FIRM ORIENTATIONS AND PERFORMANCE OF HOTELS IN NAIROBI COUNTY, KENYA

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Abstract

Purpose: The study sought to assess the effect of firm orientation on the performance of hotels in Nairobi, Kenya.

Methodology: The study adopted a descriptive research design. The target population of the study was 232 consisting of 174 employees in three cadres of staff and 58 hotel owners from the 58 hotels in Nairobi region that are registered with Kenya Association of Hotel Keepers. Since this number was small and easily manageable, the study adopted a census. The study used primary data collected through the administration of questionnaires. Statistical Package for Social Sciences (SPSS) was used to aid the processing and analysis of the data collected. Multiple linear regressions were conducted. The statistics that generated included descriptive statistics and inferential statistics.

Results: The study findings revealed that market structure in terms of industry competition and market power, organizational structure, strategic orientation and market orientation had a positive effect on the performance of hotels in this county.

Unique contribution to theory, practice and policy: The study recommended that sufficient regulation and supervision within the hotel industry was needed to ensure healthy competition among the businesses especially due to the competitive nature of the industry. Hotel businesses had to develop positioning strategies such as quality customer service, physical attractiveness, and range of product offerings, unique product features, and safety and security systems, information technologies which would enable them to perform and survive the stiff competition within the industry. The study also recommended that a blend of organization structure that allowed greater organization of the functions of the hotels and ensured efficient and easier way of corporation and coordination among different stakeholders should be adopted. Since strategic orientation comprised of all the other firm orientations and was one of the most important tools in a firm, the study recommended that it was crucial for the hotels to set aside resources that would support the implementation of various strategies to deal with every challenge in the businesses. The study further recommended that it was necessary for the hotels to advance their competitor orientation by keeping up with and constantly monitoring the strategies employed by their competitors.

Keywords: *firm orientations, performance, market structure, organizational structure, strategic orientation, market orientation, competition*

1.0 INTRODUCTION

Iravo, Ongori and Munene (2013) observe that one of the important questions in business has been why some organizations succeed and why others fail and this has influenced research on the drivers of organizational performance. It is argued that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization. Fwaya (2006) views performance as a formula for the assessment of the functioning of an organization under certain parameters such as productivity, employee morale and effectiveness with the aim of attaining sustainable competitive advantage (Porter, 2008).

The word 'orientation' is defined by Longman: Dictionary of Contemporary English (p. 1162) as, 'The type of activity or subject that a person or organization seems most interested in and gives most attention to.' In the current marketplace, firms confront an intense operating environment where maintaining and improving sales, market share, and profitability are an ongoing challenge. In current rapidly globalizing world, companies use different techniques to achieve competitive advantage. New technologies, new products, innovation of new idea and new systems are emerging every time (Johnson & Sholes, 2002). Achieving strategic competitiveness is difficult in turbulent and complex markets. These difficulties are compounded when firms do not have a clear understanding of what affects their firm performance. The heart of the strategic management process is to achieve the performance outcomes that allow firms, including family-influenced firms, to be competitive over time (Habbershon et al., 2003).

Lynch, Mason, Beresford, and Found (2012) define firm or business orientation as the way in which an organization pursues its business. This orientation guides corporate strategy and can be described as the guiding philosophies of organizations. Business orientation, according to Zhou and Li (2009) influence the way resources are acquired, allocated and utilized to create competitive advantage. It may therefore be deduced that business orientation adopted by firms in deploying resources may be a source of competitive advantage. These resources however vary with the firm's life cycle stage. One may therefore expect the business orientation of firms to vary with their life cycles. Business orientation has also been found to influence the performances of firms (Lynch et al., 2012). This probably suggests that even within the same life cycle, performances of firms may vary depending on the business orientation that is dominant in the firms. This can be inferred from the assertion of Tushman and Romanelli (2009) that strategic contingencies change through an organization's life cycle. These researchers further noted that high-performing firms are those that match their orientation to contextual demands at the particular stage of the firms' life cycle. There may therefore be combinations of business orientation and lifecycle stages that result in higher profitability of organizations (Morton and Hu, 2008)

