefore invested in the core businesses to help hotels offer quality services (McCarthy & Kietzmann, 2013), apart from saving money, outsourcing further enables the players in the hospitality industry to optimize their capital structures by reducing sunk

costs. This optimization reduces the fixed cost thereby enhancing the flexibility of hotels and restaurants. (Wang & Huang, 2016). The limited resources are directed to the core businesses thereby promoting the competitiveness of the organizations that outsource the non-core business activities.

Outsourcing also lowers operational risk and improves competitive potential in organizations. The hospitality industry just like any other industry faces several operational risks. It operates in an uncertain business environment that does not guarantee anything except the complexity of running a successful business. This environment exposes the market players to production, marketing, supply, investment, and financial risks that might be easy to mitigate or transfer to a third party (West & Ibrahim, 2015). Through outsourcing, the market players can reduce some of the risks by partnering with external firms (Song, 2012).

Outsourcing is associated with flexibility in operations. The term flexibility in this study pertains to the power of a business to adopt to its scope and scale of production upward or downward at a reduced cost within a short period. In the hospitality industry, flexibility plays a significant role in creating a sustainable competitive advantage. It enables organizations to meet their unexpected demands and changes within a short period (West & Ibrahim, 2015). It is rather obvious that a sub-contractor who specializes in a particular area can adjust to changes in demand more easily than an organization can do if it handles such a task in-house. Therefore, there is a need to develop networks with suppliers through outsourcing so that flexibility can be enhanced in the hospitality industry. This would improve service delivery and the competitive advantage of an organization through specialization (Foss & Knudsen, 2013). Outsourcing parties are also able to access the new

technologies in the industry faster than the organizations can (Mohiuddin & Su, 2013). This benefits that emanate from flexibility have been evaluated widely by previous studies and demonstrated to benefit the hospitality industry.

2.4 Empirical Studies and research gaps

Baytok, Soybal, and Zorlu, (2013) explored the status of the outsourcing strategies within a Turkish thermal hotel. The study established that the hotel did not prefer outsourcing their non-core functions. However, it outsourced the services that are considered to be non-core. A study conducted on the Chinese outsourcing strategies among hotel enterprises identifies the direction that Chinese hotels should take in the future to enhance their outsourcing strategies, and it affirmed that There is a positive link between transactional cost and resource reliance direction. (Li Song, 2012).

Wahira, Brookes, and Haines (2016) conducted a study to investigate the impacts of outsourcing carried out by organizations in Nairobi. They apportioned personality inventory to the managing teams of 85 from hotels based in Nairobi. They established that outsourcing can produce a balance of contrary forces to an organization depending on the risks of its business, the commitment and competence of the external firm that provides the services, and the functions outsourced.

Another study conducted by Krishnaswamy (2017) that evaluates the sources of the competitive advantages of several firms utilized a descriptive research method and questionnaire to collect the data. Approximate and quantifiable research analysis was used to analyze the data. The outcome provided useful data that may be considered to be skewed toward cement manufacturing companies to thoughtfully place themselves in the

competitive global market, thereby advancing their overall sales as well as a market niche. Soliman (2013) examined the role of innovation in the development of sustainable competitive advantages by introducing a new model of a global strategy that was based on innovation. He established that innovation could be utilized to formulate a global strategy to help organizations sustain their competitive advantages.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the strategies for gathering accessible data in order to achieve the study's objectives. It will go into greater detail on the research design, target population, data collection procedures, and data and analytic techniques that the researcher will use to analyze the study.

3.2 Research Design

Research design refers to a network of methods and techniques that is employed to find the answer to a specified research problem (Bhat, 2019). This research will adopt a descriptive cross-sectional survey. This will help establish how outsourcing strategies affect the competitive advantage of star – rated hotels in Nairobi, Kenya.

This study adopted this design as it helped unveil more insight about the study topic. The cross-sectional research design and data will be collected at different hotels in Nairobi, Kenya. This method aided the answering of the research questions by ensuring that the results had the elements of consistency and generalizability. This is as a result of the quantitative data collecting methodology and subsequent data analysis. Additionally, it offered a practical way of gathering data while handling the questionnaires both digitally and non-digital.

3.3 Population of the Study

Population can be defined as a group of people, establishments, and items that share common characteristics that are valuable to the researcher (Mburu, 2020). This study's population will be all-star rated hotels in Nairobi, Kenya. According to data published by the tourism regulating authority, Nairobi has 55 star-rated hotels (2016). The investigator will collect information from the study's population based on data availability and their location within Nairobi County.

