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Influence of Market Focus Strategy and Cost Leadership Strategy on Organizational Performance of Hotels in Kenya (A Survey of Hotels in Mombasa County)

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ABSTRACT

There is increased international competition between destinations and hotels and it is apparent that Kenya's tourism competitive strategies need to be adjusted in order for the nation to be able to successfully compete both locally and internationally. Kenya is a renowned tourist destination competing with countries such as Egypt, Algeria, Tunisia, South Africa, Seychelles and Tanzania. This competition calls for hotels in Kenya to adopt strategies that would give the country advantages over its competitors. To survive, the hotels must be agile enough to respond to the pressures to compete on levels unrivalled in the past. Focus has now shifted to internal processes in order to offer the hotel the best opportunity to take on the unique challenges facing it today. In order for the sector to know if it is competitive in the industry with a lot of competition, implementation of effective competitive strategies is important. The general objective of this study was to assess the influence of competitive strategies on organizational performance of classified hotels in Mombasa County registered under the Kenya Association of Hotel Keepers and Caterers. Specifically, the study sought to determine the influence of competitive strategies on organization's performance; to assess the influence of market focus strategy on organizational performance and to examine the influence of cost leadership strategy on organizational performance. The study captured the theoretical background on competitive strategies in an attempt to provide basis for appropriate conceptual and theoretical framework for the current study.

Introduction

The theories captured in the study were namely; Michael Porter's Competitive Forces, Resource Based View Theory, Ansoff's Growth Strategy. Descriptive survey research design was adopted in this study and the target population was 24 classified hotels in Mombasa County registered under the Kenya Association of Hotel Keepers and Caterers and the respondents were top level management staff who were 144. The sampling technique used was stratified random sampling. Secondary and primary data was collected using a self-administered questionnaire. The questionnaire was piloted in order to check for validity and reliability. Questionnaires were administered through drop and pick method. The presentation of data was done by the use of tables. All this was achieved by the use of statistical package for social sciences (SPSS) version 22. The information was displayed by the use of bar graphs. From the results it was concluded that all the twocompetitive strategies of corporate growth, differentiation, market focus and cost leadership have a positive and significant influence in the organizational performance of hotels. Hotels should have attractive products and offer better services in order to attract more customers than their competitors, the management should formulate differentiation strategies that will contribute to the competitive advantage of the hotels in Mombasa County, have a mind of strategic thinking in terms of formulating systems, long term objectives and structures that gives the hotels a competitive advantage over their competitors and should address the cost leadership issues that may jeopardize the growth and stability of the hotels in Mombasa County.

To obtain organizational performance within the scope of sustainable competitive advantage, decisions on shaping the firm's competitive strategies are one of the main issues for managers under firms' business level strategy. Because, the formulation and completion of competitive business strategies that will improve performance are one of the competent methods to achieve firm's sustainable competitive advantage. Therefore, the impact of competitive strategies on organizational performance is a major issue of unease to the policy makers and has been playing important role to refine organizational performance for a long time. Competitive advantage is the result of a strategy helping a firm to maintain and sustain a favorable market position. This position is translated into higher profits compared to those obtained by competitors operating in the same industry (Galliers, 2006).

According to Fiegener (2007), implementing strategies successfully is vital for any organization, either public or private. Without implementation, even the most superior strategy is useless. The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented.

Implementing would thus be perceived as being about allocating resources and changing organizational structure. However, transforming strategies into action is a far more complex and difficult task. It is believed that in reality some strategies are planned and some strategies just emerge from the actions and decisions of organizational members. Planned strategy and realized or emergent strategies evolve hand-in-hand and affect each other in the process of strategy implementation, where strategies are communicated, interpreted, adopted and enacted (Noble, 2006). Implementing strategies successfully is about matching the planned and the realized strategies to reach the organizational vision

The hotel industry is positively related to tourism industry because no country can attract tourists without hotels. According to Economic Survey (2007), the Government of Kenya has taken positive steps to improve the growth sectors of the economy such as Tourism. The Kenya Hotels and Restaurants Regulations Act (1988) established standards upon which classification of hotels is based. The regulation classifies Hotels in to five classes denoted by stars with 'five' being the highest and 'one' the lowest. The classification of Hotels and Restaurants is carried out in the manner prescribed by the Hotels and Restaurants Authority Published in the Legal Notice No. 30 of February 16, (2001) of the Hotels and Restaurants Act. According to Economic Survey (2007), the Hotel Industry provides a significant direct employment creation with about 100,000 wage earning employees in Kenya. Indirect employment is created in other sectors such as taxis, souvenirs and supply of goods (Oduori 2006).