One may be able to identify several business orientation dimensions in an organization. Lynch et al. (2012) however noted that one would usually be dominant. The business orientation that is dominant is often determined by the internal constraints and external environment within which a firm operates. A core part of the internal constraints is the life cycle stage of the firm, which is determined by its resources. Business orientation is said to evolve continuously as a firm faces different situations, including its life cycle. Zhou and Li (2009) noted that the effectiveness of business orientation varies with the environment of the firm. In addition Fredericks (2005) suggested that the performances of firms depend on how business orientation matches the resources of the firms. In other words, there has to be a fit of business orientation and

organizational resources, which as earlier mentioned, indicate the life cycle of the firms. This is in light of the fact that business orientation is important for business success or failure, and varies with the life cycles of organization (Lynch *et al.,* 2012). These authors therefore suggested that organizations need to adopt appropriate business orientation so as not to struggle or fail.

Performance of an organization has traditionally been measured by looking at the revenues or the profits made at the end of the year, or using key financial ratios (Wadongo, Odhuno, Kambona, & Othuon, 2010). Despite the development of performance measurement systems in the hospitality industry, various researchers (Brander-Brown & McDonnell, 1995; Atkinson & Brander-Brown, 2001; Harris & Mongiello, 2001) have pointed to the reluctance of the hospitality industry to use balanced measures and rely solely on financial measures.

According to Jaworski and Kohli (1996), firm performance is a multi-dimensional construct consisting of revenue and cost-based financial performance, customer-related performance, innovation-related performance and employee-related performance. As evident here, firm performance is not necessarily a self-evident catch-all term. There needs to be careful scrutiny of these different aspects of firm performance to quantify the actual performance achieved by the firm in a business year. Often times, an improvement in one area may contradict that in another or hold back the overall growth. For example, even if there is an overall improvement in cost-based performance, this may sometimes be due to employee reduction which does not necessarily mean that there was any improvement in firm performance as such. So there is a need to take the figures for each aspect in cohesion with others and the overall business objective for the year to determine firm performance (Nasir, 2013).

Traditionally, companies in hotel services place heavy emphasis on the use of financial measures although they are historical by nature. The role of non-financial indicators, such as customer satisfaction, quality assurance, productivity, employee development etc. becomes important as they determine the competitiveness of a business as well as its ability to sustain profitability in the future. Incorporation of non-financial indicators in performance measurement process is crucial particularly in the face of intense competition, shorter product (service) life cycle and rapid advances in technology, which characterize the contemporary business. Also, the changes in performance measurement practices should incorporate the changes in business environment and environmental variables in Kenyan hotel industry (Wangui, 2013).

The vision of all such businesses is to provide quality high class services to customers in order to successfully thrive and achieve their mission. Top management can build high-performance cultures by their efforts to create organizational climate devoted to quality and their active involvement in promoting quality by engaging the workforce and establishing lasting relationships with customers (James, 2011). The issues of employee involvement which entails continuous improvement programs, employee training and functioning of teams acts as critical success factors for service industries including hotels and restaurants. Under such conditions and systems overall staff turnover rate decreases well below the industry average and overall staff satisfaction increases. Hotels ranked highly for sustained excellence in terms of provision of superior services and financial performances have a culture focused on quality performance and meeting customer needs and other stakeholders. Successful companies have quality plans characterized with high quality goals and specific methods for implementation. They are customer and market focused and addresses ways of collecting relevant information through a variety of tools such as market surveys and focus groups (Kotler & Amstrong, 2008).

Hotels around the world are classified based on different system of classifications. The star classifications system of Hotels is common in many countries. The higher the star rating of the Hotel indicates the higher luxury. Hotels in Kenya are classified in star-rating system that includes 5-star the higher luxury, 4 –star Hotels, 3-star Hotels, 2-star Hotels and 1-star Hotels. The entity in charge of determining the conditions by which Hotels will be accountable and which will determine whether they receive one or five star is the World Organization of Tourism (Johanna, 2010). According to Johanna (2010), currently every country tends to have its own rules and requirements for determining hotel classifications in spite of the recognized body. This brings inconsistencies of the star-classification of hotels. Hotels assessment is based on the facilities they have and the service quality they offer.

