EFFECT OF STRATEGIC MANAGEMENT ON ORGANIZATIONAL PERFORMANCE OF BEACH HOTELS ALONG COASTLINE OF MOMBASA

Mutendera, D. K., & Simba, F.

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 6, Iss. 2, pp 717 - 734, April 24, 2019. www.strategicjournals.com, ©Strategic Journals

EFFECT OF STRATEGIC MANAGEMENT ON ORGANIZATIONAL PERFORMANCE OF BEACH HOTELS ALONG COASTLINE OF MOMBASA

Mutendera, D. K.,[1*] & Simba, F.[2]
[1*]MBA Scholar, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Mombasa, Kenya
[2]Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Mombasa, Kenya

Accepted: April 23, 2019

ABSTRACT
The general objective of this study was to examine the effect of strategic management drivers on organizational performance with special focus on beach hotels along coastline of Mombasa. Specifically the study looked at how organizational learning, ICT, strategic planning and competitive positioning affect organizational performance. The study adopted a descriptive survey design. The target population comprised 88 senior employees working in all beach hotels along coastline of Mombasa. A sample of 72 respondents was obtained using formula proposed by Nassiuma. Data collection was done through the use of closed-ended questionnaires. The data was summarized and tabulated using descriptive measures. Factor analysis was used to identify the underlying factors. Descriptive statistics was used to summarize the results for each of the main variables. Data analysis was done with the help of Statistical Package for Social Science (SPSS) version 23. Descriptive statistics included frequencies distribution, and percentages and mean, while inferential statistical analysis used included correlations, and regression. The study established that behavioral changes is a driving factor on beach hotels performance and that cognitive changes as a result of organizational learning in beach hotels is taken to be a fundamental competitive advantage source. Further, majority of respondents agreed that beach hotels encourage employees to learn new skills continually and to carry out innovative activities. The study concluded that during strategy formulation the hotel involves all stakeholders in the industry and that the hotel conducts constant reviewing of overall plans. Further, it was concluded that the hotel effectively monitors strategic plans and makes use of planning departments. The study recommended that the beach hotels should automate all integral services so as to improve performance. Finally, the study recommended that the hotel management should carry out competitive positioning strategies to improve hotel performance.
Key Words: *organizational learning, ICT, strategic planning, competitive positioning, organizational performance*

CITATION: Mutendera, D. K., & Simba, F. (2019). Effect of strategic management on organizational performance of beach hotels along coastline of Mombasa. *The Strategic Journal of Business & Change Management,* 6 (2), 717 –734.

INTRODUCTION

Globally, organizations have more and more continued to adopt various kinds of management strategies for the daily running of their firms. According to Porter (2012), the core objective of strategy is utilizing an organization's core capabilities and competencies in addition to establishing and maintaining a distinctive strength in its service and product offering that would result to a sustainable competitiveness in comparison to the competition. Pearson and Robinson (2012) argued that the environment in which organizations operate is rapidly changing with different factors influencing the organizations. This is because organizations operate in an environment that is characterized by a myriad of challenges and uncertainties. Organizations are open systems and for them to deliver efficiently, they must learn to appreciate the present challenges and cope with the increasingly competitive environment which calls on firms to rethink their strategies. The days when companies could wait for clients to walk to their organizations are long gone thus organizations must realize that their services and products regardless of how they are cannot sell themselves (Kotler, 2013).

Strategic management is grounded in the principle that companies need to proactively manage change by conducting not only internal audits but also external audits (David, 2013). Today more than ever—21st century company survival, competitiveness, and financial viability hinges on businesses mastering the art of effectively managing change (Waterman, 2012). In other words, companies need to constantly address several important questions regarding their raison d'être in order to remain competitive. Nowadays, business survival and prosperity depend heavily on companies conceptualizing new and improved strategic tools and strategy analyses which involve intersecting strategy with basic disciplines to improve management practice and overall organizational performance (Rumelt *et al.*, 2014).

In the Kenyan context, strategic management has now become a government-wide affair. In the 90s following a considerable time span of socio-economic reforms that were implemented in the mid-80s, the Kenyan government initiated an extensive public sector reform initiative which implied that public organizations were needed to point out what they were engaged in, how they are going about it as well as the financial implications of the same in not only a transparent but also accountable way. Since public agencies are the building blocks of the entire government enhancement of governmental transparency and accountability cannot be achieved without the prerequisite transformations in these partner organizations. Various public agencies are tasked with various functions and every agency can adopt strategic management on the basis of competitive and market propelled environment whereby innovating for survival is an indispensable strategy.

Ivo *et al.* (2013) state that one of the important questions in business has been why some organizations succeed and why others fail. Awino, (2013) asserts that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization. Njihia *et al.* (2013) highlight performance measurement as one of the tools which helps firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability. Performance of an organization can be measured using different approaches. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Odhuno & Wadongo, 2014). The customer focus describes performance in terms of brand image, customer satisfaction, customer retention and customer profitability. Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing conditions. The balanced scorecard retains the financial aspects as key in measuring performance while it adds other drivers of future performance (Mucheru, 2013).

Kenya was considered all over the world as a great tourist nation but recently the hotel industry was hit hard by the recent post-election violence as well as terrorism attacks (Kuria *et al.*, 2012). Many hotels were closed and this caused staff to be laid off. There were also a low bed occupancy capacity of 10-20% and the situation was headed for worse if something was not done (Nzuve & Nyaega, 2014). Similarly, Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment. Hotels were finding it difficult to meet the challenge of customer demands as well as complicated service technologies and production processes. Kamau (2014) stated that the tourism sector under which hotels is found in Kenya has been facing numerous challenges which have posed a threat to their existence. These challenges include competition, socio-cultural changes, technological changes and economic challenges.