According to Wadongo, Odhuno, Kambona, and Othuon (2010), the Hospitality industry made a significant contribution for the economic development of the Country. It is also becoming source of job opportunities for many people. Wadogo *et al.* (2010) argued that the World Travel and Tourism Council (2006) explained that Hospitality industry in Kenya contributed 509,000 jobs in 2007 and forecast that the industry will contribute 628,000 jobs in 2017. This steady growth in the sector shows that it is contributing a lot for the general economic development of the Country Companies operating in the Hotel industry are facing higher competition in the market for skilled labor in the Hospitality profession and for market share. Customers' expectation and preferences are also increasing from time to time. Because of these and other globalization factors, companies should revise their strategy and invest more amount of money in their premises to compete effectively. They should identify their core competences and unique resources to adopt competitive strategies to get competitive advantage in the high competitive market in the industry.

Mombasa County is at the Kenyan coast, the main part constituting the island. It is one of the main tourist destinations in the East Africa hence the expanse network of various kinds of hotels. The first hotel to be recorded in Kenya was built in Mombasa named "The Grand Hotel", (Mwanzia, 2013). The hotels at the Coast offer a variety of accommodation, fronting the balmy Indian Ocean and the sun drenched sandy beaches. These hotels are in different levels in terms of classification, thus offering services and accommodation to tourist from different economic backgrounds. There are also world-class villas within the county which have accommodated some of the famous celebrities in the world. 20% of all the hotels in Kenya are found in the coastal region, and this can be attributed to the traditional beach product which led to the rapid development of tourism infrastructure and beach resorts in the late 70's and early 80's. Currently, the Hotel industry is operating under high competitive business environment. The competition for market share among Hotels and Restaurants in the sector is increasing from time to time. Customers' preferences for products and services are increasing faster than ever. They also give more value for money and seeking alternative services instead of having one supplier. Like any other economic sectors, hotel and tourism industry is facing the challenges of globalization. Due to such increasing rate of competition, hotels have to position themselves strategically by identifying their core competences and unique resources to gain competitive edge.

Understanding the behavior of the firm, serves as input to improve practices of competition (Ormanidhi & String, 2008) realizing a high performance and sustainable competitive advantage.

Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades. This has resulted in generally low profits across the economy and this picture is fairly well replicated in the Hotel Industry (Namusonge *et al.*, 2012).

The decline in world tourism has 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).

Mombasa County is such a strategic hub for the Tourism sector, extending to the hotel sector and Kenya as a whole. The Hotel Industry normally thrives because of the beaches, the marine life and the tropical environment, which attracts a number of visitors who frequent for pleasure and those on business. The hotels have to adopt strategies which will ensure it stays afloat, especially with the turbulent environment. With the current flair of insecurities, some of the hoteliers express their concern that some tourists will change their destination to Zanzibar and Tanzania, which are close competitors to the Kenyan Coast. This requires the hotels to shift the way they do business in order to remain competitive.

Organizational performance of hotels has become a major focus for managers due to the stiff competition witnessed in the hotel industry. Furthermore, not all the hotels can be said to have performed at levels that meet industry and stakeholders expectations. Much as the differences in the performance levels of various companies are to be expected, it is still strongly believed that the strategies pursued by each hotel largely account for its organizational performance. The absence of well-defined competitive strategies results in weak competitive positions. With this in mind, the issue of competitive strategies of the hotel industry has become paramount and all the hotels are preparing for stiff competition from new entrants. To achieve this objective, hotels need a strategy that is competitive, sound and outstanding. The study therefore sought to assess which competitive strategies are employed by the classified hotels and the influence these strategies had on the organizational performance of the hotels.

The Study Objective A Re

1. To assess the influence of market focus strategy on organizational performance of hotels in Mombasa County.
2. To examine the influence of cost leadership strategy on organizational performance of hotels in Mombasa County.

Related Literature

Theoretical Framework

Michael Porter's Competitive Forces

Porter (2008) identifies five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. He upholds that understanding the forces that shape a sectors competition is the basis for developing a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices. Porter posits that if the forces are extreme, no organization earns striking returns on investment and if the forces are benign, most of the companies are profitable. The composition of the five forces varies by industry and that an organization needs a separate strategy for every distinct industry such as hotels. He further shows that generic strategies comprise of low cost, differentiation, focus and combination strategies. These are commonly conventional as a strategic typology for all organizations. This model is an influential tool for methodically diagnosing the main competitive pressures in a market and assessing how strong and significant each one is.