Structured questionnaires will be administered to the general manager or their designate of all the star rated hotels within Nairobi, where they will be filled and the researcher will collect them either in soft copy or hard copy, for analysis purposes.

3.4 Data Collection

Primary data was obtained by way of a structured questionnaires. Primary data was important to this study because it is more updated and can maintain the privacy of the respondents. The data was collected from top management of rated hotels in Nairobi.

The researcher will utilize questionnaires to collect data because they are inexpensive and give a practical technique of obtaining data. The questionnaire will address the research goals and will concentrate on the effects of outsourcing tactics on the competitive advantage of Nairobi's five-star hotels. The organized questionnaire was divided into sections with the goal of gathering pertinent information. Section A provided general information on the respondents. Section B discussed the outsourcing tactics used by Nairobi's rated hotels.

The last section delves on gathering data associated with competitive strategies within the Star-rated Hotels in Nairobi, Kenya. Using a 5 Likert scale that ranges from one (completely disagree) to five (completely agree), the responded will be required to give their opinion on how outsourcing is impacting on the competitive advantage of their hotels.

Census study will be used where all-star- rated hotels in Nairobi will be sampled, since there exist 55 star rated hotels in Nairobi according to tourism regulatory authority ratings of 2018. The questionnaire, will be sent to the hotels in hard copy and collected later or it will be emailed to the hotels.

The respondent to this study will be the top managers of the establishments, who include, the chief executive officer or their designates. The researcher will target this respondent because they are in a position to give informative data on how outsourcing has impacted on their hotel competitive advantage.

3.5 Data Analysis

Data collected from the respondents will be quantitative in nature and therefore it will be analyzed quantitatively. Studying information already in existence in order to identify the components that explain a certain phenomenon is the primary goal of data analysis (Mugenda and Mugenda ,1999). Each collected questionnaire will be checked for completeness and consistency. Data will be grouped into different categories but all answering the objective of the study and analyzed using descriptive statistics and inferential statics, specifically linear regression.

Finally, data will be summarized according to the study theme, which is outsourcing strategies and how they impact on the competitive advantage of hotels in Nairobi. Final findings will be presented as a charts, tables and graphs for easier understanding, conclusion and recommendation will be drawn out of it.

The regression model that was used was as follows;

$$Y_1 = \beta_0 + \beta_1 X_1 + e_1$$

Where: Y_1 = competitive advantage

β_0 = Constant

β_1 = the coefficients

X_1 = Outsourcing strategy

e_1 is the error term

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The conclusions drawn from the data analysis were addressed in this chapter, along with their interpretation. The data related to the study's goal, which was to examine the competitive advantages and outsourcing practices of Nairobi County hotels. Using descriptive analysis and sequential regression, the data gathered from the respondents was quantitatively examined. The results will be shown in this section as they were seen in the tables.

55 questionnaires were given to the respondents in order to collect the data. The 40 surveys that were correctly completed, returned, and tallied in number were the ones that were therefore examined. This amounts to a response rate of 72% of the total respondents, which Mugenda & Mugenda (2003) claim is sufficient for full data analysis considering their threshold of >60%.

4.2 Demographic Information

To understand better the respondents and the hotels under study, the study set out to examine the background information, gender, level of education, and working experience. This section presents the findings as established.

The respondents were required to indicate their genders so as to establish gender representation within the various companies. Table 4.1 shows the findings as posted.

Table 4. 1: Gender Composition

Gender	Frequency	Percent
Male	32	80
Female	8	20
Total	40	100.0

Source: Research Data (2022)

The table 4.1 indicates the existence of a gender imbalance between male and female employees. This is reflected by the representations of male respondents accounting 80% of the total respondents, while female respondents accounted for 20% of the total. This indicates that more male employees occupy management roles in star rated hotels in Nairobi, as compared to female employees.

The respondents were required to indicate the highest level of education that they have attained. The table 4.2 summarizes the results on this particular question.

Table 4. 2: Level of Education

Education	Frequency	Percent
College Level	4	10
Graduate Level	23	57
Post Graduate Level	13	33

Total	40	100.0
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Source: Research Data (2022)

The results as illustrated in the table 4.2 show that a large number of the respondents had graduate qualifications as reflected by a value of 57%. Participants with college level education accounted for 10 % of the total respondents, while those who had post graduate level education had a representation of 33%. This therefore implies that the participants possessed relevant education background and were considered to have the capability of giving reliable information that would be relevant in answering the research question of this study.

