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Strategic Factors Influencing Growth of Hotels in Kenya, (A Survey of Selected Hotels in Mombasa County)

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Abstract:
As the world economy continues to move towards increased integration, some of the greatest opportunities for hotels will derive from their ability to participate in the global marketplace while sustainably increasing their competitiveness by growing financially and structurally to be able to achieve their objectives. There has been concerted efforts to grow local tourism in Kenya by the government, however, hotel establishments being the major component of tourism across the country has been growing slowly and struggling to survive. The study sought to evaluate strategic factors that influence growth of hotels in Kenya so as to establish factors that contributes to slow growth experienced by hotels in the country and establish the extent to which these factors influence growth. The study evaluated independent variable factors such as extent of product diversification within the hotels, use of cost leadership strategies, and level of technology used by hotels in their daily operations. With a study of three star hotels in Mombasa county, a systematic survey of the strategic factors was conducted using a descriptive survey design and a stratified sampling technique to achieve a representative sample. Primary data was collected using structured questionnaires and analyzed using multiple regression model. From the research findings, the study indicated that all the independent variables studied have significant effect on hotel growth in Kenya as indicated by the strong coefficient of correlation and overall effect of the analyzed factors was very high as indicated by the coefficient of determination. This implies that the studied independent variables, namely product diversification, cost leadership and technology have significant effect on hotel growth in Kenya. The study recommended that hotel should constantly review their products in order to remain relevant and competitive in the market, operate at low cost and should embrace technology in all operations, especially information communication technology, which widens the coverage of hotels information accessibility and increase marketing activities, so that they can attract guests from far and wide to enhance growth.

1. Introduction

1.1. Background of the Study

In today's highly competitive hospitality industry, hotel operators need to be vigilant and aware of globalization of markets and demands. As such there is a need to acknowledge strategic factors that influence growth rate in order to gain a sustainable competitive advantage. According to Freedman, (2013), a Strategy is plan of action or a policy designed to achieve a major or overall direction and scope of an organizations over the long-term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder expectations. Therefore, to complete successfully in business environment, organizations continually need to improve their performance strategically by reducing cost, innovating products and processes and improving quality, productivity and speed using strategic management techniques.

On the other hand, growth is a dynamic process showing that businesses are not static. Perks (2002), defines growth as the process of improving some measures of an enterprise success. Business growth can be achieved either by boosting the top line or revenue of the business with greater product sales or service income or by increasing the bottom line or profitability of the operation by minimizing costs of an organization. The strategic decisions taken by the owner or manager should fit between strategy, structure and processes which is more favourable to the performance.

In Malaysia tremendous urgency for hotel operators to further improve their organizational performance is due to the global competition, which has become so intense by the day, as more and more foreign hotel operators are opening their business in Malaysia because they see the country has strong growth potential service industry sector (Ruzita, & Parnell, 2008). Consequently, hotel operators have identified strategies and the key areas to improve in operations to be able to survive the stiff competition arising in the country. According to Liao, and Hu, (2007), hotels in Taiwan have used product diversification strategies due to growing competition in lodging industry so as to offer food and beverage service. The hotels are preferred locations to stage weddings, they usually provide a wedding ceremony and a banquet package with discounted lodging services for the host and the guests. It is widely accepted that hotels generate the major proportion of their profit from room sales, According to Pyne, (2007), hotels in USA have profit margins of 80% from lodging and 20% from food and beverage. Although food and beverage shows only minor profit, hotel managers have acknowledge that they can be a primary contributor to customer lodging experiences. The hotels strategies focuses on the principal concern of its main customers and strives to provide them with personalized services. Attention to product performance and information technology is the main strength that helped it achieve its superior quality (Evans & Lindsay, 2011).

Many hotels in Kenya are famous tourist resort centre such as Hilton hotel, Treetops hotel in Aberdares National Park, Serena group of hotels and resorts, Ashnil camps and lodges in Tsavo and Maasai Mara and others. These hotels offer superior comfort in luxurious surroundings and highly personalized services. They are characterized with executive rooms, conference rooms, night club bars, fully equipped fitness clubs, swimming pools, shopping villages, outside catering and grounds for outdoor activities. Towards the end of the 20th century hotels in Kenya seemed to struggle and decline and the trend has continued with sales and market share dropping gradually and some have closed down in the recent past.

Despite their strategic location, in the vicinity of the town's central business district and in scenic locations, with ample space and facilities, hotels' brand names have gone into distinction in favor of new rivals. What is being done wrongly? How could such a successful business fall and continue dropping without top management, responding and saving it from further decline? Managers of today's business needs to manage firms strategically in order to survive, and a part from their training and experience in functional and operational areas they need to grasp the whole picture (Pearce, 2009).

1.1.1. Hotels in Mombasa County

Hospitality industry in Kenya evolved at the coast region for the first time. This was because of the coming of Arab traders and railway- line construction workers in the 7 region. Their presence necessitated the building of the first catering establishment at the coast, which was known as the grand Hotel of Mombasa built at the present site of Manor Hotel, (Kamau & Waudo, 2012). They also argued that following the construction of railway, there was a growing demand for catering and the Hospitality industry service. This led to the demand for trained personnel. In 1960, Hotels like Norfolk had reached international five star-rating. Later in 1975, Hospitality training was also started at Kenya Utalli College with a limited capacity.

The hotels in Mombasa are the major business firms generating more income and job opportunities in the county. According to Wadongo, Odhuno, Kambona, & Othuon, (2010), the hotel industry make a significant contribution for the economic development of the County. The hotels present strategies ranging from services to suit tests of customers. Class, elegance, ambiance and quality services are the major distinguishing factors of the hotels. Hotels in Mombasa are operating in high competition, Despite the high quality and good facilities of the hotels, Competition for resources and market share is becoming extremely high.

Companies operating in the county are facing higher competition in the market for skilled labor, technology and for market share. Customers' expectation and preferences are also increasing from time to time. Because of these and other globalization factors, companies have revised their strategies and invest more amount of money in their premises on product improvement, adoption of technology and training personnel to compete effectively. Also, hotels need to identify their core competences, unique resources and strategic factors to get competitive advantage in the high competitive market in the industry.

1.2. Statement of the Problem

The internal and external uncertainties abound due to emerging opportunities and threats and globalization of markets require business organizations like hotels to grow structurally and financially to be able to remain competitive in the market. Slatter, (2008), says that, we live in a society with a strong growth ideology, where business firms are judged in this criterion and are expected to create job opportunities and wealth which will translate into poverty alleviation in the society. On the other hand tourism demand is growing day by day and the customer needs and demands are changing. With globalization in full speed and people continually traveling abroad to and from different countries, the hotel industry faces many challenges in accommodating these different guest (Seo, 2007). The gradual decline of many former large and successful hotels in Kenya in the 1980s and 1990s, and the slow growth experienced currently in the industry despite the strong government efforts to revive, points to a lack of knowledge on the strategic management on sustainable high-performance of hotels in the region. The hotel industry is a very competitive business in which customers place great emphasis on reliability and timely service delivery. How well hotel implements its policies and programs and accomplishes its strategic intent in terms of its mission and vision is of paramount concern (Arthur & Gamble, 2004). Furthermore, hotels in recent times have been affected by the global recession and the rising terrorism threats that has increased the rate of decline of growth and reduced the pace of gradual development. With the afore mentioned challenges, the study sought to establish the strategic factors that influences the growth of hotels in Kenya and Particularly in Mombasa.