Hotels like other businesses are turning to strategic management performance drivers so that they can qualify for international recognition for standardization certificates, company of the year awards and star rating as well as membership to professional bodies (Ongore & Kobonyo, 2013). As observed by Kangogo, Musiega and Manyasi (2013) hotels need to adopt the strategic management drivers that will enable hotels to tailor customer services to customer needs. This is because the hotel sector requires a high level of service which requires hotels to differentiate themselves so that they can retain customers and prevent them from switching from one hotel to another.

Statement of the Problem

Hotels like many other businesses are facing a lot of competitive challenges arising from the dynamism and complexity of the business environment. The Hotel industry in Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades which has resulted in generally low profits across the Hotel sector (Namusonge *et al.*, 2012). The low international tourist arrivals have grossly affected hotel sales and posed a threat to hotel operators because Kenyan hotels largely depend on the International Tourism Market (Oketch *et al.*, 2010). Locally various scholars over the past few years have studied the strategic management drivers of firm performance. For instance Kingi (2013) studied the effect of human resource development on the performance of tourist class hotels in Malindi District and asserted that a lot of importance was attached to competitiveness of small hotel enterprises. However the study did not cover the beach hotels along the Mombasa Coastline. A study by Mwangi (2017) explored strategic management drivers and performance of fiver star hotels in the County of Nairobi and concluded that organization learning driver was statistically important in influencing the performance of 5-star hotels in the County of Nairobi. Muthoka (2014) explored the effects of strategic management drivers on organizational performance in the tourism industry in Kenya and established that strategic management drivers had a considerable effect on the performance of the tourism industry in Kenya. The study concluded that Kenya's tourism sector needs to have a clear strategic planning and implementation of strategies which can assist in enhancing the performance of the sector. However most of the above studies covered three (3) to five (5) star hotels and most of the studies were not in coastline of Mombasa.

At the Kenyan coastline many beach hotels have been closed and this has caused staff to be laid off. There has also been a low bed occupancy capacity of 10-20% and the situation is headed for worse if something is not done (Nzuve & Nyaega, 2011). Similarly, Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment. Hotels are finding it difficult to meet the challenge of customer demands as well as complicated service technologies and production processes. The current study examined the effect of strategic management drivers on hotel performance and this was done through studying all classes of star-rated beach hotels along the Mombasa Coastline.

Research Objectives

The general objective of the study was to establish the effect of strategic management on organizational performance of beach hotels along the coastline of Mombasa. The specific objectives were:-

- To establish the effect of organizational learning on organizational performance of beach hotels along the Mombasa Coastline
- To determine the effect of Information Communication Technology on organizational performance of beach hotels along the Mombasa Coastline
- To examine the effect of strategic planning on organizational performance of beach hotels along the Mombasa Coastline
- To find out the effect of competitive positioning on organizational performance of beach hotels along the Mombasa Coastline

Research Hypotheses

- **$H0_1$**: There is no significant effect of organizational learning on organizational performance of beach hotels along the Mombasa Coastline
- **$H0_2$**: There is no significant effect of Information Communication Technology on organizational performance of beach hotels along the Mombasa Coastline
- **$H0_3$**: There is no significant effect of strategic planning on organizational performance of beach hotels along the Mombasa Coastline
- **$H0_4$**: There is no significant effect of competitive positioning on organizational performance of beach hotels along the Mombasa Coastline

LITERATURE REVIEW

Theoretical Review

Competitive Advantage Theory

When a firm sustains profits that exceed the average for its industry the firm is said to possess competitive advantage over its rivals. The goal of much of business strategy is to achieve a sustainable competitive advantage (Barney & Hesterly, 2012). Smit (2010) identified two basic types of competitive advantage which are cost and differentiation advantage. Cost Advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost but differentiation advantage are the core benefits that a firm obtains which exceed those of competing products. Cost and differentiation advantages are known as positional advantages since they describe the firm's position in the industry as a leader in either cost or differentiation. Thompson, Strickland, Gamble, and Jain (2010) describes generic strategies as being core to improvement of a firm's performance. For a hotel to perform it must use one or more of the generic strategies otherwise its performance is bound to decline (Allen & Helms, 2012).

These generic strategies are cost leadership, differentiation and focus. Cost Leadership strategy calls for companies to be low cost producers compared to their rivals. As the industry matures and prices decline, firms that can produce more cheaply will remain profitable for a long period of time. Differentiation strategy is the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than those of competitors. In

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

differentiation, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers (Porter, 2012).

Resource Based Theory

The approach also known as Resource Based Value (RBV) has been reported by Salaman *et al.* (2011) as having shifted the emphasis in strategy from external considerations to internal firm resources. Resources that are rare, valuable, and difficult to imitate and that cannot be substituted can be sources of competitive advantage. The theory has significantly influenced the areas of strategy. This has quelled the debate whether Resource Based view is a theory or not, with critics acknowledging its significant role in several strategic research programs (Salaman *et al.,* 2011). The Resource Based Theory of the firm provided that a firm delivers added value through the strategic development of the organizations rare, hard to imitate and hard to substitute resources. The RBT developed from prior theoretical work such as the traditional study of distinctive competencies, Ricardian Economics, Penrociasian Economics and the study of the anti-trust implications. The theory states that a firm is able to perform better when it combines its unique resources to drive all the areas of the organization (David, 2010). This theory asserts that a firm gains sustainable competitive advantage when it implements strategies which cannot be copied by competitors. Resources that qualify to be sources of competitive advantage must be rare, strategic, inimitable, non-substitutable, appropriate and immobile (Ling & Jaw, 2011).

