

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

The Influence of Hotel Facilities on the Strategic Posture of Business Hotels in Kenya

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Abstract:

The quality of tangible aspects which creates the service scape is one of the requirements needed to build a competitive brand image of firms in the hospitality industry. Therefore the quality of hotel facilities can be a source of competitive advantage if well managed. This study sought to determine the weather physical hotel facilities influenced the strategic posture adopted by hotels. The researcher selected corporate hotels where Meetings, Incentives, Conventions and Events (MICE) were held. The data was from a sample size of 191 corporate hotels which was 77% response rate, collected using structured questionnaires which were administered through drop and pick method with manager's as the respondent and focus group discussion with hotel employees. Analysis was descriptive to determine the posture the hotels took and the binary logistic model to determine if the hotel facilities determines strategic posture. The study found that physical facilities create an impression of the quality of service hotel is capable of offering which in turn determine customer buying decision behavior and the actual buying for business clients. The study found that hotel facilities influenced hotels risk-taking behavior, proactiveness, innovativeness and aggressiveness.

Keywords: Hotel facilities, strategic posture

1. Introduction

The strategic posture otherwise referred to as the firm's competitive orientation, is a key factor in propelling businesses to thrive in the market (Mithas, Tafti, & Mitchell, 2013). According to McKinsey and Company (2009), strategic posture is among the four fundamental elements of any business strategy with competitive advantage, business concept and value delivery systems. Businesses compete using various approaches in the industries, which indicates the strategic posture a firm takes in the market. Strategy has had various definitions in recent times, however in whichever way it is understood and defined, it is about making choices which influence the level at which the business will perform (Eden & Ackerman, 2013).

These choices embrace the right posture. Strategy is characterized as an organization's technique of managing its long-term arrangements for operating within the aggressive environment to accomplish organization targets. It mirrors an organization's familiarity with how, when and where it ought to contend; against whom it ought to contend; and for what reason it contends. Vital choices have different measurements; key issues that oblige top-administration choices, those that oblige a lot of company's assets, key issues that influence the establishments long term prosperity, are future oriented, which results to multifunctional or multi-business results and issues that require considering the organization's external environment (Pearce, Robinson, & Mital, 2010). The volume of resources an enterprise owns does not guarantee an organization's competitive advantage. The key determinant is the use of the resources in ensuring they are utilized in such a way that less resources efficiently produce value to the maximum, and that resources that are limited will be focused in the critical strategic target thereby creating competitive advantage (Liu & Wang, 2014).

1.1. Hotel Industry

The hotel industry is part of the larger tourism sector among these four industries: transport, entertainment, food and beverage, and the retail sector. United Nations World Tourism Organization (UNWTO) (2014) indicates that a constantly expanding number of destinations worldwide have opened up to interest in tourism transforming tourism into a key driver of economic growth through earnings from exports, creating employment and creation of enterprises and infrastructure expansions. The previous six decades has seen tourism development broaden, turning into one of the quickest developing economic sectors in the world. Regardless of infrequent setbacks internationally, universal visitors' entries have indicated developments from 25 million in 1950 to 1087 million in 2013. In emerging economies, visitor's entries are expected to expand twice those of developed economies with figures of global market shares of 47% in 2013 and 57% by 2030 implying around 1 billion global vacationer landings.

1.2. Problem Statement

A number of countries in sub-Saharan Africa are recognizing the development of the hospitality industry as a main source of economic development (Sharma, 2010). As a consequence, the economic importance of tourism research in hotel and restaurant businesses in these nations is becoming a significant research issue (Koutroumanis, 2011). Hotel businesses are complex establishments, creating significant returns for investors and value for the consumers by combining the human factor and physical structures. Performance of the establishments is not just influenced by macroeconomic cycles and customer patterns, but at the same time is connected to that of other sectors of the tourism industries, for example, travel agents, airlines and demand patterns (Oaten, Quesne, & Segal, 2015).

In Kenya, the hotel industry is facing some setbacks emanating from infrastructural handicaps such as limited bed capacities, inadequate facilities, dilapidated and tired facilities and lack of capital for future investment according to SWOT analysis in the ministry of Tourism (GoK, 2008) and vision 2030 (2007). This paints a gloomy picture on the hotel industry in Kenya as well hotel expansion and growth. With the increased number of international chains entering the Kenyan market, completion the competitive environment will be hostile and hotels will need to keep up to stay in business. It is against this seemingly worrisome situation that this study was fronted to establish the relationship between hotel facilities and the strategic posture of the hotels.