1.3. Objective of the Study

1.3.1. General Objective

To evaluate strategic factors that influence growth of hotels in Kenya

1.3.2. Specific Objectives

1. To find out the influence of product diversification on growth of hotels in Mombasa county
2. To examine the influence cost leadership on growth of hotels in Mombasa county

3. To determine the influence of technology on growth of hotels in Mombasa county

1.4. Research Questions

1. What is the influence of product diversification growth of hotels in Mombasa County?
2. What is influence cost leadership on growth of hotels in Mombasa County?
3. What is the influence of technology in growth of hotels in Mombasa County?

1.5. Significance of the Study

The study contributes immensely new knowledge in enhancing understanding of the strategic factors that influence the growth of hotels in Mombasa county. Recognizing the importance of hotels' growth, the government, economists and development agencies will use the finding from this research to devote substantial resources to the creation and implementation of programs to assist firms' growth and in that way ensure economic prosperity. Similarly, It will bring new understanding to hotel managers on strategies that can be adopted to increase productivity and profits. According to Jacobs, (2003), through the creation and expansion of firms the economy generates new employment and opportunities making possible a more prosper life for the people. Similarly, information gathered from the study can be replicated by the scholars elsewhere to enhance understanding of factors influencing growth of hotels.

1.6. Scope of the Study

This study was conducted at Mombasa county in three star hotels selected. These hotels had fully fledged departments whose operations involve decision making and therefore top and operational managers of the departments provided detailed insights into strategic factors that influence growth of their hotels'.

1.7. Limitations of the Study

The study encountered a number of limitations like the main subject of the study, the management staff of the selected hotels did not sincerely co-operated and provision genuine information regarding strategic factors influencing the growth of their hotels. This was addressed by assuring the managers that information given was purely for academic purposes and will be treated with utmost confidentiality. Another limitation was that the managers were not easily accessible due to their busy schedules, the researcher informed the managers in advance to book for appointment to avoid inconveniences to the managers.

2. Literature Review

2.1. Introduction

This chapter discusses theoretical framework, conceptual framework, empirical review and the research gap.

2.2. Theoretical Framework

2.2.1. Resource-Based View Theory

The resource-based view theory stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Peteraf & Bergen, 2003). The term was originally coined by Wernerfelt in 1984 and the significance of this contribution is evident. It starts with the assumption that the desired outcome of managerial effort within the firm is a sustainable competitive advantage. According to Armstrong and Shimizu, (2007), achieving a sustainable competitive advantage allows the firm to earn economic rents or above-average returns. In turn, this focuses attention on how firms achieved and sustain advantages. The resource-based view lies in the possession of certain key resources, that is, resources having the characteristics of value, barriers to duplication and appropriability (Fahy, 2000).

Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Barney (2007), examines the link between firm resources and sustained competitive advantage, and postulates that firm resources include all assets, capabilities, organizational processes, firm attributes, information, and knowledge, controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. In this study, a hotel is said to have a competitive advantage when it is implementing a value creating strategy such as cost reduction and constant improvement of product quality and uniqueness, not simultaneously being implemented by any current or potential competitors and when these other hotels are unable to duplicate the benefits of this strategy.

Lin, (2003), further suggested that technology transfer can be a significant source of competitive advantage for firms in developing countries with limited Research & Development resources. Technology transfer was conceptualized in terms of technological learning performance, organizational intelligence, causal ambiguity, firm specificity, complexity, maturity, employee qualification, and innovation orientation. Hence, by incorporating evolutionary advancement as well as rapid technological changes involving hotels resources will impact on the hotel's competitive forces.

2.2.2. Competitive Advantage Theory

Competitive advantage theory is a business concept describing attributes that allow an organization to outperform its competitors (Arend, (2003). These attributes may include access to resources such as inexpensive power, highly skilled personnel, geographic location, and high entry barriers. New technologies, such as robotics and information technology, can also provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process (for example, better identification and understanding of customers).

A competitive advantage also is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and service that justifies higher prices. Porter, (2008), suggested four "generic" business strategies that could be adopted in order to gain competitive advantage. The strategies relate to the extent to which the scope of a business' activities are narrow versus broad and the extent to which a business seeks to differentiate its products. The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments. By contrast, the differentiation focus and cost focus strategies are adopted in a narrow market or industry.

A cost leadership strategy involves trying to be the lowest cost producer, usually by concentrating on providing relatively standardized products (Peteraf & Bergen, 2003).. In turn, low costs allow the organization to attract customers by offering lower prices. However, quality has to be of an acceptable level given the price to ensure that the organization is able to offer superior value (comparable quality, lower price). Such a strategy typically requires up to date and highly efficient service delivery systems and usually relies on particular competences in relation to operational activities. Costs need to be controlled at key stages in the value chain, for example, by offering a standard basic product, by using less expensive inputs, by relying on customer self service to reduce distribution costs or by using buying power to force down input prices.

The hotels are highly standardized, furnishing is basic and functional, staff costs are reduced through the use of technology and hotels are based in cheaper locations on the edge of towns and cities and in scenic locations. Similarly, this theory is usually associated with large-scale businesses offering "standard" products like hotels with relatively little differentiation that are readily acceptable to the majority of customers. Occasionally, seasonality of business faced by hotels can allow a low-cost leader to discount its product to maximize sales, particularly if it has a significant cost advantage over the competition and, in doing so, it can further increase its market share.

A strategy of cost leadership requires close cooperation between all the functional areas of a business (Porter, 2004). To be the lowest-cost producer, a firm is likely to achieve or use several of the following: High levels of productivity, High capacity utilization, Use of bargaining power to negotiate the lowest prices for production inputs, Lean production methods (e.g. Just In Time), Effective use of technology in the production process, Access to the most effective distribution channels and Overall cost leadership requires firms to develop policies aimed at becoming and remaining the lowest-cost producer and/or distributor in the industry.

According to Roberts, (2004), hotels can achieve competitive advantage through adoption of cost leadership strategies aimed at controlling costs,, which include construction of efficient-scale facilities, tight control of costs and overhead, avoidance of marginal customer accounts, minimization of operating expenses, reduction of input costs, tight control of labor costs, and lower distribution costs. The low-cost leader gains competitive advantage by getting its costs of production or distribution lower than those of the other hotels in its market. The strategy is especially important for firms selling unbranded commodities such as hotels.

2.3. Conceptual Framework

Conceptual framework is a figure that explains the main variables to be studied in conception. It provides an idea on establishing the relationship between the dependent and independent variables (Kothari, 2013). It provides the primary model that illustrates the basis on deciding on the research questions and objectives and the methodology to be followed in order to solve the phenomenon under investigation (Kombo & Orando, 2002). The dependent variable is defined as the Growth of Hotels through the influence of strategic factors, while the independent variables as interpreted as a cluster of strategic factors that influence the growth given as product diversification, cost leadership and technology adopted in business operations.