Dynamic nature of firms calls for the development of dynamic capabilities which can be able to integrate, build upon and reconfigure internal and external resources to the firm's advantage. The RBT of the firm links the internal capabilities of the organization to strategy formulation to achieve competitive advantage (Njuguna, 2012). The theory views the firm as an interconnectivity of resources and capabilities which may be tangible or intangible. The RBT of the firm has stressed the importance of strategic choice whose tasks include identifying, developing and deploying core resources to maximize profits. This theory has contributed to the development of the theory of competitive advantage. Hotels are therefore charged with the responsibility of investing in unique resources that will differentiate them from their competitors and help them improve their performance (Wang & Ahmed, 2009).

Goal Setting Theory

Fred (2011) argued that Goal Setting theory highlights the positive relationship between goals and performance. It provides that performance in organizations is enhanced when goals are specific and challenging. Goals are also used in organizations to evaluate performance. Morelli and Braganza (2012) stated that manages have a general agreement that goal setting improves performance and this is why they come up with goal based programs such as Management by Objectives (MBO), high-performance work practices (HPWPs), Management Information Systems (MIS) and strategic planning. Goal setting theory is among some of the motivational theories that assert that staff should be motivated into achievement of the stated goals.

The setting of goals directs employee attention towards goal relevant targets (Kinicki & Kreitner, 2009). Bipp and Kleingeld, 2011; Thorgren and Vincent (2013) have proven in literature that goal-setting theory improves the performance of individuals, teams and organizations. In the global dynamic business world human resource are key in driving organizations towards performance and the goal setting theory supports the motivation of staff in meeting organizational goals. Wachira (2014) suggested that employees should set goals which should motivate them to superior performance if followed. In case the goals are not achieved they have a chance to modify or improve them. Locke and Latham (2008) highlight that the harder the goals are the more motivating they are because it requires

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

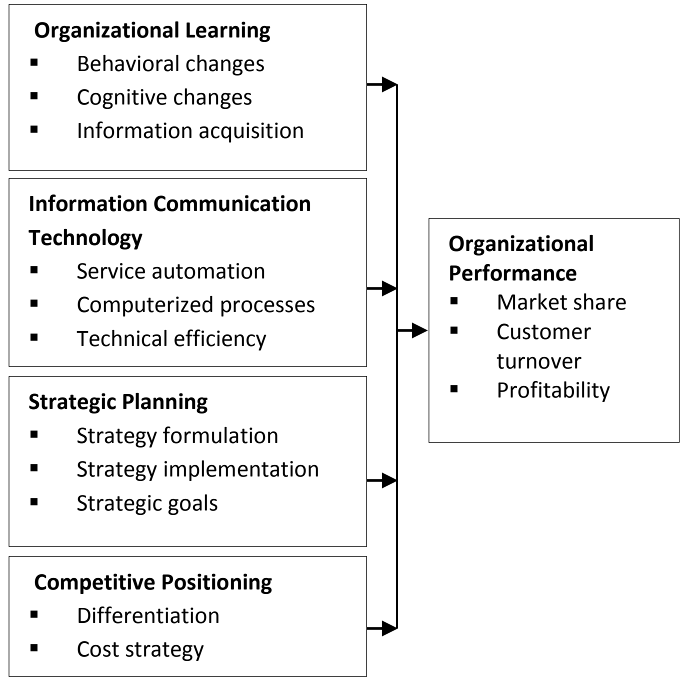
harder work to establish the goal. Kangangi (2014) states that there is a relationship between how difficult and specific a goal is and how people's performance of the task will be.

Contingency Theory

Contingency theory is a class of behavioral theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Several contingency approaches were developed concurrently in the late 1960s. They suggested that previous theories such as Weber's bureaucracy and Taylor's scientific management had failed because they neglected that management style and organizational structure were influenced by various aspects of the environment: the contingency factors. There could not be "one best way" for leadership or organization.

Historically, contingency theory has sought to formulate broad generalizations about the formal structures that are typically associated with or best fit the use of different technologies. Some important contingencies for companies are listed below: technology, suppliers and distributors, consumer interest groups, customers and competitors, government, and unions. The theory provides a rationale for analyzing different factors that a corporation considers when making a decision in competitive environment and this will enhance the performance of the organization. The study aims at establishing the effect of use of strategic information and communication technology (ICT) on airports' performance, therefore contingency theory is adopted in this study as it deals with the formal structures that are typically associated with or best fit the use of different technologies. Therefore the theory forms the background upon which the effects of information and communication technology (ICT) was analyzed.

Conceptual Framework



Independent Variables **Dependent variable**

Figure 1: Conceptual framework

Source: Author (2019)

Empirical Review

Salim, Shayo, Abaho and Sheikh (2013) studied the usage of ICT and its application in the tourism hotel industry. The researchers established that hightech services had become a requirement for demanding and sophisticated hotel guests. Fwaya *et al.*, (2012) studied the relationship between drivers and results of performance in the Kenyan hotel industry and established that the drivers and the results of performance generally have a strong positive relationship between themselves and also with hotel performance. The authors recommended that the multidimensional constructs, results and drivers of performance have several important facets that could be studied to further illuminate future studies in this area.

Ayele (2012) studied positioning strategies adopted by five star hotels in Nairobi and concluded that five-star hotels in Kenya had adopted different drivers of hotel performance based on their strategic positioning. The study recommended that five- star hotels should adopt positioning strategies based on different approaches and these drivers should be applied across all star rated hotels.

Locally, Muthoka (2014) studied the effects of strategic management drivers on organizational performance in the tourism sector in Kenya and recommended a study on non-financial drivers of hotel performance. Most studies done on organizational performance considered financial measures alone as good predictors of organizational performance. Therefore, the hotel performance measurement instrument should be more balanced in the way that it covers all the important areas of hotel performance.