1.3. Hypothesis

H₀ Organizational facilities in the hotel industry do not have a significant effect on strategic posture.

The hypothesized relationship between Hotel facilities and the Strategic posture is shown in figure 1.

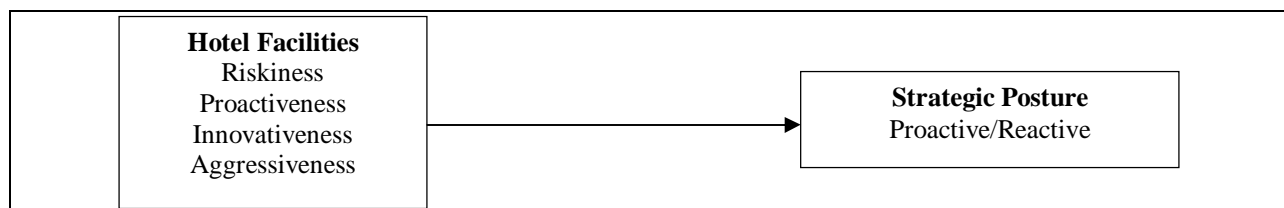


Figure 1

Figure 1 Hypothesized model Using the Covin and Slevin (1989) construct of strategic posture. The Hotels facilities are subjected to the elements that determine strategic posture namely, risk, innovativeness, proactiveness and competitive aggressiveness.

2. Literature Review

2.1. Theoretical Foundation

The study is underpinned by two theories, the Resource Based View Theory and Strategic posture Theory.

2.1.1. Resource Based View Theory

The foundation of resource based view theory is that an organization gains competitive advantage through the acquisition and application of resources. The focus is on the configuration of the resources such that they provide a competitive advantage for the firm (Peteraf, 1993). The resources a firm owns as suggested by Wernerfelt, (1989) portrays its capabilities in the market. Further, resources that are distinctive and superior become the source of the competitive advantage if the resources are appropriately aligned to the external environmental factors. Firms have been recognized to be heterogeneous in reference to the internal capabilities created from the resources of the organisations. Barney (1991) asserts that resources and competencies are imperative to the comprehension of the sources of sustainable competitive advantage for establishments. He came up with the characteristics of the resources; they should be valuable, rare, inimitable and not substitutable (VRIN). The value elements of the "VRIN" framework mean that the resource must be able to exploit opportunities or minimize threats from competitors. Further, the resource must be rare within the strategic group of competitors, such that the valuable resource cannot be or is not commonly held by competing organizations. The resource must, in addition, be imperfectly imitable that it is not easily replicated by competing businesses. Finally, the resource must not have substitutes such that the availability of similar resources is not common amongst other organizations or easily replaceable. Hence, firms can accomplish a short-term competitive advantage by utilizing resources that meet the VRIN criteria and by getting involved in actions that improve their efficiency or effectiveness in different ways than the competing firms.

Hoskinson, Hitt, and Wan (1999) note that the RBV concept gained recognition in the 1980's following much attention to the external influences of resources such as those of the five forces framework by Porter, (1998). The resource based view concept diverted the focus of interest between the firm and the external environment to describing the link between firm's resources and competitive advantage. The paradigm shifted from markets and economic perspectives to emphasis on internal resources. There was a refocus on the internal aspects of the firm (Wernerfelt, 1984). Resource based view has since been linked to specific areas of the organization in view of elucidating its implications to various disciplines other than strategic management. This includes organizational culture (Barney, 1991), entrepreneurship (Alvarez & Busenitz, 2001), international business (Peng, 2001), economics (Lockett & Thompson, 2001) and marketing (Srivastava, Faley, & Christensen, 2001).

Strategy is dependent on the organizations resources (Collins, 1991; Taumann, 1991). The concept of strategy in the resource based view theory is perceived as a constant search for rents, where rents according to Bowman (1974), refer to the return above the entrepreneurs substitute use of costs. Resource based philosophy can be followed back to the works of Rumelt, (1984) and Teece (1984) and has received increasing consideration from the late 1980's. The resource based view theory basically emphasizes on the capabilities and internal resources of the organization in strategy formulation to realize competitive advantage in the industry (Madhani, 2010). The author also asserts that the possession and control of strategic resources determines which firms will be competitively positioned in consideration of the value of the resource, the distribution in other similar firms and its mobility.