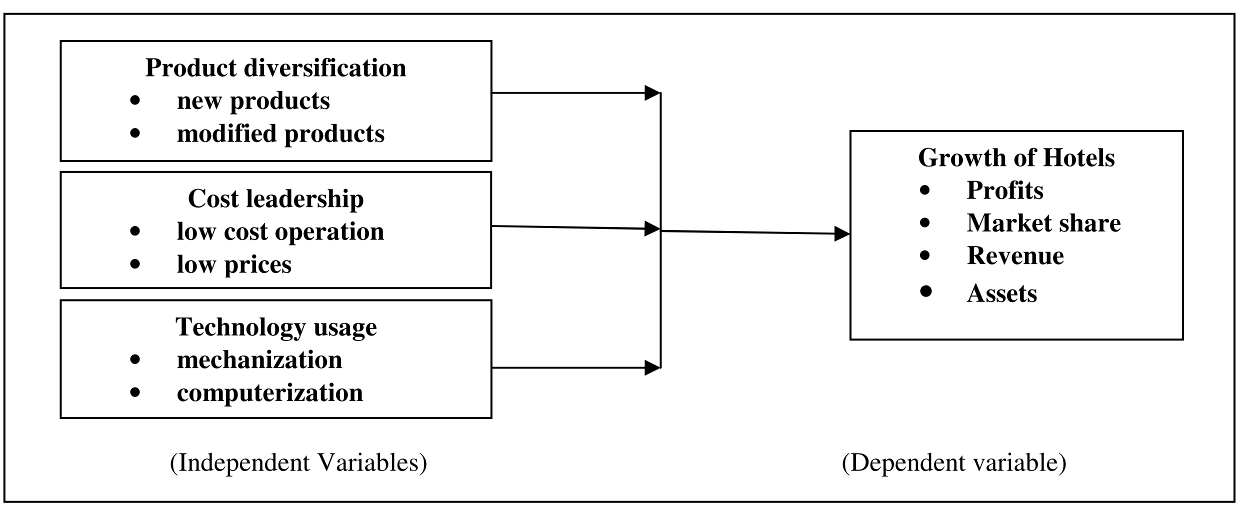

Figure 1: Conceptual Framework

2.4. Strategic Factors Influencing Growth of Hotels

2.4.1. Product Diversification

Diversification is a corporate growth strategy to enter into a new market or industry which the business is not currently in, whilst also creating a new product for that new market (David, (2005). strategies involve a significant increase in performance objectives (usually sales or market share) beyond past levels of performance. Many organizations pursue one or more types of growth strategies. One of the primary reasons is the view held by many investors and executives that "bigger is better." Growth in sales is often used as a measure of performance. Even if profits remain stable or decline, an increase in sales satisfies many people. The assumption is often made that if sales increase, profits will eventually follow.

Product diversification is the process of expanding business opportunities through additional market potential of an existing product (Porter, 2004). Diversification may be achieved by entering into additional markets and/or pricing strategies. Often the product may be improved, altered or changed, or new marketing activities are developed. The planning process includes market research, product adaptation analysis and legal review.

Pankaj (2002) pointed out that a diversification strategy stands apart from the other three strategies. The first three strategies are usually pursued with the same technical, financial, and merchandising resources used for the original product line, whereas diversification usually requires a company to acquire new skills, new techniques and new facilities. Diversification strategies are used to expand firms' operations by adding markets, products, services, or stages of production to the existing business. The purpose of diversification is to allow the company to enter lines of business that are different from current operations.

Without some form of strategic fit, the combined performance of the individual units will probably not exceed the performance of the units operating independently. In fact, combined performance may deteriorate because of controls placed on the individual units by the parent conglomerate. Decision-making may become slower due to longer review periods and complicated reporting systems. The basic purpose of diversification is to minimize risk as by spreading your capital amongst a variety of investments one is less likely to be seriously adversely effected by a sharp and unanticipated move in one or a few of the holdings. However, even though diversification has become a very common practice, there are still a number of misconceptions and problems relating to its use among proponents of both traditional investment techniques (i.e. fundamental analysis) and those on the technical analysis side. Diversification has created complacency as many investors do not look past any ideas that differ to what they believe to be the one and only sound investment method; extensive diversification across a large number of markets in a net long manner. However, this complacency which is widespread throughout the money management industry has resulted in returns that in the long-term are, on average, no better than the overall returns of the broad market.

Diversification is the riskiest of the four strategies presented in the Ansoff matrix and requires the most careful investigation (Hill &Gareth, 2012). Going into an unknown market with an unfamiliar product offering means a lack of experience in the new skills and techniques required. Therefore, the company puts itself in a great uncertainty. Moreover, diversification might necessitate significant expanding of human and financial resources, which may detract focus, commitment, and sustained investments in the core industries. Therefore, a firm should choose this option only when the current product or current market orientation does not offer further opportunities for growth.

2.4.2. Cost Leadership

Hotels can achieve competitive advantage through adoption of cost leadership strategies aimed at controlling costs, which include construction of efficient-scale facilities, tight control of costs and overhead, avoidance of marginal customer accounts, minimization of operating expenses, reduction of input costs, tight control of labor costs, and lower distribution costs. According to Pankaj (2002),the low-cost leader gains competitive advantage by getting its costs of production or distribution lower than those of the other hotels in its market. The strategy is especially important for firms selling unbranded commodities such as beef like hotels.

According to Lashley & Rawson, (2005), in an increasingly competitive global hotel environment, it is more vital than ever that hoteliers understand industry best practice and the latest supporting technologies to drive revenue performance. As such, many are turning to revenue management for accurate and detailed forecasting, so they can make optimal pricing decisions and grow revenue as a result. However, if hoteliers make the most of forecasting data, they can not only increase revenue, but also decrease costs across a hotel's entire operations and, as a result, bolster profitably. Having the ability to account for periods of higher or lower demand enables hoteliers to make better operational and staffing decisions and match their ordering from external suppliers to ensure wastage is minimized.

Forecasting for Revenue Management is one of the ways to manage cost in the hotel (Meerendonk 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.

Time Saving also is a major component of cost reduction according to (Gatuki & Katuse2014) , without having an automated revenue management system in place it can take revenue mangers hours to collect and analyze data. Through a series of algorithms and calculations, revenue management systems automatically assess hotel performance on a daily, weekly, monthly and annual basis. This allows revenue managers to quickly compare rooms sold and revenue against data at the market segment and total hotel level; which

frees up their time, so they can use it to make strategic decisions to improve the hotel's business performance – rather than spend time pouring through large volumes of data.
Staffing Costs can also be a tug of war for hotels to achieve the crucial balance when it comes to staff numbers (David, 2005). On one hand, no one wants to be caught short-staffed and face disgruntled guests who are dissatisfied due to long wait times, which along with the short-term ramifications, can ultimately damage future business as well. But on the flipside, it is a waste of money for staff to be sitting around underutilized as a result of not having enough work to do. The focus needs to be on maximizing the guest's experience, while keeping labor costs at efficient levels. While some managers run off gut instinct to manage staff levels, this can be hit and miss. Instead, accurate demand forecasting should be at the foundation of optimal labor scheduling.
Minimize Wastage in the same way that forecasting can be applied to achieving optimal staff levels, it can also be used to match ordering quantities from external suppliers to minimize any wastage as well as ensuring that supplies don't run out (Lashley & Rawson, 2005). Hoteliers should look at which services and perishable supplies are affected most by occupancy. For example, during peak periods, the number of sheets that need washing per day will increase. If the hotel's own laundry doesn't have enough capacity for peak periods, having accurate forecasts in place will mean hoteliers know in advance when they might need to contract out sheet washing externally to manage the overspill.
Another aspect of cost is align goals across the organization (Cheng & Piccoli, 2002). For revenue management to be put in place effectively, to maximize the rate per room, as well as to decrease operating costs across the entire hotel. It is crucial that departments are working together in alignment and towards common goals. Human resource teams, revenue managers, and catering managers can be brought together through weekly meetings where direction, strategy and expected outcomes can be discussed, and forecasts can be shared. This will ensure that the right pricing decisions are being made, that hotel operations are being optimized and that revenue management becomes part of the culture of the hotel's entire operation.
Using cost leadership strategy to achieve competitive advantages of operating in low cost, a hotel is likely to achieve or use several of High levels of productivity, High capacity utilization, Use of bargaining power to negotiate the lowest prices for production inputs, Lean production methods (e.g. Just In Time), Effective use of technology in the production process, Access to the most effective distribution channels and Overall cost leadership requires firms to develop policies aimed at becoming and remaining the lowest-cost producer and/or distributor in the industry.