Kenya's hotel industry has been eager to capitalize on the favorable tourism outlook (Kenya Bureau of Statistics, 2014). The number of decent hotels in Kenya is approximated to be 500 and the figure is increasing day by day (KTB, 2010). The Government of Kenya (2013) National tourism strategy 2013-2018 rank Tourism as the most important industry in Kenya after agriculture. A study by McClanahan, Mwaguni and Muthiga (2005) reported that hotel sector is responsible for 14% of GDP and 12% total employment in the country and the sector is predicted to grow at 3.7% per annum for the next decade.

Class, elegance, ambiance and quality services are the major distinguishing factors of the hotels. Hotels in the industry are operating in high competition, (http://www.kenya space.com/hotels, htm.). Despite the high quality and good facilities of Kenyan hotels, competition for resources and market share in the hotel industry in Nairobi Kenya is becoming extremely high. Companies operating in the hotel industry are facing higher competition in the market for skilled labor in the Hospitality profession and for market share. Customers' expectation and preferences are also increasing from time to time (Ayele, 2012). Hotels like other businesses are turning to strategic management performance drivers so that they can qualify for international recognition for standardization certificates, company of the year awards and star rating as well as membership to professional bodies (Ongore & Kobonyo, 2011). The Kenya Institute of Management (KIM) developed a model called the Organizational Performance Index (OPI) which was a tool that drove organizations in Africa towards excellent performance and competitiveness. The performance of organizations was measured against global standards and benchmarks. The key parameters included systems thinking, competitiveness, standards and continuous improvement.

Kenya has been experiencing turbulent times with regard to its organizational practices in the last two decades. This has resulted in generally low profits across the economy and this picture is fairly well replicated in the Hotel Industry (Namusonge *et al.,* 2012). The decline in world tourism has grossly affected hotel sales and posed a threat to hotel operators because Kenyan hotels largely depend on the International Tourism Market (Oketch *et. al*., 2010). Akama (2007) argued that in Kenya, there were declining incomes from agriculture and manufacturing sectors. As a result, Kenya had turned her attention to tourism as an intervention to the numerous economic problems. Kenya was considered all over the world as a great tourist nation but recently the hotel industry was hit hard by the recent post-election violence as well as terrorism attacks (Kuria *et. al.,* 2012). Many hotels were closed and this caused staff to be laid off. There were also a low bed occupancy capacity of 10-20% and the situation was headed for worse if something was not done (Nzuve & Nyaega, 2011). Similarly, Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment. Hotels were

finding it difficult to meet the challenge of customer demands as well as complicated service technologies and production processes. Therefore the future direction of hotel industry is determined by management practices and how people working in that organization interact and collaborates with each other, with customers and other stakeholders.

1.1 Statement of the Problem

Like most sectors of the Kenyan economy, the hotel industry has gone through turbulent times in the last two decades and this emanates from challenges within the tourism sector. Kamau (2008) stated that the tourism sector under which hotels is found in Kenya has been facing numerous challenges which have posed a threat to their existence. First, there was stiff competition with some tourists preferring other destinations such as South Africa, Tunisia and Morocco to Kenya. This competition has resulted in some hotels experiencing liquidity problems resulting in some being placed under receivership. Second, the demand for hotel services is seasonal which makes facilities and staff to be underutilized during low seasons (Mzera, 2012). For instance, a study by Oketch et al., (2010) showed that the decline in world tourism grossly affected hotel sales and posed a threat to hotel operators because Kenyan hotels largely depended on the International Tourism Market. Nzuve and Nyaega (2011) asserted that many hotels were closed and this caused staff to be laid off. There was also a low bed occupancy capacity of 10-20% and the situation was headed for worse if something was not done. Similarly, Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment. Hotels were finding it difficult to meet the challenge of customer demands as well as complicated service technologies and production processes. Therefore, there was a challenge for these businesses within this industry to orient themselves in such a way that they can have sustainable competitive advantage even in these turbulent times. The above therefore motivated this study.

A review of the existing literature showed that no much empirical work had been done to examine how firm orientation in the case of the hotel industry in Kenya with many scholars focusing more on the financial institutions and SMEs. Also only a few studies had combined some of the firm orientations with some of the firm characteristics in examining the performance of firms. This study therefore sought to assess the effect of market structure, organization structure, market orientation and strategic orientation on the performance of hotels in Kenya specifically those in Nairobi region.