The research participants were also required to indicate the period they have worked in their respective companies. The table 4.3 provides a summary of the responses as given.

Table 4. 3: Work Experience

Experience	Frequency	Percent
Less than 1 year	4	10
1 - 5 yrs	26	65
6 - 10 yrs	6	15
>10 yrs	4	10
Total	40	100.0

Source: Research Data (2022)

The table 4.3 shows that of the total respondents, only 10% to have worked in their respective hotels for a period of < 1 years. The majority who accounted for 65% reported to having worked for between 1 and 5 years. 15% reported to having worked for between 6-10 years, and the remaining 10% reported to having worked for more than 10 years. Considering this outcome, it was clear that majority of respondents possessed sufficient experience as well as the knowhow and comprehension of their individual firms that the researcher was looking for.

4.3 Outsourcing strategies and competitive advantage of star rated hotels in Nairobi

The study attempted to determine the extent to which hotels in Nairobi County have utilized outsourcing tactics. A descriptive analysis was performed to estimate the amount of acceptance of outsourcing methodologies on a scale of 1-5, with 1 indicating no adoption at all and 5 indicating extensive implementation. These findings are given in table 4.4.

Table 4. 4: Outsourcing Strategies

	Mean	Std. Deviation
The hotel management is outsourcing non-core business programs	3.6750	.91672
The hotel management is outsourcing logistics operations	3.8000	1.11401
The hotel management is outsourcing training and development of the employees	3.2400	1.01779
The hotel management is outsourcing IT services	3.6250	1.00480

The hotel management is outsourcing human resource operations	2.9000	.87119
The hotel management is outsourcing tax operations	3.2500	1.25576
Valid N (listwise)		

Source: Research Data (2022)

According to the statistics shown in the table above, the majority of hotels used outsourcing tactics. Respondents specifically reported that non-core business programs were outsourced, with a mean of 3.6750 and a standard deviation of 0.91672. In terms of hotel management outsourcing logistics operations and employee training and development, the majority of respondents agreed, as evidenced by means 3.8000 and 3.2400, with standard deviations of 1.1140 and 1.0177, respectively. Similarly, the majority of respondents (3.6250 with a standard deviation of 1.0048) said that the hotel management had outsourced IT services. In terms of outsourcing human resource operations, the results indicated that the majority agreed with a mean of 2.900 and a median of 2.900 as well as a standard deviation of 0.8711. The majority of respondents believed that hotel management should outsource tax processes, as evidenced by a mean of 3.2500 and a standard deviation of 1.2557.

The extent to which outsourcing strategy affects the competitive advantage of hotels in Nairobi County was determined using simple linear regression.

Table 4. 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 ^a	.464	.450	.48237

a. Predictors: (Constant), Outsourcing Strategies

Source: Research Data (2022)

The results in Table 4.5 show that R square is 0.464, indicating that variations in the predictor variable, outsourcing strategy, can account for 46.4% of the variation in competitive advantage of Nairobi hotels. Other factors not included in the analysis have an impact on the remaining 53.6% changes in competitive advantage. The findings also demonstrate that the predictor variable under investigation may accurately predict competitive advantage up to 68.1% of the time with a standard error of 0.4823.

Table 4. 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.167	1	11.167	32.926	.000 ^b

Residual	12.888	38	.339		
Total	24.055	39			

a. Dependent Variable: Competitive Advantages

b. Predictors: (Constant), Outsourcing Strategies

Source: Research Data (2022)

The ANOVA table displays the results, indicating how well the model fits the data. According to the data, the independent variable is an excellent predictor of competitive advantage. This is demonstrated by the number $0.000 < 0.05$, which indicates that the model is statistically significant with 95% confidence level.

Table 4. 7: Table of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.347	.424		3.177	.003
	Outsourcing Strategies	.636	.111	.681	5.738	.000

a. Dependent Variable: Competitive Advantages

Following the illustrated output, the regression model will therefore be represented as follows;

$$Y=1.347+0.636X+ e1$$

From the table above, it can be seen that outsourcing strategies ($t=5.738$, $p=0.000$) is positively related to competitive advantage and statistically significant at 95% confidence level as ($0.000<0.05$). The constant 1.347 indicates that holding the independent variable at 0, competitive advantage for hotels was at a positive. The beta value $\beta = 0.636$ indicates that a unit change in outsourcing strategy will result in 0.636 unit change in competitive advantage.