2.4.3. Technology

Technology is the collection of techniques, methods or processes used in the production of goods or services or in the accomplishment of objectives, such as scientific investigation. Li, Zhicheng & Diao, Zhaofeng (2003), wrote that technology can be the knowledge of techniques and processes, or it can be embedded in machines, computers, devices and factories, which can be operated by individuals without detailed knowledge of the workings of such things.
Technology works as a catalyst in improving customer experience, operations and several other aspects, which are quintessential to hospitality sector. Therefore, appropriate use of technology can create a real impact in improving the way the guests are served. As a traveler, there is basically a 3C solution-Consolidation, Convergence and Centralization, to improve customer experience. According to Sigala, (2003), Hotels work hard to provide differentiated service experience to guests and technology can really enable them to do that with finesse. Hotels can use technology smartly to enhance the customer experience. One good way to create a memorable first impression is the creation of a large video wall in the lobby area, providing in-room tablets to ensure that the guest does not need to physically switch on the lights, fans, TVs and other devices by reaching out to them. Just a button on the tablet or a single remote control should enable him to control all functions in the room.
Broadly, current applications of computer technology in the hospitality and tourism industries can be grouped into three main areas, operational, guest services and management information (Cheng & Piccoli, 2002). The overall functionality of these applications is similar across a range of different hospitality organizations, though the technology used to support them may vary. Information and communication technology can be used not only for operational purposes, but also for tactical and strategic management. This empowers tourism and hospitality enterprises to communicate directly and more efficiently with prospective customers and suppliers as well as to achieve competitive advantage. The ability of computers to store, process, manipulate and distribute information has greatly improved the efficiency of hotels. By releasing staff time from the ordinary paper-pushing functions within the hotel, computers can greatly enhance the opportunities for staff utilization in the quality of service that hotels offer their guests can be greatly improved.
According to Lin (2003), Hotels use computers in their core-information processing centers of marketing and distribution, front-office, back-office and food and beverage control. Information technologies are diffusing in eight key areas of hotel operations: marketing, distribution, reservations and sales, telecommunications, guest accounting, room management, back office, food and beverage control, energy management, and safety and security. Product distribution is a critically important function of Hotels. Sigala , Lockwood, and Jones, (2001), argues that Information technologies, such as computerized reservations systems and video brochures, assist hotels in marketing and distributing their bed-nights. The employment of information technologies to link together their front-office, back-office and off and beverage departments may be necessary for the efficient and cost-effective delivery of their services. However, it will not be sufficient to guarantee the sale of hotel bed-nights. Without links to international marketing and distribution networks, hotel bed-nights cannot be sold.
There are two principal areas in which information technologies are helping hotels to improve their communications in their internal inter-departmental communications and in their external links with agents, suppliers, reservation systems and data networks. The internal inter-departmental links of the hotel are facilitated by computers and communications technologies, which serve to integrate

the front-office, back office and food-beverage operations. This is facilitated through computer-to-computer communications. Cooper, (2011), believe that the external hotel communication links are necessary between hotel and head office, between hotels and their national environment, such as stock market information.

Telephone systems used have been substantially improved to incorporate features such as call accounting systems. Automatic call-accounting systems now help to transform their telephone calls into important profit centers of the hotels. As marketing technique, for instance, hotels can offer long-distance telephone calls at discount rates to their guests and still find it profitable (Lockwood & Medlik, 2001). Room-management systems can give updated information on room occupancy and status and they assist in scheduling housekeeper duties for maximum efficiency. Rooming lists, arrivals, stay-overs, extended stays, departures and room preferences can all be handled by room-management systems (Allen & Fjermestad, 2001). This comprehensive system of information management can become a very powerful toll for wealth creation for the hotel industry. With a comprehensive system in place all levels of management are supposed to be involved in it and to depend on it to inform most decision-making.

With the utilization of technology Lashley & Rowson, (2005) states that, the hospitality industry can not only enhance customer satisfaction, but can also save on operational costs. The hotels can work towards providing tech-savvy guests with state-of-the-art digital technology in rooms as well as in the premises. High definition, crisp images and engaging interactive features will go a great mile in attracting customers. The hotels should focus on providing customer centric content and seamless connection to smart devices using latest technologies for an enjoyable guest experience. There is a need for an integrated ecosystem of device, solution and infrastructure for delivering enhanced customer experience.

Virtualization enables the hotels to have speed in operations. Power consumption has reduced significantly with the use of sensors (Lin 2003). Centralized applications help in delivering speed, and with a single system integrator, hotels can streamline operations across properties. In the present scenario, technology investment should be such that it enhances customer satisfaction, productivity and return on investment. It would be a great attempt in customer satisfaction if customer could simply see a dish made in the kitchen on his tablet before ordering it.

It is clear that investments in technologies can generate greatly improved operating efficiencies, higher hotel revenues and enhanced guest services. The pace of change, however, has been so extreme as to leave many hotel organizations uncertain about what types of technology to adopt and the best ways to create a seamless integration of systems company-wide. In addition, investments made by many hotel owners and operators during the last five years have lagged as a result of the serious downturn weathered by the industry. Many hotel organizations are using technologies so outdated as to place their companies at a competitive disadvantage in the marketplace.

2.4.4. Growth of Firms

Growth is something for which most companies strive, regardless of their size. Small firms want to get big, big firms want to get bigger. Indeed, companies have to grow at least a bit every year in order to accommodate the increased expenses that develop over time, (Tildikov, 2009). With the passage of time, salaries increase and the costs of employment benefits rise as well. Even if no other company expenses rise, these two cost areas almost always increase over time. It is not always possible to pass along these increased costs to customers and clients in the form of higher prices. Consequently, growth must occur if the business wishes to keep up. Greenley, (1989) wrote that growth can be achieved in a number of ways such as internal resources and personnel development, external acquisition, merger, joint venture and other strategic alliances.

Roberts, (2004), holds that financial growth can also be achieved by improving efficiency, financial control and increasing turnover. Firms usually look into other areas of activity in the value chain in order to enhance their growth. Firm's growth could be measured on the basis of assets, corporate turnover, share prices, sales revenue, volume of output, and share of market, profit, number of employee and branches and extent of geographical spread. Financial statements on their own are of limited use, they need to be interpreted in order to gain additional information from them. There are variety of ratios that could be calculated, depending on the need of the user of such information. In the interpretation of financial ratios, the following group of ratios could be calculated; profitability ratios; liquidity ratios; long term financial stability ratios and investor ratios. These measures have been employed by researchers such as Ibrahim and Kaka (2007), among others to measure firm's growth.

Organizational growth has the potential to provide small businesses with a myriad of benefits, including greater efficiencies from economies of scale, increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits, and increased prestige for organizational members (Fahy, 2000). Many small firms desire growth because it is seen generally as a sign of success, progress. Organizational growth is, in fact, used as one indicator of effectiveness for small businesses and is a fundamental concern of many practicing managers. Organizational growth, however, means different things to different organizations. There are many parameters a company may use to measure its growth. Since the ultimate goal of most companies is profitability, most companies will measure their growth in terms of net profit, revenue, and other financial data. Other business owners may use one of the following criteria for assessing their growth: sales, number of employees, physical expansion, success of a product line, or increased market share. Ultimately, success and growth will be gauged by how well a firm does relative to the goals it has set for itself.