Gichunge (2010) examined the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium sized manufacturing enterprises in Kenya and investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between level of competition and adoption of formal strategic management and investigated the effect of administrative/legal factors on organizational performance.

Owiti, (2014) studied quality management practices and or drivers of hotels in Nairobi and it was concluded that the driver that was influencing hotel performance was quality because satisfied customers would recommend others amounting to increased competitiveness and profitability. However, the study also established a moderate adoption of other strategic management drivers of hotel performance.

Odhuon *et al.*, (2010) studied key performance indicators in Kenya's hospitality industry and established financial performance measures as the only drivers of hotel performance. The researchers however recommended studies on other drivers of hotel performance and also their application to other organizations outside the hotel industry.

METHODOLOGY

A cross-sectional survey design was the specific design that was used. This design has been used by several authors in their research on the hospitality industry in Kenya (Wadongo *et al.*, 2010; Odhuno *et al.*, 2010; Kingi, 2013) and was successful. The study population was managers of beach hotels along the Mombasa Coastline (GoK, 2012). The selection of the star-rated hotels was justified by the fact that the hotels were assumed to have attained meaningful service levels (GoK, 2012). The hotels selected were deemed to have been operating in Mombasa Coastline as at December 2012. A list of 19 hotels operating along Mombasa Coastline formed the sampling frame of the study. The primary data was collected by use of a questionnaire that was administered to each of the sampled hotels to generate quantitative data. Secondary data was obtained from published journals, Hotel relevant reports and dissertations. The data analysis processes for quantitative items was done using the statistical package for social sciences (SPSS) version 23. Descriptive statistics was used to describe the characteristics of collected data. Pearson's Correlation, Analysis of variance (ANOVA) and Multiple Regression Analysis was used to establish the relationships among the study variables. The model used for this analysis was multiple regression analysis which was as follows:

$$Y=\alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y = Organizational performance

α = Regression intercept

β = regression coefficient for each independent variable

$\mathbf{X_1}$ = Organizational learning

X_2 = Information Communication Technology
X_3 = Strategic planning
X_4 = Competitive positioning
ε = Random or Stochastic term
Hypothesis was tested at 95% confidence level (α = 0.05). A two tailed test was carried out.

FINDINGS

The effect of organizational learning on organizational performance

The respondents were required to indicate their level agreement with the statements related the extent to which organizational learning affect hotel performance by filling a 5-Likert Scale where; 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. The variable used mean and standard deviation to compute. The results are presented in Table 1:

Table 1: Organizational learning

	Mean	Std. Deviation
Behavioral changes is a driving factor on beach hotels performance	4.30	1.410
Cognitive changes as a result of organizational learning in beach hotels is taken to be a fundamental competitive advantage source	4.13	1.561
Beach hotels encourage employees to learn new skills continually and to carry out innovative activities	4.22	1.313
A unique intellectual capital can be developed through organizational learning that cannot be imitated by other firms	4.29	1.396

As shown in table 1, respondents indicated to a very large extent that behavioral changes is a driving factor on beach hotels performance (mean= 4.30), and that cognitive changes as a result of organizational learning in beach hotels is taken to be a fundamental competitive advantage source (mean= 4.13). Further, majority of respondents agreed that beach hotels encouraged employees to learn new skills continually and to carry out innovative activities (mean=4.22). In regard to whether a unique intellectual capital can be developed through organizational learning that cannot be imitated by other firms, majority of respondents (mean= 4.29) agreed with the assertion. The findings were supported by Denison (2008) who states that through organizational learning a firm can develop unique intellectual capital that other firms cannot imitate. Organizational learning helps people in the organization to question themselves about organizational systems and challenges and endeavour to seek for solutions.

The effect of ICT on organizational performance

The respondents were required to indicate their level agreement with the statements related the extent to which ICT affects hotel performance by filling a 5-Likert Scale where; 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. The variable used mean and standard deviation to compute. The results were presented in Table 2.

Table 2: ICT

	Mean	Std. Deviation
Services automation has improved performance of hotels in many ways	4.22	1.313
Beach hotels have used ICT to eliminate gap that exist between service and purchase experience	4.40	1.302
Computerized services has become a point of competitive advantage for the beach hotels	4.30	1.410
Beach hotels involve employees in the management, creation, transfer and implementation of knowledge	4.30	1.410

According to Table 2, the respondents indicated to a very large extent that services automation has improved performance of hotels in many ways (mean=4.22), and that beach hotels had used ICT to eliminate gap that existed between service and purchase experience (mean=4.40). Further findings were that computerized services had become a point of competitive advantage for the beach hotels (mean=4.30). These findings were supported by Salim, Shayo, Abaho and Sheikh (2013) who studied the usage of ICT and its application in the tourism hotel industry. The researchers established that hightech services had become a requirement for demanding and sophisticated hotel guests. Majority of respondents agreed that beach hotels involved employees in the management, creation, transfer and implementation of knowledge (mean=4.38). The above findings were in line with Barkhi and Daghfous (2009) who stated that competition among hotels was a major catalyst for the need for innovation in technology because of the dynamic nature of today's organizations. Hotels just like other organizations have been forced to look for new sources of competitive advantage one of which is ICT.