4.4 Discussion

The findings of the study show that to a large extent, star rated hotels in Nairobi County have embraced outsourcing strategies for competitive advantage. Furthermore, the findings indicate that different elements of outsourcing had been embraced by hotels in Nairobi county, either entirely or in part. This was demonstrated by the results which showed that all but one of the outsourcing techniques had mean values greater than 3 on a scale of 1-5, where 1 indicated not implemented and 5 indicating fully implemented according to descriptive analysis performed on each and every variable. Generally, the results indicate that the services that have largely been outsourced by star-rated hotels in Nairobi county include logistics, training development of employees, IT services and tax operations. This is in line with the assertions of Bettis, Bradley & Hamel (1992), who contend that organizations will choose to outsource base on their understanding of core competencies, and this forms a basis for future competitive advantage.

In determining the influence of outsourcing strategies to competitive advantage of hotels in Nairobi County, the linear regression analysis established that 46.4% of competitive advantage was explained by outsourcing strategies. This implies that outsourcing strategies as adopted by hotels in Nairobi County significantly impacts its performance. The model used was statistically significant at 95% confidence level. The positive constant in the regression model means that when the hotels have not adopted outsourcing strategies, competitive advantage will still be on the positive. This can be supported on the fact that these hotels are already established brands and therefore can ride on the acquired competitive advantage to run profitable operations.

The findings of the study reveal that outsourcing strategies had the capability of contributing by a significant margin towards competitive advantage of hotels in Nairobi county. The findings collaborate with those of other studies that have previously focused on similar concept. For example, the findings from the research conducted by Giustiniani and Clarioni (2013) revealed that outsourcing contributed to organizations gaining a competitive advantage. Similarly, Kiptanui (2018) that outsourcing strategies had a positive impact on the competitive advantage of commercial banks in Kenya.

According to the survey, Nairobi County hotels guaranteed cost effectiveness while outsourcing for competitiveness by having access to a larger range of skills, concentrating on core business, and providing superior service and product quality. Furthermore, the study discovered that the dependability, experience, and flexibility of service providers were key factors in the quality outsourcing among Nairobi County's hotels.

These findings are supported by Ilam and Rashidi (2012), who found that outsourcing was likely to result in greater flexibility, production of goods and services that were of a superior quality, reduced costs, enhanced performance both financial and also non-financial as well as improved service experience.

Majority of hotels in Nairobi county are seen to focus on their core business function to get a competitive advantage. They focused on meeting high quality standards, and also observed efficiency and effectiveness so as to ensure profit maximization. These findings are also supported by those of Karanja (2016), who ascertained that organizations engaged in offshore business process outsourcing for purposes of cutting costs, desire to improve the profitability as well as provision of high-quality service.

The findings of this study therefore resonate with the previous studies which discussed the concept of outsourcing, terming it as a popular and widely adopted business strategy that is emerging in the current globalized business environment. In addition to saving costs, outsourcing has been credited as a way of gaining access to unique resources, knowledge and capabilities that are in the possession of other firms. It also allows organizations to be increasingly flexible in managing demand fluctuations as commonly witnessed in the hospitality industry. To a large extent, the findings concur with those of Yilmaz & Beduk (2014), who found that outsourcing had a significant impact on competitive advantage, and recommended that it should be embraced in today's ever-changing business environment.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The sections addressed in this chapter include a summary of the findings, conclusions based on the previous chapter's findings, and study suggestions. The chapter also outlines areas that have been found and proposed for additional research.

5.2 Summary of the Findings

The purpose of this research was to examine the impact of outsourcing techniques on the competitive advantage of star-rated hotels in Nairobi County. The claimed response rate was 72%, which was sufficient to draw conclusions from the collected data. According to the findings, the majority of hotels used outsourcing tactics. Particularly, the results showed that outsourcing of non-core business programs, logistics operations, training and development of the employees, IT services, human resources and tax operations was done to a large extent with all of the functions recording a mean higher than 3 and a similarly lower value of standard deviation.

With regards to the impact of outsourcing strategies on competitive advantage of hotels in Nairobi County, the linear regression analysis established that 46.4% of competitive advantage was explained by outsourcing strategies. The model used was statistically significant at 95% confidence level. The positive constant, 1.347 in the regression model implied that without the hotels adopting outsourcing strategies, competitive advantage will still be on the positive.

5.3 Conclusion

According to the research findings, it has been established that Nairobi County hotels' competitive advantage is impacted by outsourcing strategies. In light of the foregoing, it can be said that hotels may effectively compete in a dynamic business climate when they use outsourcing techniques and do so in accordance with their resources and skills. When determining which competitive strategies to employ, outsourcing techniques may be employed to develop distinctive or important positions that entail a variety of tasks.