For a firm to adopt cost leadership strategies it appeals to cost-conscious or price-sensitive customers, this is achieved by having the lowest prices in the target market segment. To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals, this could be possible through some fairly unique capabilities to achieve and sustain their low cost position. These include having secured suppliers of a scarce raw material, being in dominant market share position or having a high degree of capitalization (Pearce & Robinson 2011). Low cost producers usually excel at cost reductions and efficiencies, they maximize on economies of scale, implementing cost cutting technologies, stress reductions in overhead and administrative expenses.

Differentiation is aimed at the broad market that involves the creation of a product or services perceived to be unique throughout the industry (Pearce & Robinson, 2011). Organization may differentiate in various methods such as new technology, brand image, design, dealers, network customer service or the number of features. With differentiation strategy is the limitation by competitors, changes in customer tastes and increase in selling price of products due to additional costs incurred in adding unique features on the product to achieve the differentiation.

According to Lawrence (2011), a firm's relative position within its industry determines whether profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Though a firm can have a myriad of strength and weaknesses, vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus. He further stated that Competitive strategies attempt to alter a company's strength relative to that of its competitors in the most efficient way and also molds actions and decisions of managers and employees in a coordinated, companywide game plan.

Resource Based View Theory

The emphasis of the RBV approach to strategic management decision making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity, in other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Ekundayo & Ajayi, 2009). Clegg *et al*. (2011), says capabilities are always vulnerable to be competed away by a competitor's higher order capability amongst other limitations such as erosion or substitution. Intangible assets are central to the RBV approach to understanding competitive advantage since they cannot easily be acquired or imitated, in contrast to tangible assets.

Gathoga (2011) identified the relevant intangible assets as know-how, product reputation, culture and networks as main contributing factors to the overall success of a firm. Thus, the asymmetric performances between heterogeneous companies are very much driven by the intangible strategic assets. David (2007) denotes that since companies have different attributes at different levels and different bundles of resources, differences in organizational performance are likely to be witnessed. The theory further asserts that firms have three types of resources namely; tangible resources, intangible resources and organizational capabilities. Tangible resources include financial, physical, technological and organizational assets and thus are easily identified on the other hand intangible resources are more complex to identify and thus difficulty to imitate. They include strategies that a firm adopts over time and culminates to improved performance (Barney, 2006). Finally, organizational capabilities are skills and competencies which a firm combines to transform tangible and intangible resources into outputs, for example, outstanding customer service (Dess *et al*., 2007).

The resource-based theory also argues that organizational resources in themselves are not necessarily a source of competitive advantage because rival firms may also possess similar resources. In this case therefore, competitive advantage lies in the resources possessing one or more of other attributes such as valuable substitutes. A firm has to therefore sustain a competitive advantage as long as other firms are unable to duplicate the same attributes (Dess *et al*., 2007). Parnell (2013) accepts that environmental threats and opportunities are essential, but organizations exceptional resources consist of the main variables that allow it create distinctive competencies. This permits an organization to differentiate itself from competitors and develop competitive advantage. Resource-based theory lays emphasis mainly on individual organizations instead of the competitive environment. It is believed that organizations resources (tangible and intangible) are related to its capabilities, which in turn, create values and improvement in the level of profit achieved.

Ansoff's Growth Strategy

There are several competitive strategy models that various scholars have come up with the aim of giving the study a deeper insight on of them being the Ansoff's growth strategy.

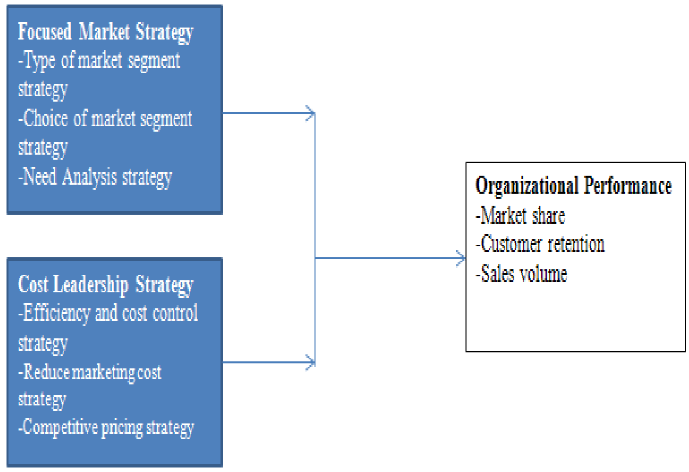
The Ansoff Matrix model is a strategic planning tool that provides a framework to help executives, senior managers, and marketer's device strategies for future growth. Ansoff is considered one of the early thinkers who have discovered strategy social role and strategic management is performance institutional pivot our researches represented many researches and ideas that emerged in the end in strategic planning context. The Ansoff Growth matrix is considered to be an important strategic planning tool that helps a business determine their product and market growth strategy through analyzing market penetration, product development, market development and diversification strategies in the market. This theory aids in explaining how the concept of product development strategy is borne in any organization (Pleshko, 2008).