The effect of strategic planning on organizational performance

The respondents were required to indicate their level agreement with the statements related the extent to which strategic planning affects hotel performance by filling a 5-Likert Scale where; 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. The variable used mean and standard deviation to compute. The results are presented in Table 3:

Table 3: strategic planning

	Mean	Std. Deviation
During strategy formulation the hotel involves all stakeholders in the industry	4.22	1.313
The hotel conducts constant reviewing of overall plans	4.30	1.410
The hotel effectively monitors strategic plans	4.22	1.313
The hotel makes use of planning departments	4.22	1.313

According to Table 3, it was established that during strategy formulation the hotel involved all stakeholders in the industry (Mean=4.22) and that the hotel conducted constant reviewing of overall plans (mean=4.30). Further majority of respondents agreed that the hotel effectively monitored strategic plans (mean=4.22). The respondents also agreed to a great extent that the hotel makes use of planning departments (mean=4.22). The findings resonate with Wheelen and Hunger (2008) who concluded that strategic planning attempts to look ahead to where a firm wants to be in future together with the budget to get there. Further, strategic plans can help organizations communicate their goals, strategies and operational tasks to internal and external stakeholders (Galbreath, 2010).

The effect of competitive positioning on organizational performance

The respondents were required to indicate their level agreement with the statements related the extent to which competitive positioning affects hotel performance by filling a 5-Likert Scale where; 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. The variable used mean and standard deviation to compute. The results are presented in Table 4.

Table 4: Competitive positioning

	Mean	Std. Deviation
Since hotels are dynamic and they are affected by diverse variables, competitive positioning strategies will help improve hotel performance	4.30	1.410
Beach hotels position themselves strategically depending on the varied needs of their customers	4.13	1.561
Market differentiations such as promotions, branding, price segmentation are used by beach hotels	4.22	1.313
Competitive advantage can be created by beach hotels through adopting other strategies such as cost leadership and differentiation	3.79	1.657

According to Table 4, it was established that since hotels were dynamic and they were affected by diverse variables, competitive positioning strategies will help improve hotel performance (Mean=4.30) and that beach hotels position themselves strategically depending on the varied needs of their customers (mean=4.13). Further majority of the respondents agreed to a great extent that market differentiations such as promotions, branding, price segmentation were used by beach hotels (mean=4.22). The findings agreed with Ottenbacher, Harrington and Parsa (2009) who stated that for a firm to achieve high performance it had to achieve one of the basic competitive advantages which are lower cost and differentiation. The respondents also agreed to a moderate extent that competitive advantage can be created by beach hotels through adopting other strategies such as cost leadership and differentiation (mean=3.79). The study findings agreed with findings of Ayele (2012) who studied positioning strategies adopted by five star hotels in Nairobi and concluded that five-star hotels in Kenya had adopted different drivers of hotel performance based on their strategic positioning.

Organizational performance

The study sought to find out the respondents' views on variables related to hotel performance. The respondents were required to indicated their level agreement with the statements related to hotel performance by filling a 5-Likert Scale where; 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree. The variable used mean and standard deviation to compute. The results are presented in Table 5:

Table 5: Organizational performance

	Mean	Std. Deviation
There has been an improvement in quality of clientele served	4.40	1.302
The hotel has received higher ratings from customer surveys	4.29	1.396
There has been growth of existing customers	4.22	1.313
There has been growth in market share	4.32	1.412

According to Table 5, majority of respondents agreed that there has been an improvement in quality of clientele served (mean=4.40), and that the hotel has received higher ratings from customer surveys (mean=4.29). Further respondents agreed that there has been growth of existing customers (mean=4.22). Finally respondents agreed that there has been growth in market share (mean=4.32). The findings above resonate with the work of Fwaya *et al.*, (2012) who studied the relationship between drivers and results of performance in the Kenyan hotel industry and established that the drivers and the results of performance generally have a strong positive relationship between themselves and also with hotel performance.

Inferential Statistics

Correlation Analysis

Table 6: Bivariate correlation analysis

		Org learning	ICT	Strategic planning	Competitive positioning	Hotel performance
Organizational learning	Pearson Correlation	1				
	Sig. (1-tailed)					
ICT	Pearson Correlation	.642**	1			
	Sig. (1-tailed)	.000				
Strategic planning	Pearson Correlation	.629**	.705**	1		
	Sig. (1-tailed)	.000	.000			
Competitive positioning	Pearson Correlation	.653**	.476**	.508**	1	
	Sig. (1-tailed)	.000	.000	.000		
Hotel performance	Pearson Correlation	.700**	.722**	.610**	.328**	1
	Sig. (1-tailed)	.000	.000	.000	.004	
	N	63	63	63	63	63

**. Correlation is significant at the 0.01 level (1-tailed).

Regression Analysis and Hypothesis Testing

Table 7: Model summary results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815[a]	.664	.641	1.763

a. Predictors: (Constant), Competitive positioning, ICT, Strategic planning, Organizational learning

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	356.513	4	89.128	28.659	.000[b]
	Residual	180.375	58	3.110		
	Total	536.889	62			

a. Dependent Variable: Organizational performance

b. Predictors: (Constant), Competitive positioning, ICT, Strategic planning, Organizational learning

Table 9: Regression Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	5.934	1.527		3.886	.000
	Organizational learning	.538	.119	.539	4.534	.000
	ICT	.358	.094	.436	3.790	.000
	Strategic planning	.176	.080	.109	2.200	.046
	Competitive positioning	.320	.114	.287	2.819	.007

a. Dependent Variable: Organizational performance

$Y=5.934 + 0.538X_1 + 0.358X_2 + 0.176X_3 + 0.320X_4$

The Strategic Journal of Business & Change Management. **ISSN** 2312-9492 (Online) 2414-8970 (Print). www.strategicjournals.com

DISCUSSION

Results presented indicated that the coefficient for organizational learning was 0.538, t-statistics was 0.539 with a corresponding p-value of 0.00 (p-value < 0.05) which implied that the relationship with the dependent variable was significant. The relationship was positive implying that organizational learning had a positive effect on hotel performance. Hence, holding all things constant, it could be concluded that a unit change in organizational learning would lead to 0.538 unit change in hotel performance. Therefore, the null hypothesis was rejected implying that organizational learning had a significant effect on performance of beach hotels along the coastline of Mombasa.