1.2 Research Objectives

  i.   To establish the effect of market structure on the performance of hotels in Nairobi County
 ii.   To determine the effect of organization structure on the performance of hotels in Nairobi County
iii.   To examine the effect of strategic orientation on the performance of hotels in Nairobi County
 iv.   To establish the effect of market orientation on the performance of hotels in Nairobi County

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Resource Based View theory

Resource based view of the firm starts with the assumption that the desired outcome of managerial effort within the firm is a sustainable competitive advantage (SCA). Achieving a SCA allows the firm to earn economic rents or above average returns. In turn, this focuses attention on how firms achieve and sustain advantages. The resource-based view contends that the answer to this question lies in the possession of certain key resources, that is, resources that have characteristics such as value, barriers to duplication and relevance. A SCA can be obtained if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize return (Aosa, 1992; Machuki & Aosa, 2011).

To succeed in this potentially austere setting, firms must effectively deploy tangible and intangible assets that are valuable, unique, and difficult to copy (Day and Wensley 1988). In this resource-based view (RBV) of the firm (Barney 2001; Barney 1991), companies use their physical assets, human assets, and organizational assets to develop long-term competitive advantages and, in turn, achieve superior company performance (Morgan, Strong, and McGuinness 2003; Wiklund and Shepherd 2003). Intangible organizational assets, such as entrepreneurial orientation (EO), market orientation (MO) and learning orientation (LO), are particularly difficult for competitors to duplicate and, hence, lead to these sustainable advantages (Atuahene-Gima & Ko 2001; Kropp, Lindsay, & Shoham 2006; Martin, Martin, & Minnillo, 2009).

Grounded in Barney's (1991) theory on the resource-based view (RBV) of a firm, researchers have defined strategic orientation as an attribute that influences the ability of a firm to focus on strategic direction of the firm and build or sustain the proper strategic fit for superior firm performance (Davidsson & Wiklund, 2000; Gatignon & Xuereb, 1997). Since strategic orientation will vary from one organization to the next; and vary based on contextual organizational variables, strategic orientation is viewed as a multidimensional construct (Venkatraman, 1989). Therefore organizations use resource allocation and environmental cues to determine the right plan for the company to achieve its goals (Göll & Sambharya, 1995).

Based on strategic management literature, strategic orientation increases the likelihood of shared goals, making it easier to implement effective processes and improve performance. Basically, RBV describes a firm in terms of the resources that firm integrates. Resources are insufficient for obtaining a sustained competitive advantage and a high performance as well (Teece, 2007; Newbert, 2007). Being so, firms must be able to transform resources in capabilities, and consequently in a positive performance. Firms reach a superior performance, not because only they have more or better resources, but also because of their distinctive competences (those activities that a particular firm does better than any competing firms) allow to do better use of them. In the dynamic perspective, capabilities approach is a theoretical stream inside the RBV. This theory considers that, on one hand, the firms are constantly creating new combinations of capabilities and, on the other hand; the market competitors are continually improving their competences or imitating the most qualified competences from other firms. This approach puts

emphasis on internal processes, assets and market position as restricting factors not only the capability to react but also the management capability to coordinate internal competences of the firms.

This theory was relevant in this study since it highlighted the need for firms to have strategic positioning or orientation in order to position itself in a superior position than its competitors for increased market returns which translated to greater performance. Strategic orientation was a multidimensional construct that included all the strategic decisions undertaken by the firm to have competitive advantage and therefore there was need for firms to allocate resources as well as the required capabilities in order to come up with ways that were relevant yet difficult to copy by competitors. Since the hotel industry was very competitive, only hotels that were able to set themselves apart were those with strong strategic orientations and these depended on the resources they possessed to do so.

2.1.2 Efficient-Structure-Hypothesis

Efficient-Structure-Hypothesis (ESH) is a contrast to the related theories of market structures are summarized in greater length in the works of Berger (1995b) and Golberg and Rai (1996): Relative market power hypothesis (RMPH) and Efficient Structure Hypothesis (ESH). RMPH, which is a special case of SCP uses "market share" as a proxy for "market power" and posits that only firms with large market shares can earn "super-normal profits" Firms with "well-differentiated products" are able to exercise market power that enables them to earn "super-normal profits" on noncompetitive price setting (Berger, 1995b:404).