2.5. Critique of early literature

The literature reviewed concentrates in providing general literature on strategic management of firms as the best method of achieving sustainable growth and fails to identify critical strategic factors linked to growth of organizations, specifically hotels in Kenya. Barney (2007) concentrated on strategic planning of large business firms and resource allocation to various units and fail to address how small firms can utilize strategic management knowledge to increase productivity and growth. A number of reviewed literature attempt a break with the prescriptive view to strategic management by suggesting the development of models and/or frameworks that seek to move beyond this view. Fahy, & Landsay, (2011), presented stumbling blocks in understanding sustainable competitive advantage and strategic factors without providing a clear road map on how to address this issues strategically. This study therefore attempted to provide the missing links by focusing on the strategic factors that can influence growth of hotels to be able to achieve sustainable competitive growth in that are specific to the problem under study.

2.6. Research Gap

The literature available is based on strategic management in business firms. However, this study will concentrate on Hotel business in Kenya particularly in Mombasa county. In addition most of the literature is from foreign authors and as such it does not address the local context as the strategic management operations and environments differ significantly in all business environments. Allen *et al*, (2001) wrote about use of comprehensive system of information management which can become a very powerful toll for wealth creation for the hotel industry in India, which is not directly addressing local issues. Similarly, Wadongo *et al*, (2010) suggested on strategies that can be applied by hotels in Kenya to remain competitive, but they did not give specific components to apply the strategies. The researcher focused the study in Kenya at Mombasa county and try to contextualize the literature to the local situations to establish specific strategic factors that influence growth of hotels given that tourism is one of the major economic contributor in Kenya. Furthermore, the researcher sought to establish the factors causing slow growth in the industry.

2.7. Summary

The literature reviewed indicated that strategic management is important to the performance of a firm. Product diversification was emphasized as a form of growth strategy that involve a significant increase in performance. One of the primary reasons established from the literature reviewed was the view held by many investors and executives that "bigger is better." Growth in sales is often used as a measure of performance. Even if profits remain stable or decline, an increase in sales satisfies many people. The assumption is often made that if sales increase, profits will eventually follow. Therefore, according to the literature diversification is an important strategy that facilitates growth of hotels.

Similarly, in an increasingly competitive global hotel environment, it is more vital than ever that hoteliers understand industry best practice and the latest supporting technologies to drive revenue performance. As such, many are turning to revenue management for accurate and detailed forecasting, so they can make optimal pricing decisions and grow revenue, as a result hotels can achieve competitive advantage through adoption of cost leadership strategies aimed at controlling costs which include construction of efficient-scale facilities, tight control of costs and overhead, avoidance of marginal customer accounts, minimization of operating expenses, reduction of input costs, tight control of labor costs, and lower distribution costs. Tourism has been established as an integral part of global business and is highly dependent on seasonal changes in climatic conditions, economic activities as well as human behavior and the society in general. The pace of change, however, has been so extreme as to leave many hotel organizations uncertain about what types of technology to adopt and the best ways to create a seamless integration of systems company-wide.

3. Research Methodology

3.1. Introduction

This chapter focuses on data collection, processing and analysis methods. Data collection instruments and procedures are also discussed as well as the target population and study sample. Zikmund, Babin, Carr & Griffin (2010), describe a research methodology as a part that must explain technical procedures in a manner appropriate for the audience. It achieves this by addressing the research and sample designs to be used for the study, the data collection and fieldwork to be conducted for the study and the analysis to be done to the collected data.

3.2. Research Design

This study used descriptive survey research design. Lavrakas (2008), describes a descriptive survey research design as a systematic research method for collecting data from a representative sample of individuals using instruments composed of closed-ended and/or open-ended questions, observations, and interviews. The purpose of using descriptive survey research design is to collect detailed and factual information that describes the phenomena under study.

3.3. Target Population

A population is the total collection of elements about which inferences are made and refers to all possible cases which are of interest for a study as defined by (Lavrakas, 2008). Polit & Beck (2003), refer to population as the aggregate or totality of those conforming to a set of specifications. The target population for this study was three star hotels in Mombasa County which are sixteen (16). The main reason for choosing these hotels that they hold 60% of business within Mombasa county according to Kenya hotel and caterers assosition report (2015).

3.4. Sampling Frame

Gill & Johnson (2002), describe a sampling frame as a list of members of the research population from which a random sample may be drawn. According to Mugenda, (2013), 30% of a given population is make a good representative sample size, based on this, the researcher purposively selected 30% of the hotels which is Five (5) as a study sample. Researcher used stratified sampling method where the sample was drawn in a non homogenous population of managers in from the hotels in order to obtain a representative sample. The sampling frame for this study was top and operations managers working in 5 three star hotels within Mombasa county working in with various departments giving a sample frame of 111 managers. The main reason for choosing management employees was because they are responsible for performance of their respective hotels and also responsible for managing performance of their units through the departmental strategic planning and action plans.

	Target population	**Target percentage**	**Sample size**
Mombasa Beach hotel	21	50	10
Serena Resort & Spa	24	50	12
Travelers Resort	18	50	9
Sarova Whitesands	29	50	15
Tamarind Hotel	19	50	10
Total	**111**	**50**	**56**

Table 1: Sampling frame table

3.5. Sample Size
The sample units was 56 managers from various departments from the selected sixteen (5) hotels. The selection of 56 managers represented an effective sample of 50% of the target population of 111 managers. Kothari (2004), agree that at least thirty per cent sample is adequate for a descriptive study or more if the target population is small.

3.6. Sampling Technique
Researcher used stratified sampling method where the sample was drawn in a non homogenous population of managers in order to obtain a representative sample. According to Kothari, (2013), the main objective of a the stratified sampling technique is to produce a sample that can be logically assumed to be representative of the population.

3.7. Data Collection Instrument
The data collection instrument used was structured questionnaire because questionnaires are extremely flexible and could be used to gather information concerning almost any topic, from a large or small number of people (Olatokun & Gbinedion, 2009). Kothari (2004), define a questionnaire as a document that consists of a number of questions printed or typed in a definite order on a form or set of forms. The questionnaire was specifically designed to accomplish the objectives of the study. The questionnaires were divided into four sections. Section A collected basic information regarding the respondent. Section B, C and D sought to determine the extent to which strategic factors practiced by the hotels, influenced hotel performance, and relationship between strategic factors and growth of the hotel. A structured 5- points modified likert scale, battery of strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1) in line with (Kothari, 2004). The respondents will be asked to indicate the extent to which they agree/disagree with various statements.

Secondary data from the sampled hotels was collected from the annual reports of the hotels. Kothari (2004), defines secondary data as data that is already available, referring to the data which have already been collected and analyzed by someone else. Secondary data was used to validate the findings from analysis of primary data which was collected using questionnaires. The strategy of using both primary and secondary data to address the same study objectives was meant to improve the interpretive coherence and improve both communicative and pragmatic validity of the study results.

3.8. Data Collection Procedure
Primary data was through the administration of questionnaires to management employees of the selected hotels. Kothari (2004) describe primary data as those which are collected afresh and for the first time, and thus happen to be original in character. Louis, Lawrence & Morrison (2007) describes primary data as those items that are original to the problem under study.

Secondary data was obtained from the Association of Hotelkeepers and Caterers annual reports of the hotels and hotel's annual report.

3.9. Pilot Test
A pilot test is a strategy used to test the questionnaire using a smaller sample compared to the planned sample size. In this phase of conducting the survey, the questionnaire were administered to a percentage of the total sample population. Sekeran (2005) wrote that conducting a pilot test has a number of advantages for the researcher, one of these is the exploration of the particular issues that may potentially have an antagonistic impact on the survey results. These include appropriateness of the questions to the target population, the correctness of the instruction to be measured and also provide vital information to determine whether the type of survey will effectively fulfill the purpose of the study. After obtaining and analyzing the results of the pilot survey, logistical, technical and other issues or problems were addressed. The questionnaire were revised, or the type of survey may be altered into a more suitable one.