The second objective was to investigate the effect of ICT on hotel performance. The results of the hypothesis indicated that the coefficient for ICT was 0.358, t-statistics of 3.790 and a corresponding p-value < 0.05 which indicated that the relationship was significant. Therefore, the null hypothesis was rejected implying that ICT significantly affects performance of beach hotels. The beta scores are positive an indication that the effect was positive. It may be concluded that holding all things constant, a unit change in ICT would lead to 0.358 units of change in performance of beach hotels along the coastline of Mombasa

The third objective of the study was to investigate the effect of strategic planning on hotel performance. The hypothesis test result obtained indicated that the coefficient for strategic planning was 0.176; t-statistics was 2.200 with a corresponding p-value of 0.046 (p-value < 0.05) implying that the relationship was significant. Therefore, the null hypothesis was rejected which implies that strategic planning has significant effect on hotel performance. The coefficient is positive an indication that strategic planning results in an increase in performance of beach hotels. The study concluded that a unit change in strategic planning leads to 0.176 units of change in hotel performance.

The fourth objective of the study was to investigate the effect of competitive positioning on hotel performance. The hypothesis test result obtained indicates that the coefficient for competitive positioning is 0.320; t-statistics is 2.819 with a corresponding p-value of 0.007 (p-value < 0.05) implying that the relationship was significant. Therefore, null hypothesis is rejected in favor of the alternate hypothesis which holds that competitive positioning has significant effect on performance of beach hotels along the coastline of Mombasa. The study concluded that a unit change in competitive positioning leads to 0.320 units of change in hotel performance.

The findings were in agreement with those of Fwaya *et al.*, (2012) who studied the relationship between drivers and results of performance in the Kenyan hotel industry and established that the drivers and the results of performance generally have a strong positive relationship between themselves and also with hotel performance.

Table 10: Hypothesis Summary

Hypothesis Statement	Test Model	Results
Organizational learning	$Y= \beta_1 X_1 + \varepsilon$	$P<0.05$ Reject $H_0 1$
ICT	$Y= \beta_2 X_2 + \varepsilon$	$P<0.05$ Reject $H_0 2$
Strategic planning	$Y= \beta_3 X_3 + \varepsilon$	$P<0.05$ Reject $H_0 3$
Competitive positioning	$Y= \beta_4 X_4 + \varepsilon$	$P<0.05$ Reject $H_0 4$

CONCLUSION

The study concluded that behavioral changes was a driving factor on beach hotels performance and that cognitive changes as a result of organizational learning in beach hotels was taken to be a fundamental competitive advantage source. The study further concluded that beach hotels encourage employees to learn new skills continually and to carry out innovative activities. The study also concluded that a unique intellectual capital can be developed through organizational learning that cannot be imitated by other organizations.

On ICT, it was concluded that the hotel performance had improved as a result of services automation. Further it was concluded that beach hotels had used ICT to eliminate gap that existed between service and purchase experience and computerized services had become a point of competitive advantage for the beach hotels. Also beach hotels involve employees in the management, creation, transfer and implementation of knowledge.

On strategic planning, the study concluded that during strategy formulation the hotel involves all stakeholders in the industry and that the hotel conducts constant reviewing of overall plans. Further, it was concluded that the hotel effectively monitors strategic plans and makes use of planning departments.

Finally, the study concluded that since hotels were dynamic and they are affected by diverse variables, competitive positioning strategies will help improve hotel performance and that beach hotels position themselves strategically depending on the varied needs of their customers. Further, it was concluded that majority of the respondents agreed to a great extent that market differentiations such as promotions, branding, price segmentation are used by beach hotels. The study concluded that competitive advantage can be created by beach hotels through adopting other strategies such as cost leadership and differentiation.

RECOMMENDATIONS

The study recommended that the beach hotels should embrace behavioral changes since it was established as a driving factor on beach hotels performance. The beach hotels should adopt cognitive changes through organizational learning to gain competitive advantage. The management of hotels should encourage employees to learn new skills continually and to carry out innovative activities.

Further, the study recommended that the beach hotels should automate all integral services so as to improve performance. The study also recommended that, beach hotels should use ICT to eliminate gaps that existed between service and purchase experience. The hotel services should be computerized so as to become a point of competitive advantage.

The study recommended that during strategy formulation the hotel should involve all stakeholders in the industry so as to create sense of ownership. Further, the hotel management should conduct constant reviewing of overall plans and monitor strategic plans through creation of planning departments.

Finally, the study recommended that the hotel management should carry out competitive positioning strategies to improve hotel performance. The study also recommended that beach hotels should position themselves strategically depending on the varied needs of their customers and that the management should adopt market differentiations such as promotions, branding, price segmentation so as to create competitive advantage through adopting other strategies such as cost leadership and differentiation.

Recommendations for Further Research

Although the study found out that strategic management improves organizational performance, the study did not come up with any optimum point at which the organization should employ them. The study also did not come up with a way of combining the various forms of strategic management drivers' mix. It was on the above bases that this study recommended further studies to establish an optimum point or the strategic management drivers' index for the hotels.

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 research findings.

REFERENCES

Akan, O., Allen, S., Helms, M. & Spralls, A. (2013). Critical Tactics for Implementing Porter's Generic Strategies. *The Journal of Business Strategy,* 27(1), 43-53

Allen, R. S., & Helms, M. M. (2012). Linking Strategic Practices and Organizational Performance to Porter's generic Strategies. *Business Process Management*, 12(4), 433-454.