Penrose's (1959) dimension of RBV is that an organisation's growth is premised on the resources that it possesses and limited by managerial resources. Managers interact with the resources in the firms which transforms to the growth of the organisation. The resources are viewed as the strategic drivers. The resources available drive the ideas and knowledge within the firm which leads to allocation of resources to take up opportunities that present themselves. Wernefelt's (1984) perspective of resources is that an organization should not be viewed from its outputs, that is, the products they have in the market but rather, their resources. This is with the view that resources provide the strengths and weaknesses of an organization. Examples of resources were named as machinery, loyalty of customers, the experience of production and technology. Although the resources may not be available in the firm, efforts to acquire these resources could be undertaken through strategies such as mergers and acquisitions. Resources as a key factor to competitive advantage as explained by Grant (1991). He notes that internal resources as opposed to the external market environment should provide the basis for formulation of strategy. A five step framework was proposed on how this can be achieved. The first step being that resources need to be classified, secondly capabilities are identified, third, the rent potential is well defined, fourth, the strategy is selected and finally the resource gaps are identified so as to ensure that the strategies formulated are well backed up by the availability of resources.

2.1.2. Strategic Posture Theory

The Entrepreneurial Orientation (EO) model, also known as strategic posture, according to literature in strategy, is used to ascertain the competitive behavior that organizations adopt in various industries (Covin & Lumpkin, 2011). This theory was first brought to the fore by the works of Khandwalla (1977), who researched on Indian firm strategies. His findings indicated that organizations, then known as entrepreneurial, would in most cases initiate activities such that they were the pioneers in marketing new offers of products which the competition would respond to either by imitating or trying to outdo the pioneer. According to Miller (2011), some discussions still exist on entrepreneurial orientation such as the driving forces of the posture taken, its outlook and recognition and also the relationship with establishment's performance. A major concern is the entrepreneurial orientation definition. There has not been a generally accepted definition by the research community although there has been varying degrees of recognition of concepts on entrepreneurial orientation (Covin & Lumpkin, 2011). Foundations of strategic posture as was entrepreneurial orientation now referred to was highlighted by the publications of Covin and Slevin (1989) and Lumpkin and Dess (1996). The former contended that a firm that had high echelons of strategic posture realized superior performance. Additionally, these firms are said to participate in innovation, be aggressive to the market and also take risks and act proactively when opportunities are presented. Therefore, the deduction of these works was that the three dimensions, namely innovation, aggressiveness and risk taking determined the strategic posture of establishments. To measure the entrepreneurial (proactive) and conservative (reactive) posture, a nine-point questionnaire was developed by Covin and Slevin (1989) where the mean rating determined the angle of posture of the organization.

2.2. Hotel Facilities and Strategic Posture

Facilities describe the physical amenities provided to a hotel for user convenience and infrastructure that supports individuals in an organization to working towards achieving the main objective in business (Enz, Canina, & Lommano, 2009). Amenities are also known as tangibles referring to qualities such as physical facilities, qualities of equipment and appearance of personnel (Hemmasi, Strong, & Taylor, 2011)

Designs of hotels are exhibited by their physical allures. As observed by Alonso and Ogle (2008), design has importance among small-size hospitality and tourism operations, including knowledge that might answer, to what extent hoteliers use design as a competitive advantage and the extent to which design is used to achieve efficiency, while in the process attracting guests to the accommodation facilities. The study conducted among 30 businesses located in Western Australia using semi-structured face-to-face and phone interviews to collect data, revealed that respondents not only indicated being actively involved in the design of their small businesses, but also emphasised the importance of maintaining a balance between the physical aspect and their operations' natural surroundings. Results indicate that simplicity and efficiency were utilised as appealing factors for the hotels. It further revealed that the findings of this study have important implications for ways in which design is utilised among these operations to promote efficiency, comfort and value to guests' experience. The lack of extensive research in these scopes results to little being known about the relationships between physical business designs and operational efficiency and to an extent how it is used in hotels.