3.9.1. Validity test
The study carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for purposes of the study. Kombo & Tromp (2009) and Kothari (2004) describe a pilot test as a replica and rehearsal of the main survey. The

questionnaire were validated by discussing it with two randomly selected senior managers of the hotels. Their views were evaluated and incorporated to enhance content and construct validity of the questionnaire.

3.9.2. Reliability

Reliability was tested by use of 10 questionnaires which were piloted with randomly selected hotel employees who were not included in the final study sample. This was meant to avoid response bias in case they were to complete the same questionnaire twice. The rule of the thumb suggests that 5% to 10% of the target sample should constitute the pilot test (Cooper & Schilder, 2011; Creswell, 2013; Gall & Borg, 2007). The pilot test sample will be within the recommendation.

3.10 Data Processing and Analysis

The descriptive statistics such as frequencies, percentage and tables were used for the analysis of the research questions. According to (Polit & Beck, 2003), Quantitative information is usually analyzed through statistical procedures. Statistical analyses cover a broad range of techniques, from simple procedures..

Multiple correlation and regression model was used to analyze the data, SPSS (Statistical Package for Social Sciences) computer software was used to run the analyses. Kothari (2004), states that this model is best used when more than two independent variables are analyzed. The multiple regression equation applied to regress dependent variable against independent variables. The multiple regression equation was as follows;

$y = a + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$

Where;

y = growth of hotels

a = constant

$\beta_1, \beta_2, \beta_3$ = regression coefficients

x_1= product diversification

x_2= cost leadership

x_3 = technology

e = error factor

4. Data Analysis Results and Discussion

4.1. Introduction

This chapter presents analysis of the data on the strategic factors which affect the growth of hotels in Mombasa County, Kenya. The chapter also provides the major findings and results of the study and discusses those findings and results against the literature reviewed and study objectives. The data is mainly presented in frequency tables, means and standard deviation.

4.2. Response Rate

The study targeted 56 employees of hotel industry in Mombasa County, Kenya. From the study, 40 out of the 56 sample respondents filled-in and returned the questionnaires making a response rate of 71.4% as per Table 2 below.

	Frequency	Percentage
Respondent	40	71.4
Non-respondent	16	28.6
Total	**56**	**100**

Table 2: Questionnaire Return Rate

According to Mugenda and Mugenda (2013) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate was adequate for analysis and reporting.

4.3. Data Validity and Reliability

4.3.1. Validity

The researcher asked experts, three academicians, to assess the scales' content validity. Accordingly, the researcher made changes on the first draft in terms of eliminating, adding or rewording some of the items included in that draft**.**

4.3.2. Reliability Analysis

Prior to the actual study, the researcher carried out a pilot study to pre-test the validity and reliability of data collected using the questionnaire. The pilot study allowed for pre-testing of the research instrument. The results on reliability of the research instruments are presented in Table 2 below.

Scale	N	Cronbach's Alpha	Decision
Influence of Product Diversification	40	0.764	Accepted
Influence of Cost Leadership on Growth	40	0.809	Accepted
Influence of Technology on Growth	40	0.723	Accepted

Table 3: Reliability Coefficients

The overall Cronbach's alpha for the four categories which is 0.752. The findings of the pilot study shows that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda and Mugenda, 2013).

4.4. Demographic Analysis

The background information was gathered based on the gender number of hotels worked for and number of years worked in the hotel industry.

4.4.1. Gender of Respondents

The study sought to know the gender of the respondents. The results showed that majority of respondents were male which was represented by 62.5% of the total response rate while 37.5% of the respondents were female. This showed that more male than females participated in the study shown in the Table 4 below.

Gender	Frequency	Percentage %
Male	25	62.5
Female	15	37.5
TOTAL	**40**	**100**

Table 4: Gender of Respondents

4.4.2. Respondents number of Hotels worked for

The study sought to establish how many hotels the respondent has worked for. The results showed that majority of the respondents have worked for more than two hotels which were represented by 55%. Respondents who have worked for one hotel and two hotels were 20% and 25% respectively as shown in Table 5: below

Number of Hotels	Frequency	Percentage %
One	8	20
Two	10	25
More than two	22	55
TOTAL	**40**	**100**

Table 5: Respondents number of hotels worked for

4.4.3. Respondents Work experience

The study sought to know the work experience of respondents. The study revealed that 45% of respondents had worked for between 5 – 10 years. The study further revealed that 15% of respondents have worked for between 10 – 15 years. Respondents who have worked for between 1 – 5 years were 20%, less than 1 year was 10% and over 15 years was 10% as well as shown in Table 6 below

Characteristics	Frequency	Percentage %
Less than 1 Year	4	10
Between 1 – 5 Years	8	20
Between 5 – 10 Years	18	45
Between 10 – 15 Years	6	15
Over15 Years	4	10
TOTAL	**40**	**100**

Table 6: Respondents' Work Experience

4.5. Analysis of Study Objectives

In the research analysis the researcher used a tool rating scale of 5 to 1; where 5 were the highest and 1 the lowest. Opinions given by the respondents were rated as follows, 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1= Strongly Disagree. The analysis for mean, standard deviation and coefficient of variation were based on this rating scale.

4.5.1 The Influence of Product Diversification on Growth

The first objective of the study was to establish the effects of product diversification on growth of hotels in Kenya. Respondents were required to respond to set questions related to product diversification and give their opinions.

	Product Diversification			
	Statements	Mean	Standard Deviation	Coefficient of Variation
B1	Wide variety of products increase market share	4.1722	0.6941	0.1663
B2	Modification of products increase customer Satisfaction	4.500	0.6969	0.1549
B3	Development of new products reduces seasonality of business	4.3052	0.7077	0.1644
B4	Introduction of new products leads to increase capacity of the	4.0566	0.7538	0.1858
B5	Existence of variety of products increase the number of employees working for the hotel	4.4216	0.7111	0.1608

Table 7: the Influence of Product Diversification on Growth

The opinion in agreement that wide variety of products and services offered in the hotel increases the market share had a mean of 4.1722, standard deviation of 0.6941 and a low dispersion of 16.64% signifying a high level of agreement. This results agrees with David, (2005) where he emphasized that diversification of company's products improves performance of the company immensely by increasing the sales from the new demand created as a result of product diversification, this also increase the market share in the market. The finding also indicates that modification of existing products to meet customer needs increases customer satisfaction with a mean of 4.5, standard deviation of 0.6969 and a dispersion of 15.49% signifying a high level of agreement. Opinion whether development of new products in the hotel reduces seasonality of business which increases profit with a mean of 4.3056, standard deviation of 0.7077 and a dispersion of 16.444% signifying a high level of agreement. Porter (2004), states that product diversification expands the business opportunities through additional markets which will increase the sales of the organization. The study agrees that, hotels can expand their markets and reduce seasonality through product diversification.

The opinion whether introduction of new products in the hotel leads to physical expansion to increase capacity of hotels was positive with a mean of 4.0566, standard deviation of 0.7538 and a dispersion of 18.58% signifying a high level of agreement. Last but not least the opinion that existence of variety of products increase the number of employees working for the hotel with a mean score of 4.4216 and a standard deviation of 0.7111 and a dispersion of 16.08% implies hotel management will seek to fill vacancies created by virtue of production increase.