This hypothesis puts "firm-efficiency" at the heart of the performance analysis. It argues that when efficient firms behave aggressively it leads to an increase in their size and market share. Such efficiencies facilitate higher profits and thus concentration through an increased market share (Seelanatha, 2010:21). Larger market share results from the efficient operation of firms, which is broken into two components. Under the X-Efficiency (ESX) hypothesis, firm-specific efficiency explains both profits and market structures. There is a positive relationship between concentration and profits that results from firms with superior management and efficient production techniques. Since efficient firms operate at lower costs, they can capture higher market shares and thus maximize profits. It is very likely that resulting market share leads to higher market concentration. Under the scale efficiency (ESS) hypothesis, on the other hand, it is assumed that there are cost advantages associated with greater bank size, which is the driving force of profits and market structures. It is argued that firms "operating with optimal economies of scale will have the lowest costs and the resulting higher profits will lead to higher market concentrations" (Goldberg & Rai, 1996:749). Berger's (1995a) study of the relationship between bank capital and earnings finds evidence in support of the ESH. The ESX hypothesis that bank profitability is positively related to X-efficiency holds especially in US banking. Efficiency differences among banks result in high levels of concentration, which, in return, makes it easier to gain greater than average profits.

This theory was therefore important in this study because it not only highlighted the importance of large market share but also emphasized the need for firms to be efficient in their operations despite the environments they operated in. It acknowledged the benefits of an efficient competitive market where the firms operating in the market were able to increase their market shares even when they were concentrated. Since the hotel industry was very competitive, it was

essential for hotels to device ways of ensuring efficiency which increased their market share and also led to reduced costs that enabled them to thrive in the environment.

2.1.3 Stakeholder Theory

Stakeholder theory can be defined as any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholders theorists suggest that managers in organizations have a network of relationships to serve this include the suppliers, employees and business partners. And it was argued that this group of network is important other than owner-manager-employee relationship as in agency theory. On the other end (Inkpen & Sundaram, 2004) contend that stakeholder theory attempts to address the group of stakeholders deserving and requiring management's attention.

Current organizational structure arrangements vest excessive power in the hands of management who may abuse it to serve their own interest at the expense of shareholders and society as a whole (Welsbach & Hermalin, 2003). Supporters of such views argue that the current institutional restraints on managerial behaviour, such as non-executive directors, the audit process, the threat of takeover, are simply inadequate to prevent managers abusing corporate power. Shareholders protected by liquid asset markets are uninterested in all but the most substantial of abuses. (Freeman, Colbert, & Wheeler, 2003) argued that stakeholder theory was derived from a combination of the sociological and organizational disciplines. In the premise of stakeholder theory, organizational structure can be viewed as control mechanisms designed for the efficient operation of a corporation on behalf of its stakeholders

The control mechanisms themselves are necessitated by separation of ownership from control, which is common to any market economy. John and Senbet (2003) view organizational structure as a means by which various stakeholders apply control over a corporation by exercising certain rights, which are established in the existing legal and regulatory frameworks as well as corporate by laws. This theory was crucial in explaining what type of organizational structure a firm needed to adopt so that there was efficient and easier way of corporation and coordination among different stakeholders. For instance, in the hotel industry various stakeholders such as suppliers, consumers, employees and hotel owners needed to work in harmony and there was need for less complex structure which ensured that decision making was easy and always on time. Therefore, structures such as specialization, departmentalization, centralization, standardization and formalization needed to be critically considered with the hotels to ensure that the hotels were better placed to handle their businesses with easy for better performance.

2.2 Empirical Review

Mose (2015) empirically assessed the influence of industry competition (new entrants, substitute services, power of buyers, power of supplier and rivalry among firms) on the performance of hotel firms in Kenya. The pertinent hypothesis was derived from the objective. The study population comprised 209 hotel firms registered with the Kenya Association of Hotelkeepers and Caterers (KAHC) which is the principal umbrella body that brings together duly registered hotels, lodges, restaurants, membership clubs and camps operating in Kenya. A descriptive cross-sectional survey was used. The relevant primary data were collected from Chief Executives and Senior Managers using semi-structured questionnaire. Data were analyzed using descriptive statistics, inferential statistics and regression analysis. The results of the study revealed that industry competition significantly influences performance.