With the current paradigm of hotel servicescape, Naqshbandi and Munir (2011) emphasize it is imperative that hotels continuously renew their atmospherics to keep up with the ever changing demands of the guests. Customer preferences development has required that hotels improve their physical environments if they want to retain their customers and grow their businesses. According to Lee and Dong (2012), the atmospherics need to create an ambience that the target client requires. Since trends are fast changing and clients more aware of the escapism and feeling they would expect, the hotels need to be proactive in keeping up with the guests demands. It is noted by various authors (Ariffin, Nameghi, & Zakaria, 2013; Raza, 2012; Durma, Dedeoglu, & Balikcioglu, 2015) that there is a

positive relationship between hotel service scape and guest satisfaction. Therefore it stands to reason that hotels can have a desirable market position if they keep up with hotel design trends to maintain desirable service scapes (Lo, 2011).

Despite risks involved in the hotels physical facilities innovation is an important aspect in the success of the business. The key drivers to innovate are the focus on the clients and subsequently realization of profits. This consolidates the need to comprehend what a customer anticipates from a particular business (Souto, 2015). In his study based on interviews with 115 senior managers, Souto (2015) seeks to show how tourism and hotel firms innovate, and how the achievement of successful innovations is possible. The results reveal that the keys to successful incremental and radical innovations lie in adopting a new contextual and conceptual framework through which innovations can occur and customer needs can be met, thereby giving rise to new competitive advantages. The product of the physical environment of the hotel is an emphatic requirement in the conveyance of value, which is tied to a hotel in a specific location and the services offered in a particular area as a determinant of the innovations necessary to be exhibited in the hotel.

Arrifin and Aziz (2012) carried out a study to examine the moderating effect of physical environment's innovativeness (PEI) on the relationship between hosting quality and satisfaction in the hotel services. Data was collected from 392 hotel guests in Malaysia. Findings reveal that there is a positive relationship between hotel hosting quality and guest satisfaction, and innovativeness of hotel's physical environment strengthened the positive relationship between hotel hosting quality and guest satisfaction. The authors conclude that the blend between the tangible as well as the intangible elements of service offerings including a distinctive and unique hotel atmosphere, will certainly make the service experience perfect and a memorable one for the guests. This implies having comparative hotel services within a close range negatively affects the degree of innovation in that particular location (Horng, Wang, Chih-Hsing, Sheng-Fang, & Chang-Yen, 2016). The authors examine the key characteristics of sustainable service innovation in the hospitality industry. The results are based on the interview records for 17 experts (including three academic scholars, three government officers and 11 top-level managers) with an average of 20 years of experience in the hospitality management domain in Taiwan. The findings align to Amabile's (1988) componential theory of creativity and innovation and show that market position, customer satisfaction, service orientation, environmental thinking, employee involvement, incentive mechanism, human resource development, environmental services, cultural resource management, government policy and school education are major indicators of sustainable service innovation in the hotel management field (Horng, Wang, Chih-Hsing, Sheng-Fang, & Chang-Yen, 2016). Camison and Monfort-Mir (2012) suggest that large structured organizations are more likely to innovate in comparison to much smaller hotels that have less capacity to be innovative.

On the other hand, the smaller hotels have more flexibility and less bureaucracy therefore, they are quick to implement new ideas. In addition, the combination of external and internal knowledge is a key factor that affects the degree of innovation of a hotel cognizant of the fact that workers contribute a very significant part. In contrast of these findings, Enz (2016) contends that franchises are a barrier to innovation because franchisees are not allowed to show individuality. This results to weakening of innovation and intellectual property loss treatment. Basically, owners can integrate the greatest innovations from any of the companies into several of their properties. There is also the heterogeneity and mere size of some players in the industry players that make service innovations difficult. Industry players of small size have usually been more innovative in the hospitality industry.

Although service scape is recognized as a very important aspect of hotel innovation, Pechlanez and Innerhofer (2016) note that there also needs to be systematic innovations such as the management of business processes and communications. According to Arrifin and Aziz (2012), unique and distinct hotel atmospheres is one of the ways hotels can distinguish their services from others which tend to be homogeneous while creating high customer satisfaction. The interaction of guests with the innovations will result to memorable experiences, which are distinct and different from other hotels. Unique atmospheres are particularly key where there is hedonic consumption. Research in the Kenyan hotel industry according to Ayele (2012) reveals that Nairobi five-star hotels use physical facilities to strategically position themselves in the market. In the study of seven 5-star hotels in Nairobi, findings indicate that five star hotels in Nairobi, have adopted various positioning strategies based on different approaches including leadership positioning, personal contact positioning and extensive staff training positioning strategies. Additionally, these hotels have also employed positioning strategies on the basis of quality customer service, physical attractiveness, range of product offerings, unique product features, and safety and security systems, information technologies to create competitive advantage. Kivuva, Kihima, and Nzioka (2014) contend that the hotel room is the core product of a hotel and the room service scape is a major factor in business guests selecting hotels in the Mtwapa area for non-classified hotels. This therefore implies that hotel's physical facilities are a major criterion for guests and can therefore be used to position hotels strategically. The results of their study further indicate that the core product (guestroom comfortability), hygiene and cleanliness were the most important factors in determining guests' selection of where to stay. The authors recommend that any efforts towards quality improvement in a hotel should focus primarily on ensuring customer satisfaction with the guestroom and that managers should channel their resources towards improving guest services in the guestrooms in accordance with the requirements of the clientele (Kivuva, Kihima, & Nzioka, 2014).