Companies are seeking in general to achieve strategic objectives that are summarized in survive, growth and then realizing benefits. and among such benefits which companies seek for is profitability and to make a profit, which is deemed vital and as a fuel for those companies in order to achieve their objectives represented by survival, growth and benefits, realization including profit and thus successful companies cycle work is completed (Bustanji ,2013), Therefore companies have to use strategic planning at all levels, including marketing strategic planning, and using analysis methods and tools and marketing strategic planning, to achieve strategic and marketing goals through the use of tools to help in decision-making by selecting and appropriate strategy application that lead to the achievement of marketing objectives and strategy that lead to strategic objectives achievement at organization level as a whole (Lee, 2006).

According to Azzam *et al*. (2011), every organization needs to have the ability to identify current and future marketing opportunities in the market based on available company internal resources. There is no organization that can depend on their current products and markets forever. Therefore organization must develop some marketing strategies to utilize appropriate marketing opportunities to company's human, physical and technical resources. Through diversification, the firm can either choose to add new but related products/services (concentric diversification) or expand by focusing on products/services that are unrelated to the firm's existing business (conglomerate diversification. In terms of growth, organizations have a number of strategies that they could adopt to achieve organizational expansion.

Hill *et al*. (2007) have broadly categorized these growth strategies as either intensive, integration or diversification strategies. Firstly, with intensive strategies, the firm attempts to achieve greater sales through intensive marketing efforts in present markets for existing products (market penetration); introduction of present products into new geographical areas (market development); or the use of R and D to increase sales through improvement of products (product development). Secondly, with integration strategies, the firm could either take over business activities formerly performed by its suppliers (backward integration) or its distributors (forward integration); or it could opt to reduce competition through mergers, acquisitions, takeovers, or strategic alliances (horizontal integration). Lastly, with diversification strategies, growth is achieved through operating in different markets or adding different products to its mix.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 2.1. Conceptual Framework of the Study.

Focused Marketing Strategy

Under a focus strategy a business focuses its effort on one particular segment of the market; it seeks differentiation or cost advantage in its target segment under a narrow competitive scope and aims to become well known for providing products/services for that segment. They form a competitive advantage by catering for the specific needs and wants of their niche market. Once a firm has decided which market segment they will aim their products at; Porter said they have the option to pursue a cost leadership strategy or a differentiation strategy to suit that segment. A focus strategy is known as a narrow scope strategy because the business is focusing on a narrow (specific) segment of the market

Recket *et al*. (2008) states that in adopting a narrow focus, a company ideally focuses on a few target markets (also called a segmentation strategy or niche strategy). These should be distinct groups with specialized needs. The choice of offering low prices or differentiated products/services should depend on the needs of the selected segment and the resources and capabilities of the firm. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market. The firm typically looks to gain a competitive advantage through product innovation and/or brand marketing rather than efficiency. It is most suitable for relatively small firms but can be used by any company. A focused strategy should target market segments that are less vulnerable to substitutes or where competition is weakest to earn above-average return on investment. Hence the organization performance is expected to improve.

Recket *et al*. further states that in adopting a broad focus scope, the principle is the same: the firm must ascertain the needs and wants of the mass market, and compete either on price (low cost) or differentiation (quality, brand and customization) depending on its resources and capabilities. Some companies have a broad scope and adopt a cost leadership strategy in the mass market. Others target the mass market with its movies, but adopt a differentiation strategy, using its unique capabilities in story-telling and animation to produce signature animated movies that are hard to copy, and for which customers are willing to pay to see and own.

Cost Leadership Strategy

Cost leadership involves becoming the low cost firm in an activity and can operate at low input costs, economies of scale, experience, products/process design and low pricing

(Johnson *et al*., 2011). Low input costs involve locating operations close to materials and cheap labour, economies of scale require large scale operations and experience is where more experience leads to efficiency. Products/process design influence efficiency by making products from cheap standard materials while low pricing is made possible by having products that are close to competitors in terms of features. The firm can then make small price cuts to compensate the slightly lower quality (Johnson *et al*., 2011).