Ayele (2012) sought to establish the positioning strategies adopted by five star hotels in Nairobi, Kenya to stay competent in the stiff competitive market in the hotel industry. The study was conducted by considering seven 5-star hotels in Nairobi, Kenya which have been awarded 5-star rate award by the ministry of tourism of Kenya in 2003. The findings of the study revealed that had adopted various poisoning strategies such as leadership positioning, personal contact positioning and extensive staff training positioning strategies. Positioning strategies on the basis of quality customer service, physical attractiveness, range of product offerings ,unique product features, safety and security systems, information technologies are also have been approached by five 5-star hotels to the highest extent. These strategies were needed to help them to stay competent in the stiff competitive market.

Tung, Lin, and Wang (2010) presented a market structure, conduct, performance model (SCP) of industrial economics to estimate causes and effects among the international tourist hotel industry. According to the study, previous literature could not confirm the causality of the hotel industry; therefore, this study developed a comprehensive model, based on realistic data of hotels, which allowed the analysis of the system through three simultaneous equations, market share, advertising, and profitability. In a sample of 360 Taiwanese international tourist hotels, from 1995-2006, three-stage least squares results indicated that: (1) two-way causes and effects existed between the market structure and strategic behavior, which was detected from the incentive pattern of the SCP model; (2) a brand positive effect showed on the market share; (3) a firms' profitability was positively, and significantly, impacted by market share, but was affected negatively by total operating costs and capital intensity, which confirmed hotel industry issues regarding capital.

Njiru (2014) sought to determine effect of organizational structure on financial performance of commercial state corporations in Kenya. Specifically the study focused on the effect of organizational size, structure formalization, the extent structure complexity and the extent structure centralization on financial performance of commercial state corporations in Kenya. The study employed a survey research design and targeted all the 34 purely commercial state corporations in Kenya. The study used both structured / closed ended and unstructured / open ended questionnaires to collect data. Both qualitative and quantitative data was analyzed. From the study findings revealed that there is a positive relationship between dependent variable return on assets (ROA) and independent variables; Organizational size, structure formalization, structure centralization and structure complexity. Under structure formalization, regular departmental meetings, formal guidelines on how to deal with every operational activity and readily available policies and procedures manual improved performance. Under structure complexity, few levels of hierarchy before a decision is made, established departments to deal with every corporation mandate and more than one income generating activity were desirable.

Meijaard, Brand, and Mosselman (2005) assessed the relationship between organizational structure and performance in Dutch small firms. Based on the study of a stratified sample of 1411 Dutch small firms the study showed that nine structure stereotypes can be delineated. Firm performance was assessed in terms of sales growth, profitability and innovativeness. The study findings revealed that small firms as well as larger firms may exhibit substantial departmentalization. A strong correlation between departmentalization and firm size was found. Small departmentalized or large non-departmentalized firms were found not perform systematically worse than large departmentalized or small non-departmentalized firms. The

study also found that strongly decentralized structures perform well in several contexts, notably in business services and manufacturing. Several rather centralized structures performed equally well though, even in the same contexts. Firms with strong centralization and strong vertical specialization only occur and only perform well in relatively simple structures. Apparently, for larger firms strict vertical specialization requires at least some decentralization in order to be efficient. It was found that hierarchical, centralized structures with strongly specialized employees to occur frequently and to perform well in terms of growth. However, the study did not find 'one best way of organizing'. Some organizational structures appeared to perform better in specific sectors.

Choy (2008) examined the different combinations of the dimensions of strategic orientation namely aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness at the business unit manager's level of analysis. It is argued that some of these dimensions are dominant and that certain patterns of these dimensions associate closely with strong business performance. Furthermore, these combinations or patterns vary significantly across business units of the same organization located in different regions of the world. The organization in this study was both risk averse and low in aggression, yet strong in business performance. Defensiveness and aggressiveness with high group means were clearly associated with lower business performances. Analysis, futurity, proactiveness were strongly identified with high performers. These study findings were in support of that of a study done by Venkatraman (1989) who found that aggressiveness was significantly related to riskiness. In his study, he found aggressiveness had no significant impact on growth and had a significant negative impact on profitability. Riskiness, on the other hand is negative and insignificant with growth, but negative and significant with profit. Both dimensions were manifest in companies striving for growth and greater market share, where pushing an aggressive growth agenda would entail a certain degree of risk.