Al-Kandi, I., Asutay, M. & Dixon, R. (2013). Factors Influencing the Strategy Implementation Process and its Outcomes: Evidence from Saundi Arabian Banks. *Journal of Global Strategic Management*, 5-15.

Amakoye, N. J. (2010). *Strategic Management Practices at Maseno Mission Hospital Kenya.* Unpublished Master of Business Administration Research Project, School of Business, University of Nairobi, Nairobi.

Armstrong, M. (2012). *Strategic human resource management: A guide to action*. London: Kogan Page.

Ayele, B. (2012). *Positioning strategies adopted by five star hotels in Nairobi.* Unpublished MBA Thesis. Nairobi, University of Nairobi

Barkhi R., Daghfous, A, (2009). *The Strategic Management of Information Technology in UAE hotels*: An exploratory study of TQM, SCM, and CRM implementations. Technovation, ICD, 588-595.

Barney, J. B., & Clark, D. N. (2008). *Resource-based theory: Creating and sustaining competitive advantage*. Oxford: Oxford University Press.

Barney, J. B., & Hesterly, W. S. (2010). *Strategic management and competitive advantage: Concepts and cases*. Upper Saddle River, N.J: Prentice Hall.

Bipp, T. & Kleingeld, A. (2011). *Goal-setting in practice: The effects of personality and perceptions of the goal setting process on job satisfaction and goal commitment*, Personnel Review, 40(3), 306-323.

Bryson, J. M., F. Ackermann, and C. Eden. (2017). "*Putting the Resource-Based View of Strategy and Distinctive Competencies to Work in Public Organizations*." Public Administration Review 67 (4): 702–717.

Cagna, J. D, (2007). *The six core values of innovation*. www.principledinnovation.com

Carton, R. B., & Hofer, C. W. (2016). *Measuring organizational performance: Metrics for entrepreneurship and strategic management research*. Cheltenham, UK: Edward Elgar.

Cheng, D. (2013). Analyze the Hotel Industry in Porter Five Competitive Forces, *The Journal of Global Business Management*, 9(3), 52-57.

David, F. R. (2009). *Strategic Management Concepts and Cases,* Tenth Edn. Prentice Hall, Pearson Education International.

De Nisi, A. S., Itih, M.A., and Jackson, S. E. (2008). *The knowledge Based Approach to Sustainable Competitive Advantage*. New York: Oxford University Press.

Denison, D. (2008), *Organisational Culture and Innovation.* Understand the Link. Research notes, 2(2) .www.denisonculture .com.

Dincer, O., Tatoglu, E., & Glaister, K. (2008). *The Strategic Planning Process in the Management of Tourism*. Tourism Management. 11(3), 206-213.

Dobni, B. (2010). *Creating a Strategy Implementation Environment*. Business Horizons, 46(2), 43-46.

Elbanna, S. (2010). Strategic Planning in the United Arab Emirates. *International Journal of Commerce and Management*, 20(1), 26-40.

Enz, C. A. (2012). *Creating a competitive advantage by building resource capability*. Cornell Hospitality Quarterly, 4(1), 73-78

Epstein, M. J. (2010). *The Drivers and Measures of Success in High Performance Organizations* In: Epstein, M.J. and J.F. Manzon, (Eds.), *Performance Measurement and Management Control: Superior Organizational Performance.* Studies in Managerial and Financial Accounting, 14, Elservier, Amsterdam.

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.

Gill, P., Stewart, K., Treasure, E., & Chadwick, B. (2008). Methods of data collection in qualitative research: interviews and focus groups. *British dental journal*, 204(6), 291-295.

Government of Kenya (2012). *Statistical Abstract*. Nairobi. Government Printer.

Jehad, A. & Adel, K. (2013). Strategic Planning and Organizational Effectiveness in Jordanian Hotels. *International Journal of Business and Management*. 8(1), 11-25.

Johnson, G. & Scholes, K. (2003). *Exploring corporate strategy* (6th Edition). Prentice-Hall, New Delhi

Kamau, F. (2008). *Strategic Planning Practices Adopted by Tour and Travel firms in Kenya.* Unpublished MBA Thesis. University of Nairobi.

Kingi, W. (2013). *Effect of Human Resource Development on the Performance of Tourist Class Hotels in Malindi District, Kenya.* Unpublished Phd. Thesis. Jomo Kenyatta Univeresity of Agriculture and Technology.

Kotler, P., (2011). *Marketing Management: Analysis, Planning and Control,* Prentice Hall, Engle Wood Cliffs, New Jersey.

Kothari, C. R. (2008). *Research methodology: Methods and techniques.* New Age International.

Kuria, K., Wanderi, M., & Ondigi, A. (2011). Factors Influencing labour Turnover in three and Five Star- related hotels in Nairobi, Kenya. *International Journal of Humanities and Social Sciences*, 1(20), 195-201.

Lau, K., Lee, K., Ho, Y., (2009). *Text Mining for hotel industry.* Cornell Hotel and Restaurant Administration Quarterly 46(3), 344-362.

Law, R. & Jogaratnam, G. (2008). A study of hotel information technology applications. *International Journal of Contemporary Hospitality Management.* 17(2), 170-180.

Lekasi, G. T. (2010). *Strategic Management Processes at Kenya Revenue Authority (KRA).* Unpublished Master of Business Administration Research Project, School of Business, University of Nairobi, Nairobi.

Ligare, H. (2010). *Strategic Management Practices by state corporations in Kenya.* Unpublished MBA project, School of Business, University of Nairobi.