Forecasting for Revenue Management is one of the ways to manage cost in the hotel (Cheng & Picolli, 2015). Utilizing data and analytics should be one of the foundations underpinning a hotel's marketing, and pricing strategies as well as hotel operational decisions for the future. To do this successfully, hoteliers need to ensure they have detailed historical data and accurate forecasts going forward, which will allow hotels to establish simple booking pace forecasts by segment and day of week, from which they will be able to compare to historical data. If this is done consistently, it allows for any changes in patterns to be quickly identified, i.e. a pickup or decline in demand, and from which segments. From these observations, pricing strategies can be varied accordingly.

Prescott (2008) asserts that the better way to strategically position a company on the advantage strategies of cost is to increase market share by transforming from lowest cost producer to lowest cost supplier of products. This way the company translates its cost advantage strategies into price advantage strategies for its customers and thereby improves the market share. The prospect of increasing the market share provides a great opportunity for the company to leverage the economies of scale coupled with the ruthless cost cutting measures it plans to execute. The more competitive space it occupies means that more competitors are eliminated, more effective are the economies of scale and as a result the costs are driven lower. When a company is able to transform the efforts of cost reduction into cost advantage strategies for customers, the company can be said to be successfully pursuing low cost leadership strategy.

According to Allen *et al*. (2006), when a firm designs, produces and markets a product more efficiently than its competitors such a firm has implemented a cost leadership strategy. Cost reduction strategies across the activity cost chain will represent low cost leadership. Attempts to reduce costs will spread through the whole business process from product design to the final stage of selling the product. Any processes that do not contribute towards minimization of cost base should be outsourced to other organizations with the view of maintaining a low cost base (Akan *et al*., 2006). Low costs will permit a firm to sell relatively standardized products that offer features acceptable to many customers at the lowest competitive price and such low prices will gain competitive advantage and increase market share. These explains that the cost efficiency gained in the whole process will enable a firm to mark up a price lower than competition which ultimately results in high sales since competition could not match such a low cost base.

Baack and Boggs (2008) stated that, cost leadership is mainly created through a focus on efficiency which is rooted in various economics of the production process for example economies of scale, marketing and so on. In some cases efficiency is the result of proprietary or innovation or as a result of management focus on cost control, employee productivity and economic use of assets.

Tajeddini (2011) avers that cost efficiency is about the measure of how effective resources can be used to solve a particular problem which leads to cost reduction. Pricing defines a firm's competitive position in the market. It is derived from the interdependence of balancing of fixed and variable cost on one side and the demand and profitability on the other (Taherand & Basha, 2006). According to Fratto, Jones and Cassill (2006), when firms compete for the same customers with homogeneous product offerings, price defines the competitive position and become a powerful competitive tool. However, if a firm is not accustomed to having to compete on price, it often becomes hard to adjust to that notion.

Organizational Performance

Organizational performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. Organizational performance means attainment of ultimate objectives of the organization as set out in the strategic plan. In general, the concept of organizational performance is based upon the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, for the purpose of achieving a shared purpose (Kumar, 2008).When the industry is not growing, the firm still can grow its sales by increasing its market share such growth in market share leads to a growth in revenues which in the long run can be used as a measure of performance.

Organizational performance can be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization. Organizational performance includes multiple activities that help in establishing the goals of the organization, and monitor the progress towards the target (Johnson et al., 2006). It is used to make adjustments to accomplish goals more efficiently and effectively. For any business to be successful, functions must be defined and accomplished. It is important for an organization to develop strategies that are designed around the skills that would enhance the performance of the organization.

Kiragu (2005) highlights performance in terms of four perspectives which are the financial, customer, internal processes and innovativeness. The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital He further states that 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.

According to Harzing (2010), a firm's performance is not only indicated by the sales figures, rather, changes in sales may simply reflect changes in the market size or changes in economic conditions. Performance of a firm relative to competitors is measured by the proportion of the market that the firm is able to capture (market share). Sales may be determined on a value basis or on a unit basis and while the firm's sales figures are readily available, total market sales is more difficult to determine. Many firms seek to increase their sales relative to competitors.

He further stated that a firm may seek to increase its market share to exploit the economies of scale. Operating in higher volumes can be instrumental in developing a cost advantage. Sales growth in a stagnant industry is a reason to increase market share.