Ge and Ding (2005) conducted an empirical study on market orientation, competitive strategy and firm performance of Chinese firms. The study investigated the mediating effects of a firm's competitive strategy in the market orientation-performance relationship. Based on a sample of 371 manufacturing firms in China, evidence was found that the three dimensions of market orientation exert different effects on competitive strategy and performance. Among them, customer orientation had the strongest association with competitive strategy and market performance and therefore was the first priority for most firms. Competitor orientation had significantly negative effect on market performance, while inter functional coordination had insignificant impact. A possible explanation lay in the Chinese culture. Traditional Chinese value emphasizing harmonious relationship in conducting business remained as a prominent feature of modern Chinese business culture. Chinese managers, tended to avoid face-to-face confrontation or head-on competition if they could. However, the possible effects of Chinese traditional culture on the impacts of competitor orientation need to be further explored.

Njeru and Kibera (2014) empirically assessed the perceived direct effects of the three components of Market Orientation namely customer orientation, competitor orientation, and the inter-functional coordination on Performance of Tour Firms in Kenya. The relevant primary data were gathered from Chief Executives and Senior Managers of the One hundred and four (104) Tour Firms registered with the Kenya Association of Tour Operators (KATO) using a semi structured questionnaire. The results of the study revealed that the direct effects of the three

components and the composite scores of Market Orientation were all positive and statistically significant. Among the three dimensions of market orientation and firm performance seems to be most influenced by competitor orientation. This high contribution by competitor orientation can be attributed to the competitive nature of the tourism industry. The relatively low contribution of inter-functional coordination to firm performance can be attributed to the size of the tour firms.

Šályováa, Táborecká-Petrovicovaa, Nedelováa, and Ďaďo (2015) sought to examine and evaluate the degree of marketing orientation in businesses from foodstuff industry in Slovakia and to identify relationships between their marketing orientation and business performance. We applied behavioral perspective for marketing orientation measurement using MARKOR scales as a base. The positive effect of marketing orientation on selected performance indicators (customer satisfaction, employee commitment, overall business performance, market share, sales, profits, ROA, ROS, and ROI) was confirmed in all performance indicators except non-financial indicator of market share. This result could be caused by the fact, that growth on the market share is the result of effect of marketing orientation within longer period of time, longer than three years that we had followed in our research. Also, marketing strategies of individual companies could be focused differently, while their priority goal has not to be increasing the market share. It is therefore questionable, whether this indicator is suitable as a result of marketing orientation in such short period of time, especially on rather saturated market. In case of other performance indicators positive impact of marketing orientation on selected indicators was confirmed.

3.0 RESEARCH METHODOLOGY

The study adopted a descriptive research design. The target population of the study was 232 consisting of 174 employees in three cadres of staff and 58 hotel owners from the 58 hotels in Nairobi region that are registered with Kenya Association of Hotel Keepers. Since this number was small and easily manageable, the study adopted a census. The study used primary data collected through the administration of questionnaires. Statistical Package for Social Sciences (SPSS) was used to aid the processing and analysis of the data collected. Multiple linear regressions were conducted. The statistics that generated included descriptive statistics and inferential statistics.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

The number of questionnaires that were administered was 232. A total of 158 questionnaires were properly filled and returned. This represented an overall successful response rate of 68.1%.

4.2 Descriptive Statistics

This section presents the descriptive results on market structure, organizational structure, strategic orientation, market orientation and the performance of hotels registered under the Kenya Association of Hotel Keepers in Nairobi County.