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.

Mibei, W. K. (2012). *Competitive Strategies Adopted by Travel agencies in Kenya*, Unpublished MBA Thesis, University of Nairobi.

Mshenga P. & Owuor G. (2009). Opportunities for Micro and Small Scale Businesses in the Tourism Sector: The case of the Kenya Coast. *KCA Journal of Business Management* 2(2), 52-58.

Mucheru, J. (2008). *Application of the balanced scorecard in performance management among commercial banks in Kenya*, Unpublished MBA Project, University of Nairobi.

Mugenda, M. O. & Mugenda A. (2012). *Research Methods: Qualitative and Quantitative Approaches,* African Centre for Technology Studies, Nairobi, Kenya.

Muthoka, M. N. (2014). *Effects of strategic management drivers on organizational performance in the tourism sector in Kenya*. Nairobi. UoN Repository.

Mwangi, J. N. (2017). *Strategic Mangement Drivers and Performance of Five Star Hotels in Nairobi County.* Nairobi. UON Repository.

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.

Njihia, M., Obara, M., & Mauti, M., (2010). The Critical Success Factors and Challenges in E- Procurement Adoption among Large Scale Manufacturing firms in Nairobi, Kenya. *European Scientific Journal*, 9(13), 375-401.

Njuguna, J. (2009). Strategic Positioning for Sustainable Competitive Advantage: An Organisational Learning Approach. *KCA Journal of Business Management.*

Nzuve, M. & Nyaega G. (2011). *Application of the Balanced Scorecard in performance measurement at Essar Telecom Kenya Limited.* Unpublished MBA Project, University of Nairobi.

Odhiambo, O. (2009). Implementation of Performance Contracting in Kenya. *International Public Management Review,* 10(2), 60-84.

Odhuno 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.

Ongore, V., & Kobonyo P. (2011). Effects of selected corporate Governance characteristics on Firm Performance: Empirical Evidence from Kenya. *International Journal of Economics and Financial Issues*, 1(3), 99-122.

Oketch, R., Wadawi K., Brester N., & Needetea A. (2010). The role of hotels in Consumption of Cultural Tourism in Kenya. *Journal of Tourism* (8), 34-39.

Pearce, J. A. & Robinson, R. B. (2016). *Strategic Management: Formulation. Implementation and Control.* Burr Ridge: Irwin.

Philips, J. J. (2008). *Investing in Your Company's Human Capital: Strategies to Avoid Spending Too Little -- or Too Much*. New York: AMACOM.

Piccoli, G., O'connor, P., Capaccioli, C. & Alvarez, R. (2008). *CRM: A driver for change in the structure of the U.S. Lodging Industry*, Cornell Hotel and Restaurant. Administration Quarterly, 42(6), 10-21.

Porter, M. E. (2008). *What is Strategy*? Harvard Business Review, 74 (6), 61.

Raisinghani, M.S., Tan, E., Untama, J.A., Weiershaus, H., (2005). CRM Systems in German Hospitals. Illustrations of Issues & Trends. *Journal of Cases on Information Technology*. 7(4), 1-26

Richard, P., Devinney, T., Yip, G., & Johnson, G. (2009). Measuring Organizational Performance: Towards Methodological best practice. *Journal of Management*. 35(3), 718-804.

Salaman, G., Story, J. & Billsberry, J. (Eds.). (2009). *Strategic Human Resource Management* (2nd edition ed.). London:Sage Publications.

Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students* (5th Edn.). New Jersey: Prentice Hall.

Sekaran, U., & Bougie, R. (2010), *Research Methods for Business: A Skill Building Approach*. (5th edition). New Jersey: John Wiley and Sons.

Sengupta, K., Haser, D.R., Cook, L.S. (2006). Manufacturing and Service Supply Chain performance: a comparative Analysis. *Journal of Supply chain Management* 42(4), 4-15.

Sharma, A., Upneja, A., (2008). Factors influencing financial performance of small hotels in Tanzania. *International Journal of Contemporary Hospitality Management*, 17(6), 504-515.

Shimpton, H., West, M.A., Dawson, J., Birdi, K.B., Patterson, M. (2006). HRM as a predictor of Innovation. *Human resource Management Journal*, 16(1), 3-27.

Thompson, A. & Strickland, A. J. (1993). *Strategic Management; Concepts and Cases*. Irwin, New York.

Uzel, J. (2012). The effect of strategic value-based management on the performance of organizations in Coast Province, Kenya. *International Journal of Business & social Science*, 3(16), 262-270.

Waiganjo, E., Mukulu, E., & Khariri, J. (2012). Relationship between Strategic Human Resource Management & Firm Performance of Kenya's Corporate Organizations. *International Journal of Humanities & Social Science,* 2(10), 62-70.

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.

Wang, C. L. & Ahmed, P.K. (2007). Dynamic Capabilities: A Review and Research agenda. *The International Journal of Management Reviews.* 9(1), 31-51.

Wheelen & Hunger (2008), *Strategic Management & Business Policy,* Massachusetts: Addison-Wesley Publishing Company.

Winter, S. (2008). The satisfying principle in capability Learning. *Strategic Management Journal*, 2(1), 981-996.

Wong, H., Page D., Abello, R. & Pang P. (2009). *Explorations of Innovation and Business Performance using linked firm-level data*. Research paper Cat.no.1351.0.55.020. Australian Bureau of Statistics: Canberra.

Yabs, J. (2010). *Strategic Management Practices*. Nairobi: Lelax Global.

Zaheer A., Sabir M., & Suhail A. (2011). Link between product Innovation and Non-technological Organization Performance. *Asian Journal of Business Management* 3(4), 287-293.