4.5.2. The Influence of Cost Leadership on Growth

	The Influence of Cost Leadership on Growth			
	Statements	Mean	Standard Deviation	Coefficient of Variation
C1	Low cost of operation increases sales Revenue	3.8611	1.0731	0.2779
C2	The low cost of producing goods and services in the hotel reduces market price of hotel products	4.2778	1.0032	0.2345
C3	The low prices arising from low cost of production increases market share of hotel	4.4722	0.9706	0.2170
C4	Low cost of production in the hotel enhances the success products in the market	3.6389	1.3555	0.3725
C5	Low cost of operation increases profitability	4.0261	1.0070	0.2501

Table 8: the Influence of Cost Leadership on Growth

The second objective was to determine the effects of cost leadership on hotel growth in Kenya. Respondents were required to respond to a set of questions related to cost leadership and give their opinions related to the issue. The opinion in agreement that low cost of operation in hotel increases sales revenue scored a mean of 3.8611, standard deviation of 1.0731 and a dispersion of 27.79% signifying neutrality of opinion. This can be attributed by the fact that hotels compete by quality of the products as elaborated by Allen ,*et al*, (2001) that good quality and timely service delivery is paramount in guest satisfaction and can be achieve through incorporation of new technology which is quite costly but provide better returns.

Respondents agreed that low cost of producing goods and services in the hotel reduces market price of hotel products as indicated by a mean of 4.2778, standard deviation of 1.0032 and a dispersion of 23.45%. Low prices arising from low cost of producing products in the hotel increases market share of the hotel also scored a high mean of 4.4722 signifying agreement. The opinion on low cost of production in the hotel enhances the success of hotels' product in the market had a mean of 3.6389 a standard deviation of 1.3555 and a dispersion rate of 37.25%. 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, (Meerendonk, 2015).

Low cost of operation increases profitability had a mean of 4.0261 standard deviation of 1.0070 and a dispersion rate of 25.01%. According to Barney, (2007) 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.

4.5.3 The Influence of Technology on Growth of Hotels

The third objective was to establish the influence of technology on growth of hotels in Kenya. Respondents were required to give their opinions in relation to some set questions related to influence of technology on growth of hotels in Kenya. The opinion that machines and equipment used in departmental operations increases efficiency of production of goods and services had a mean of 4.244 a standard deviation of 0.7149 and a dispersion rate of 18.12% implying that machine use increases efficiency in hotels which agrees with Sigala, (2001) that computerization of hotel systems like reservation systems increases efficiency.

	The Influence of Technology on Growth of Hotels			
	Statements	Mean	Standard Deviation	Coefficient of Variation
D1	Machines and equipment used increases efficiency of production	4.2444	0.7149	0.1812
D2	Use of computerized systems and machines increases speed of service which increases sales	4.3722	0.5829	0.1333
D3	Use of machines in production increases the quality and product success in the market	4.5833	1.0522	0.2936
D4	Use of computerized systems and machines reduce cost of operations which increase profit earning	4.5278	0.5623	0.1241
D5	Use of machines and computerized systems increases production capacity	3.1717	0.4299	0.1355

Table 9: the Influence of Technology on Growth of Hotels

Use of computerized systems and machines increases speed of service which increases sales had a mean score of 4.3722 and a standard deviation of 0.5829 and a dispersion of 13.33% signifying that technology improves speed of service. Allen, *et al*, (2001), agrees with the results of the study by stating that comprehensive management of information system by use of technology becomes a powerful tool for wealth creation for the hotel industry due to efficiency of communication.

Use of machines in production increases the quality of products enhancing product success in the market had a mean score of 4.5833 and a standard deviation of 1.0522 with a dispersion of 29.36%. Respondents agreed that use of computerized system and machines reduce the cost of operations which increases profit earnings had a mean of 4.528 and a standard deviation of 0.5623 and a dispersion of 12.41%. Lashley *et al*, (2005) , also agrees that hospitality industry can not only enhance customer satisfaction but also save on low operational cost by use of state of art digital technology such as computerized reservation systems and video brochures, assist hotels in marketing and distribution of their bed-nights at a very low cost compared to manual forms of handling reservations and marketing.

Whereas, the opinion that use of machines and computerized systems increases production capacity which increases goods and services had a mean score of 3.1717 a standard deviation of 0.4299 and a dispersion rate of 13.55% indicating a significant influence that the use of technology increases production capacity of a hotel. Sigala, *et al*, (2001), argues that use of technologies such as centralized application systems help in delivering speed and streamline operations across all hotel properties location in different locations. This integration increases the capacity by ensuring that all hotel properties are maximized as a result of efficient control from centralized systems.

4.6 Quantitative Analysis

4.6.1. Correlation Analysis

The correlation analysis Table 10 shows the relationship between the independent variables product diversification, cost leadership and influence of technology and the dependent variable growth of hotels in Kenya. The analysis indicates the coefficient of correlation, r equal to 0.768, 0.776 and 0.773 for product diversity, cost leadership and technology respectively. This indicates a very strong positive relationship between the independent variables, product diversification, cost leadership and technology and the dependent variable growth of hotels in Kenya.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
(Constant)	.658	.136		5.511	.000			
Product diversification	.483	.137	.282	3.194	0.01	.768	.110	.015
Cost leadership	.496	.121	.485	4.111	.000	.776	.594	.121
Technology	.451	.145	.391	3.109	0.04	.773	.488	.092

Table 10: Multiple Regression Analysis Coefficients
a. Dependent Variable: Hotel growth

4.6.2. Multiple Regression Analysis

In relation to the variable product diversification, the results in Table 10 above indicate that product diversification has a significant influence on hotel growth in Kenya. This is supported by regression analysis t-value of 3.194 which is greater than the critical value 2.0 and a p-value of 0.01 at 95% level of significance which is less than 0.05. Therefore the study accepted that there is an effect of product diversification on hotel growth in Kenya.

The variable cost leadership, the results in Table 10 above indicate that cost leadership has a significant influence on hotel growth in Kenya. This is supported by regression analysis t-value of 2.95 which is greater than the critical value 2.0 and a p-value of 0.04 at 95% level of significance which is less than 0.05. Therefore the study accepted that there is an effect of cost leadership on hotel growth in Kenya.

In relation to the variable technology, the results in Table 10 above indicate that technology has a significant influence on hotel growth in Kenya. This is supported by regression analysis t-value of 3.109 which is greater than the critical value 2.0 and a p-value of 0.004 at 95% level of significance which is less than 0.005. Therefore the study accepted that there is an effect of technology on hotel growth in Kenya.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate					
					R Square Change	F Change	df1	df2	Sig. F Change
1	.786[a]	.773	.770	.15625	.773	179.329	5	40	.000
a. Predictors: (Constant), product diversification, cost leadership, Technology									

Table 11: Model Summary

Table 11 above indicates an overall P-value of 0.000 which is less than 0.05 (5%). This shows that the overall regression model is significant at the calculated 95% level of significance. It further implies that the studied independent variables namely product diversification, cost leadership and technology have significant effect on Hotel growth in Kenya.

Table 11 shows the regression model summary indicating the coefficient of determination R Square as 0.770. This means that 77.0% of the relationship is explained by the identified three factors namely product diversification, cost leadership and technology. The rest 23.0% is explained by other factors in the hotel industry not studied in this research.

In summary the three factors studied namely, product diversification, cost leadership and technology explains or determines 77.0% of the relationship while the rest 23.0% is explained or determined by other factors.