3. Research Methodology

This study adopted the cross sectional quantitative research design. This is a precise count of behavior, knowledge, opinion or attitude (Cooper & Schindler, 2014; Shajahan, 2009). The population was drawn from regions zoned by the Tourism Regulatory Authority (TRA). According to TRA (2015) there were 1099 registered hotel facilities in Kenya at the time of the study. The total number of business hotels with meeting rooms were 275. The study used stratified sampling based on the TRA zones. The sample size was calculated using the following formula:

$$n = \left(\frac{Z_{\alpha/2} \sigma}{E} \right)^2$$

$$n = \frac{(1.96 \times 24)^2}{3}$$

$$n = 15.68^2 = 245.8 \quad n = 246$$

The study used structured questionnaires to collect primary data from the respondents. The study also used focused group discussion to supplement what had been collected through the questionnaires. During data collection, the questionnaires were distributed to the corporate hotels through drop and pick strategy to ensure respondents get ample time to fill the questionnaires and also to ensure that they fill them at their own convenience time. When data was collected from the field, it was checked for completeness, coded and entered into a computer for analysis. The data was analyzed through descriptive tests such as frequencies percentages, mean and standard deviation and inferential tests such as chi square, and the binary logistic regression model as the dependent variable was binary in nature.

4. Findings

4.1. Hotel Facilities on Strategic Posture

4.1.1. Strategic Posture of Hotel Facilities

The Covin and Slevin (1989) construct was used to collect data and analyze the strategic posture of hotels. The data was collected on a 5-point Likert scale and analyzed through mean and standard deviation. According to the scale, 5 represented the highest value "strongly agree" while 1 represented the lowest value "strongly disagree". In the analysis, a mean value of 4.5 and above represented a highly proactive posture while 2.0 and below a reactive posture. The findings are shown in Table 4.1.

Code	Items	Mean	Sd
Riskiness			
HF1	Strong inclination for high risk projects.	3.5	1.1
HF2	Belief that owing to the nature of the environment, bold, wide range acts are necessary to achieve the hotel objectives.	4.3	0.7
Average		3.9	0.8
Pro-activeness			
HF3	Initiating actions, which competitors can respond to.	4.1	0.8
HF4	Very often the first to introduce new hotel facilities.	3.6	1.0
Average		3.8	0.8
Innovativeness			
HF5	Favoring a strong emphasis on hotel facilities.	4.3	0.8
HF6	Markets new facilities in the past five years.	4.0	1.0
HF7	The changes in the hotel facilities have usually been quite dramatic.	3.7	1.0
Average		4.0	0.7
Aggressiveness			
HF8	When confronted with decision-making involving uncertainty my hotel adopts an aggressive posture to maximize opportunities regarding hotel facilities.	4.0	1.0
HF9	My hotel usually adopts the "outdo the competitor posture" in hotel facilities.	3.8	1.0
Average		3.9	0.8

Table 1: Hotel Facilities Strategic Posture

Key: HF = Hotel Facilities 1= Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree

Hotels take risks on their facilities to pursue competition. The findings show that on average the hotels have a strong inclination to engage in risky projects. The hotels also respond to the competitive nature of the environment by initiating bold wide ranges of activities to meet their objectives take risks to enhance profitability of business. Proactiveness is the least dimension of strategic posture for business hotels, there is less initiation of action without necessarily having to respond to competition which had higher mean indicating that hotels are more concerned with keeping pace with competition rather than being market leaders. Although innovation was the highest element it can be deduced that this is geared to being ahead of competition.