The hospitality industry must formulate new strategies and ways of service delivery to counter the rapidly changing business environment keep a competitive edge. As hotels recover from the effects of the pandemic, which hit the hospitality industry hard, it is important that they find ways to mitigate business risks and focus on their core competencies as this will earn them a competitive advantage.

5.4 Recommendations

The study has established that hotels encounter challenges as they outsource their non-core functions. In order to mitigate these challenges, hotels need to direct more resources in researching and understanding their industry and the operating frameworks that guide their activities. This will ensure that they make outsourcing decisions that are informed and backed by justifiable data. It will also enhance efficiency and ensure success of the outsourcing strategies.

The study recommends that the hotels in Nairobi county should take advantage of the numerous opportunities to outsource functions that are not core to their business. They should identify qualified, trustworthy and reliable service providers who have the capacity

to handle large volumes and sensitive assignments. The study also recommends that hotels set up processes and procedures that will enable them to observe standards and communicate the same to their partners, as this will ensure transparency and accountability. Finally, the study recommends that even as hotels in Nairobi county enjoy the options of outsourcing, they should as well manage operational risks that come with the strategy. The results of this survey indicated that many hotels will keep using outsourcing as a tactical tool for managing their business operations. As a result, it's critical to make informed selections when choosing reliable contractors, creating service level agreements, and diligently tracking performance. It is essential for the success of the outsourcing partnership to hold review meetings with service providers.

5.5 Limitations of the Study

Despite the valuable information this study has provided, there are some drawbacks. For example, the association between outsourcing strategy and competitive advantage was established using a simple linear regression model. Other factors also have an impact on this relationship and must be considered in the investigation. This study also employed a survey methodology. It is a valid methodological technique, but it can limit the depth of the revelations. Despite the identified drawbacks, the study helps suggest areas that require more study in order to better understand outsourcing. The study therefore shows that, in some cases, the impact of outsourcing on employee morale and performance is one of the major risks that face firms. However, more has to be discovered regarding the precise modifications made to the human resource operations, how these can be implemented, and how they support the success of outsourcing.

5.6 Suggestions for Further Research

A conventional questionnaire was utilized as the data collecting tool for this study, which often restricts the potential to gather information beyond the survey instrument's predetermined set of questions. In-depth interviews may be considered in future research as a qualitative case-based method to elicit unstructured opinions regarding suppliers and opportunistic behavior. Considering that it was the cross-sectional research strategy that was utilized in this study, it was not possible to assess how the variables behaved over time. This limits the application of the findings because longitudinal studies present the possibility of yielding different findings as compared to the ones from this research.

Additionally, future studies may include a wider sample of participants from other industries. Future research could also wish to include crucial responders from vendors who outsource goods and/or services. The perspectives of both customers and suppliers might be compared and contrasted in an intriguing way, which might offer previously inaccessible insights into the causes of the phenomena this research is has examined

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APPENDICES

Appendix I: Questionnaire

This study aims to ascertain how outsourcing techniques affect Nairobi, Kenya's star-rated hotels' ability to compete.

A: Demographics

1.Name of the establishment

.....

2.How many “stars” does this hotel rate?

.....

3.Gender

Male []

Female []

4.Level of Education

College []

Graduate []

Post graduate []

5 How long have you been employed by this hotel?

shorter than one year. []

1 to 5 years []

6 to 10years []

Over 10 years []

B: Outsourcing Strategies

Using a rating of one (totally disagree) to five (Likert) (completely agree),to what extent do you agree that your hotel has adopted the following outsourcing strategies to increase and improve their competitive advantage?

Statement	1	2	3	4	5
The hotel management is outsourcing non-core business programs					
The hotel management is outsourcing logistics operations					
The hotel management is outsourcing training and development of the employees					
The hotel management is outsourcing IT services					
The hotel management is outsourcing human resource operations					
The hotel management is outsourcing tax operations					

C: Competitive Advantage

Using a rating of one (totally disagree) to five (likert) (completely agree), to what extent has the adoption of outsourcing improved the hotel's competitive advantage

Statement	1	2	3	4	5
It has led to low costs in operations					
It has led to the provision of customer value and high-quality services.					
It has led to smooth operations within the hotel.					
It has led to a faster speed in the delivery of services to the customers.					
It has led to fast material flow and simplification of operations in the hotel.					

It has led to high market share					
It has led to provision of unique products and services					
It has led to the pursuing of perfection in the hotel					