Methodology

This research problem was studied using a descriptive survey design to cover two main areas of the conceptual framework. This design is usually used when the study seeks to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions.

The population of interest comprised of 144 top level management staff of classified hotels in the Mombasa County, as per the listing by the Kenya Association of Hotelkeepers and caterers, which is the main association for the hotels in the country.

The sample size of the study comprised of 105 managers selected from top level management staff and some department heads of the classified hotels. The sample size determination adopted Yaro Yamane's formula by using a sample size with an error of 5% and with a confidence coefficient of 95%

Discussion of Results

Focused Market Strategy

The third objective of the study sought to determine the effect of focused market strategy on organizational performance in hotels in Mombasa County. Most of the respondents agreed that hotel always serve diverse market segment with a mean score of 4.32 and a standard deviation of 64%. Most of the respondents agreed that the hotel only serve specific geographic market with a mean score of 4.23 and a standard deviation of 81% signifying high response rate. Reck *et al*. (2008) states that in adopting a broad focus scope, the principle is the same: the firm must ascertain the needs and wants of the mass market, and compete either on price (low cost) or differentiation (quality, brand and customization) depending on its resources and capabilities. Some companies have a broad scope and adopt a cost leadership strategy in the mass market.

Most of the respondents agreed that hotel continuously seek to provide products or services in different geographical locations with a mean score of 4.29 and a standard deviation of 77%. Harzing (2010) asserts that firms mainly seek to increase their market share through segmentation to gain reputation since market leaders have an influence that they can use to their advantage.

A firm may use its influence in an industry to increase its bargaining power. A larger player has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has thus influencing segments or blocks. This power enables a firm to be more competitive in the industry which ultimately results to increased performance.

Most of the respondents strongly agreed that the hotel meet the customers' needs more than the competitors with a mean score of 4.45 and a standard deviation of 59%. Hotels need to know and understand the needs of the customers well in order for them capitalize on them and have a competitive advantage over their competitors. This in turns help the hotels to have high profit margins than others.

Cost Leadership Strategy

Table 4.6. Cost Leadership Strategy.

	N	Mean	Std. Deviation
Low cost of production in the hotel enhances the success of hotels products in the market leading to customer retention	65	4.32	.793
The low cost operation of the hotel increases sales volume	65	4.29	.805
Engage in marketing and promotional activities increases sales volume	65	4.32	.709
The low volume prices compared to competitors price increases market share of the hotel	65	4.20	.795
Hotels always strive to reduce cost in administration activities	65	4.18	.748

One of the objective of the study sought to establish the effect of cost leadership strategy on organizational performance in hotels in Mombasa County. Majority of the respondents agreed that low cost of production in the hotel enhances the success of hotels products in the market leading to customer retention with a mean score of 4.32 and a standard deviation of 79%. This clearly shows that hotels are always considering the aspect of cost of operation reduction in order to achieve competitive advantage over their competitors in the market. Most of the respondents agreed that the low cost operation of the hotel increases sales volume with a mean score of 4.29 and a standard deviation of 81% which implicates high response rate. Cost reduction in hotels is a competitive strategy where hotels can use as a bargaining power to negotiate the lowest prices on production inputs to achieve high levels of productivity and increased revenue, as explained by Gooroochum (2012).

Hotels need to strategize on how they will lower their operation costs in order for them to compete well in the market and have a competitive advantage. Most of the respondents agreed that engage in marketing and promotional activities increases sales volume with a mean score of 4.32 and a standard deviation of 71%. Marketing tools and promotional activities are significant parameter that enhances and increases sales volume for any hotel industry in the world. Therefore corporate levels and other designated levels must take key stance in ensuring that all mechanisms have been put in place to achieve the organizational performance.

Table 4.5. Focused Market Strategy.

	N	Mean	Std. Deviation
Hotel always serve diverse market segment	65	4.32	.640
The hotel only serve specific geographic market	65	4.23	.806
Hotel always emphasize on marketing specialty product	65	4.26	.756
The hotel constantly target a specific market	65	4.35	.694
Hotel continuously seek to provide products or services in different geographical locations	65	4.29	.765
The hotel meet the customers' needs more than the competitors	65	4.45	.587
Hotel offer tailored services/product to meet customer demand	65	4.37	.698

Most of the respondents have agreed that the low volume prices compared to competitors price increases market share of the hotel with a mean score of 4.20 and a standard deviation of 81%.