From the FGDs, the hotels give priority to certain physical facilities such as guest rooms, receptions, restaurants and bars. The facilities are important to the employees as they make work easier and are conducive for working. Also, the facilities enhance accuracy of work, ease movement and increase the output of the employees. To the guests, the facilities portray quality of services and provide appeal. The employees during FGDs felt that physical facilities were important since they create impression on the quality of hotel and guest services. The staff members felt that guests look at the facilities to gauge value for money even before they consume

the services. The physical facilities such as bidets, Arabic showers and facilities for the physically challenged determine whether some specific types of guests can be accommodated or not. If their expectations are met, the hotel stays ahead of competition because they meet the needs of the customers.

➤ Hypothesis Testing

H_{01} : Organizational facilities have no significant effect on strategic posture.

Statistic			Value	df	Sig	
Predictability of the model (%)			71.7			
Chi-square (Omnibus Tests)			5.769	1	0.016	
2log likelihood			221.714			
Cox & Snell R-square			0.13			
Nagelkerke R-square			0.23			
Model	B	S.E.	Wald	df	Sig.	Exp(B)
Hotel facilities	1.027	0.438	5.502	1	0.019	2.793
Constant	-4.445	1.521	8.541	1	0.003	0.012

Table 2: Logistic Model for the Relationship between Strategic Posture and Hotel Facilities

The model predicts 71.7% of the responses correctly. For this model, based on the p-value ($p=0.016<0.05$), the chi-square value of 5.769 is significant, so we can reject the hypothesis that the model does not exist. For this model, the Nagelkerke R-square value indicates that 23% of the variation in strategic posture is explained by the logistic model. The Wald statistic provides an index of significance of the predictor in the model. Hotel facilities were found to be a significant predictor of posture (Wald=5.502, $p<0.05$) and consequently the study rejects the null hypothesis (H_{01}) and concludes that organizational facilities have a significant effect on strategic posture. The odds ratio (Exp (B)) for hotels facilities was 1.027. This suggests that hotels with more facilities are 1.027 times more likely to be proactive than those with fewer facilities. The fitted model was

$$\log(p) = -4.445 + 1.027 \text{ hotel facilities}$$

Hotel physical facilities play a significant role in the service industry in which the hotel industry fits in. The ambience and environments creates appeal to the customers and also enables customers form a perception about a business. Thamimul, Sabri and Saini (2013) argues that business properties must have a decent look with necessary facilities to fulfill customer's needs. In addition to this, there are augmented services preferred by the customers in hotels such as beauty parlors, cyber cafes, fitness centers, doctors on call among others. Having noted that various researchers have acknowledged the importance of physical facilities to the fulfillment of customer requirements, it can therefore be stated that physical facilities can be used to position hotels in the market in terms of the variety, the designs and the target of particular guests which would require that a deliberate effort is made to strategically position the hotels to cater for their target market.

Naqshbandi and Munir (2011) recommended that hotel refurbishment was needed once in every five to seven years, to keep the market share in hotel industry. The focus of their research was the hotel lobby which they suggested was the space in the hotel that played a contemporary role of a social and cultural meeting place other than the traditional role of the waiting area.

Unique facilities form unique types of hotels which attract guests to these facilities. An example is the famous Burj al Arab Jumeirah hotel in Dubai famous for its sail boat shape and other unique physical facilities, severally voted the most luxurious hotel in the world. In Nairobi, there a louded hotel 5 star named pinnacle which is being praised for its physical outlook and named as the tallest building in Africa. The hotel industry is anxious to see this iconic buliding just from its physical outlook and impressions it will create. Even before actualisation it has been sold as a hotel one must visit. This already is positioning the upcoming hilton hotel in the market. Rowley and Warner's (2008) findings also confirm the alternate hypothesis of this study with the argument that physical facilities can be used to determine the strategic orientation.

5. Conclusion

The study concludes that hotel facilities play a significant role in business and can drive hotels to adopt a proactive strategic posture. Physical hotel facilities create an impression of the quality of hotel services. This in turn influences the customers buying decision. Paying attention to specific group of special groups also determines whether such groups can buy the services or not such as the physically challenged. Thus a hotel can be proactive by investing highly on physical facilities. Unique hotels have been named so due to their physical configurations and no doubt position themselves positively in the market. Hotels take risks and proactively invest in facilities to position themselves in the market. Others have come up with innovative facilities and aggressively pursued activities, which outdo other competitors in the industry.

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