4.7. 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 12 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 affecting hotel growth in Kenya

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 = 259.329, p = 0.000.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.909	4	8.477	259.329	.000[b]
	Residual	.763	36	.032		
	Total	40.672	40			
a. Dependent Variable: Hotel growth in Kenya						
b. Predictors: (Constant), product diversification, cost leadership, Technology						

Table 12: ANOVA

5. Summary, Conclusions and Recommendations

5.1. Introduction

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the limitations of the study and suggestions for further studies and research.

5.2. Summary

From the 56 questionnaires administered, 40 of them representing 71.4 % were returned and analyzed for mean, standard deviation and coefficient of variation. The study reveals that majority of respondents have worked in more than two hotels. The study also revealed that there are more males working in management positions in the hotel industry than female. Majority of the respondents have worked between 5 – 10 years in the hotel in Kenya this gives confidence that the managers had enough experience that help in responding to the questionnaire.

On product diversification, modification of existing products and introduction of new products in the hotel leads to increase in customer satisfaction, seasonality of business is also reduced in the hotel and increases capacity leading to creation of employment in the industry. Innovative ways of cost reduction also have been agreed upon by respondents to be a significant means of achieving growth. Technology usage particularly computerization of systems generates profits for the hotels in Kenya.

The correlation analysis indicates the coefficient of correlation, r equal to 0.768, 0.776 and 0.773 for product diversification, cost leadership and Technology. This indicates a very strong positive relationship between the dependent variables, product diversification, cost leadership and technology and the dependent variable hotel growth in Kenya.

Comparing the scores of calculated t-value and critical t ; Calculated t-values were above 2.0 for all the independent variables studied , which is greater than the critical t_{36-1} (0.05) = 2.0, the studied independent variables namely product diversification, cost leadership and technology have significant effect on hotel growth in Kenya

5.3. Conclusion

From the research findings, the study concluded all the independent variables studied have significant effect on hotel growth in Kenya as indicated by the strong coefficient of correlation and a p-value which is less than 0.05. The overall effect of the analyzed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables, significant at the calculated 95% level of significance. This implies that the studied independent variables, namely product diversification, cost leadership and technology have significant effect on hotel growth in Kenya.

5.4. Recommendation

The study recommended the following:

1. That hotel should constantly review their products in order to remain relevant and competitive in the market, based on the fact that customer preferences keep changing which also affect the demand of a given product offered in the hotel.
2. That hotel should embrace technology in all operations, especially information communication technology, which widens the coverage of hotels information accessibility and increase marketing activities, so that they can attract guests from far and wide.
3. The hotels also should embrace the use of the modern kitchen and bar production equipments which increases the quality of food and beverages in the hotel with increase in efficiency of service to the customers.
4. That hotel should come up with innovative ways to reduce costs while still giving excellent service to users of their products.

5.5. Suggestion for Further Study

The study indicates product diversification, cost leadership and technology have significant effect on hotel growth in Kenya. The researcher further recommends research in related areas in other service provision industry.

5.6. Acknowledgement

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5.7. Definition of Terms

Strategy - a strategy is plan of action or a policy designed to achieve a major or overall direction and scope of an organizations over the long-term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder expectations (Freedman, 2013).

Growth - Perks (2002) defines growth as the process of improving some measures of an enterprise success. growth could be measured on the basis of assets, corporate turnover, share prices, sales revenue, volume of output, and share of market, profit, number of employee and branches and extent of geographical spread.

Competitive advantage - According to Arend, (2003), Competitive advantage is a business concept describing attributes that allow an organization to outperform its competitors

Cost leadership - a cost leadership strategy involves trying to be the lowest cost producer, usually by concentrating on providing relatively standardized products (Pankaj 2002).

Product diversification - Product diversification is the process of expanding business opportunities through additional market potential of an existing product(Porter, 2004).

Technology - technology is the collection of techniques, methods or processes used in the production of goods or services or in the accomplishment of objectives, such as scientific investigation (Zhicheng & Diao, Zhaofeng, 2003).

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APENDICES I
INTRODUCTION LETTER

STELLAH CHEBET YEGO
JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
(MOMBASA CBD CAMPUS)

Dear Respondent,

RE: STELLAH CHEBET YEGO HD333-COO5-3592/2013

I am a post graduate student pursuing a masters degree at JKUAT Mombasa CBD Campus. I am conducting an academic research study titled **Strategic Factors Influencing Growth of Hotels in Kenya, a Survey of selected Hotels in Mombasa County**. I wish to inform you that You have been selected to participate in this study and the information you will provide will only be used for academic purposes and will be treated with strict CONFIDENTIALITY.

I have developed a questionnaire addressing several information related to your organization that I would like you to provide based on your work experience and knowledge so that it can help me carry on with my research.

I hope you will find filling the questionnaire enjoyable. Thank you

Ms. Stellah Yego
JKUAT, Mombasa CBD
stechyego@gmail.com

APENDICES II
QUESTIONAIRE

- Section A:General Information

1. Organization particulars
Name of the Hotel You are working..

2. Respondent particulars (tick as appropriate)
Gender Male ☐ Female ☐

3. What is your academic qualifications

Qualification	Tick as appropriate
Certificate level	☐
Diploma level	☐
Degree level	☐
Masters level	☐
PhD level	☐

4. How long have you worked in Hotel industry?

Period	Tick as appropriate
Less than 1 year	☐
Between 1-5 years	☐
Between 5-10 years	☐
Between 10-15years	☐
Over 15 years	☐

- Section B: The Influence of Product Diversification

This section has statements regarding the extent to which product diversification influences growth of hotels. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes using a tick (√).

	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
5	The wide variety of products and services offered increases the market share of the hotel					
6	The diversification of hotel products increase customer satisfaction leading to earning more sales revenue					
7	Diversification of the products reduces seasonality of business					
8	Availability of variety of products in the hotel increase capacity of the hotel					
9	Existence of variety of products increase the number of employees working for the hotel					

- Section C: The Influence of Cost Leadership on Growth of Hotels

This section has statements regarding the extent which cost leadership influence growth of hotels. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes using a tick (√).

	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
10	The low cost operation of the hotel increases sales revenue					
11	The low cost of producing goods and services increases price share in the market					
12	The low prices arising from low cost of producing products increases market share of the hotel					
13	Low cost of production in the hotel enhances the success of hotel's products in the market					
14	Low cost of operation increases profitability					

- Section D: The Influence of Technology on Growth of Hotels

This section has statements regarding the extent which technology influences growth of hotels. Kindly respond with the response that matches your opinion. Please tick as appropriate in the boxes using a tick (√).

	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
		5	4	3	2	1
15	Machines and equipments used in operations increases efficiency and increase in production capacity of the hotel					
16	Use of Computerized systems and machines increases speed of service					
17	Use of machines in production increases the quality of products and success in the market					
18	Use of computerized systems and machines reduce the cost of operations leading					
19	Use of machines and computerized systems increases production capacity of the hotel					

Thank you for taking time to fill this questionnaire.

APENDICES III
RESEARCH BUDGET

Items	Cost (Kshs)
1. Proposal writing	
• Stationary	40,000.00
• Printing and Binding	10,000.00
2. Data Collection	
• Questionnaire (Typing and Printing)	10,000.00
• Data analysis	10,000.00
• Transport	5,000.00
3. Report Preparation	12,000
• Stationary	10,000
• Typing, printing and binding	15,000
4. Miscellaneous	5,000.00
TOTAL	**115,000.00**

APENDICES IV

WORK PLAN

Time (Months) Activity	April 2015	May - JULY 2015	August 2015	Sept 2015	Sept 2015	Oct 2015	Nov 2015
Research topic identification							
Completion of proposal							
Proposal defense							
Data collection and analysis							
Completion of final draft							
Project Defense							
Graduation							