Most of the respondents have agreed that hotels always strive to reduce cost in administration activities with a mean score of 4.18 and a standard deviation of 75%. Cost administration is hindrances of hotels in making high returns in the market. Therefore hotel managers and other key stakeholders come up with amicable strategies on how they curb the cost implication issue and streamline the systems with avenues that initiate high profit margins. This is the direction and way most of the hotels have always wished to follow. According to Bacanu, (2010) gaining sustainable competitive advantage can be achieved by hotels through adoption of cost leadership strategies aimed at controlling costs. This will increase profitability of the firm despite market price variation arising from tight competition and other factors that affect prices in a given market.

4.4.5 Descriptive Analysis of Organizational Performance

Table 4.7. Organizational Performance.

	N	Mean	Std. Deviation
Cost leadership strategy positively impact on our sales volume	65	4.18	.882
Cost leadership strategy has greatly improved our market share	65	4.22	.820
Differentiation strategy has greatly increased the number of retained customers	65	4.26	.853
Differentiation strategy has greatly improved our overall performance	65	4.34	.619
Focus strategy has significantly improved the sales volume	65	4.37	.698
Corporate growth strategy has largely contribute to our overall performance	65	4.38	.604
Corporate growth strategy has improved our sales volume over the years	65	4.34	.735
None of the strategies have improved the sales volume, customer retention, market share and overall performance	65	4.42	.610

Most of the respondents agreed that focus strategy has significantly improved the sales volume and corporate growth strategy has largely contributed to our overall performance with a mean score of 4.37, 4.38 and a standard deviation of 70% and 60% respectively. Hotel industry needs to focus on the strategies that will give them a competitive advantage over their competitors in order for them to have big profit margins. Most of the respondents agreed that differentiation strategy has greatly increased the number of retained customers with a mean score of 4.26 and a standard deviation of 85% implying high response rate. Most of the respondents agreed that differentiation strategy has greatly improved the overall performance of the hotels in Mombasa County with a mean score of 4.34 and a standard deviation of 62%. In today's dynamic competitive market, managers in any capacity need to strategize on the parameters that will enhance performance and growth of the hotels.

Regression Analysis

Model Summary

This model explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable.

From the above model summary 97.3% of the relationship is explained by the identified two variables namely focused market and cost leadership. The rest 2.7% is explained by other factors in the hotel industry not studied in this research.

Analysis of Variance (ANOVA).

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model is as per Table 4.10 below with P-value of 0.00 which is less than 0.05. This indicates that the regression model is statistically significant in predicting factors influencing Organizational performance of hotels in Mombasa County.

The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how focused market focus and cost leadership strategies influenced competitive strategies on the performance of hotels in Mombasa County Basing the confidence level at 95% the analysis indicates high reliability of the results obtained. The overall Anova results indicates that the model was significant at F = 540.006, p = 0.000.

Table 4.10. Analysis of Variance.

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	495.258	4	123.815	540.006	.000[b]
	Residual	13.757	60	.229		
	Total	509.015	64			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Cost Leadership Strategy, Focused Market Strategy

Multiple Regression Analysis Coefficients Results

The researcher conducted a multiple regression analysis to determine the relationship between organizational performance and the two variables investigated in this study.

Table 4.11. Multiple Regression Analysis.

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	30.114	6.508		4.627	.000
Focused Market Strategy	.039	.140	.035	.276	.000
Cost Leadership Strategy	.556	.166	.431	3.356	.001

a. Dependent Variable: Organizational Performance

The regression equation was:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$

$Y = 30.114 + 0.039X_1 + 0.556X_2$

Where;

Y = Organizational performance of hotels

β_0 = Constant term indicating the level of performance in the absence of any independent variables β_1, β_2, β_3 and β_4 are the coefficient functions of the independent variables

X_1 = Focused Market

X_2 = Cost Leadership Strategy

Table 4.9. Model Summary.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986[a]	.973	.971	.479

a. Predictors: (Constant), Cost Leadership Strategy, Differentiation Strategy, Corporate Growth Strategy, Focused Market Strategy

The regression equation above has established that taking all variables into account (Organizational Performance as a result of corporate growth, differentiation, focused market and cost leadership) constant at zero organizational performance in hotels will be 30.114.

Focused market strategy had statistically significant influence on organizational performance of hotels in Mombasa County in Kenya (β=0.039; P< 0.000). The finding is consistent with a study done by Thompson (2010) which showed that a firm that is seeking to enter a market and grow should first target the most attractive segment that matches its capabilities. Once it gains a foothold, it can expand by pursuing a product specialization strategy, tailoring the product for different segments, or by pursuing a market specialization strategy and offering new products to its existing market segment. The key to strategy formulation lies in understanding and overcoming the system barriers that obstruct the attainment of organizational goals. An effective strategy recognizes these barriers and develops decisions and choices that circumvent them.

Cost leadership strategy had statistically significant influence on organizational performance of hotels in Mombasa County in Kenya (β=0.556; P< 0.001). These results imply that cost leadership plays a very significant role in determining organizational performance. This could be attributed to the fact that price of a commodity serves a very significant role in attracting customers to purchase or not purchase a product. The finding concurs with a study done by Bacanu (2010) who said that cost leadership creates excesses in returns by providing a basic commodity level product at the lowest cost of production generating larger margins in profits.

These results are consistent with those of an earlier study by George (2010), he examined the relationship of competitive strategies and organizational performance in the mobile telecommunication service industry. The findings revealed that the strategies adopted by Safaricom Kenya Limited so as to cope with the competitive environment included vigorous pursuits of cost reduction; providing outstanding customer service; improving operational efficiency; controlling quality of products/services; intense supervision of frontline personnel; developing brand or company name identification; targeting a specific market niche or segment; and providing specialty products/services. The findings also revealed a significant relationship between the strategies adopted by Safaricom Kenya Limited and its performance with respect to the following objective performance indicators used: total revenue growth.

Conclusions and Recommendations

The researcher conducted a multiple regression analysis so as to determine the relationship between organizational performance and the two variables investigated in this study. Therefore the study concludes the following;

Focused market strategy had statistically significant influence on organizational performance of hotels in Mombasa County in Kenya (β=0.039; P< 0.000). This clearly indicates hotels that adopt focus strategy can easily stay closer to their customers and effectively monitor their needs.

Cost leadership strategy had a statistically significant influence of organizational performance of hotels in Mombasa County in Kenya with a beta coefficient of 0.556 and the influence was very significant at (p<0.001). This implies that the main goal of each hotel is to become a low cost producer in its industry. A low cost position gives the hotel a defense against rivalry from competitors because its lower costs mean that it can still earn returns after its competitors have competed away their profits through rivalry. Cost leaders seek to improve efficiency and control costs throughout the organizations supply chain.

In general, Cost leadership strategy had the most significant influence of organizational performance of hotels in Mombasa County in Kenya with a beta coefficient of 0.556 and the influence was very significant at (p<0.001). This clearly proves that cost leadership strategy plays a significant role in determining the performance of the organization as lower prices of products attract more customers hence more sales volumes that leads to better organizational performance.

Recommendations

The study recommends that:

In reference to the findings of the study, corporate growth strategy had a statistical significant influence on organizational performance of hotels in Mombasa County. Consequently, it is paramount for hotels to have attractive products and offer better services in order to attract more customers than their competitors. Furthermore, customers' tastes and preferences keep on changing hence, the product should be reviewed regularly.

Hotel should utilize differentiation strategy as it had a statistical significant influence on organizational performance of hotels in Mombasa County in Kenya. The study therefore recommends that, management should formulate differentiation strategies that will contribute to the competitive advantage of the hotels in Mombasa County. Furthermore, they should apply differentiation for the benefit of their organization to spur performance in the hotel.

According to the results of the study, focused market strategy had a statistical significant influence on the organizational performance of hotels in Mombasa County in Kenya. The study recommends management to target a profitable niche market segment in order to achieve a high customer retention. Similarly, hotels should scan the environment fully to identify the best segment to target and adopt focus strategy to satisfy customer wants and needs in market segments that are sustainable.

Based on the findings of the study, cost leadership strategy had the most statistical significant influence on organizational performance of hotels in Mombasa County hence, managers are advised to fully implement the cost leadership strategy in order to continuously increase growth and stability of the hotels. This clearly indicates that it is the most effective form of Competitive Strategies that hotels need to use in order to improve the organizational performance through controlling costs tightly, refrain from incurring too many expenses on innovation, marketing and cutting prices when selling their products.

Suggestion for Further Studies

This study focused on influence of competitive strategies on organizational performance of hotels in Kenya. A survey of hotels in Mombasa County. Since 97.3% of results was explained by the independent variables in this study, it is recommended that a study be carried out on other factors that affect organizational performance. The research should also be done in other regions and the results compared so as to ascertain whether there is consistency on influence of competitive strategies on organizational performance of hotels in Mombasa County in Kenya.

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