4.2.1 Market Structure

The first objective of the study was to establish the effect of market structure on the performance of hotels in Nairobi County. The respondents were asked to respond to the statements on market structure. Results in Table 1 revealed a majority of the respondents, 77.9% (41.80%+36.10%),

Journal of Business and Strategic Management
ISSN 2520-0402(Online)
Vol. 2, Issue 3, pp 1 - 28, 2017
www.carijournals.org

agreed that there were many hotels doing similar business in this region. Similarly, a majority of the respondents, 75.9%, agreed that there were many customers in this area. The results showed that 55% of the respondents agreed to the transactional costs within with hotel industry in this region were low, 17.10% of the respondents were neutral while 27.9% disagreed with the statement. On whether their hotel's market share had been increasing, a slight majority, 56.90% agreed, 20.90% of the respondents were neutral while 22.20% disagreed with the statement. The respondents were also asked whether there had been careful supervision/regulation aimed at balancing various occurrences in the market. The results showed that a majority of the respondents, 60.8%, were in agreement, 15.20% were neutral while 24.10% disagreed with the statement. On a five point scale, the average mean of the responses was 3.71 which means that majority of the respondents were agreeing with most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.16. These findings agreed with that of Mose (2015) who empirically assessed the influence of industry competition (new entrants, substitute services, power of buyers, power of supplier and rivalry among firms) on the performance of hotel firms in Kenya and found that industry competition significantly influenced their performance. The findings are agreed with that of Ayele (2012) who found that five star hotels in Nairobi adopted positioning strategies to stay competent in the stiff competitive market in the hotel industry. The findings were in line with that of Tung, Lin, and Wang (2010) found that a brand positive effect showed on the market share of international tourist hotel industry.

Table 1: Market Structure

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
There are many hotels doing similar business in this region	1.90%	7.00%	13.30%	41.80%	36.10%	4.03	0.97
The are many customers in this area	7.60%	6.30%	10.10%	41.10%	34.80%	3.89	1.18
The transactional costs within with industry are low	7.60%	20.30%	17.10%	27.80%	27.20%	3.47	1.29
The hotel's market share has been increasing	5.10%	17.10%	20.90%	31.00%	25.90%	3.56	1.19
There has been careful supervision aimed at balancing various occurrences in the market	3.20%	20.90%	15.20%	36.10%	24.70%	3.58	1.16
Average						**3.71**	1.16

4.2.2 Organizational Structure

The second objective of the study was to determine the effect of organization structure on the performance of hotels in Nairobi County. The respondents were asked to respond to the statements on organizational structure.

Table 2: Organization Structure

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
There are regular departmental meetings and formal guidelines on how to deal with every activity in the hotel. Readily available policies and procedure manuals exist.	11.40%	9.50%	13.30%	36.70%	29.10%	3.63	1.30
The number of people consulted before a decision is made is few	10.10%	10.80%	21.50%	33.50%	24.10%	3.51	1.25
There are clearly defined standards on service delivery that guide all in this hotel	7.60%	12.00%	8.90%	39.20%	32.30%	3.77	1.24
For every function within the hotel, there is an established department/division to deal with it.	4.40%	8.20%	13.30%	41.10%	32.90%	3.90	1.09
There is high specialization within the hotel business	12.70%	14.60%	13.30%	36.10%	23.40%	3.43	1.33
Average						**3.65**	**1.24**

Results in Table 2 show that a majority of the respondents, 65.8%, agreed that there were regular departmental meetings and formal guidelines on how to deal with every activity in the hotel in that readily available policies and procedure manuals existed. 57.6% of the respondents representing the majority also agreed that the number of people consulted before a decision was made in their hotels was few, 21.50% were neutral while 20.90% of the respondents were in disagreement with the statement. A majority of the respondents, 71.8% noted that there were clearly defined standards on service delivery that guide d all in the hotel. The results also showed that 74% of the respondents who were the majority agreed that for every function within their hotels, there was an established department/division to deal with it. It was shown that 59.5% of the respondents agreed that there was high specialization within their hotel businesses, 13.30% were neutral while 27.3% of the respondents were in disagreement. On a five point scale, the

average mean of the responses was 3.65 which means that majority of the respondents were agreeing with most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.24. The above findings are in line with that of Njiru (2014) who found that organizational structure such as organizational size, structure formalization, structure centralization and structure complexity affected performance. Under structure formalization, regular departmental meetings, formal guidelines on how to deal with every operational activity and readily available policies and procedures manual improved performance. Under structure complexity, few levels of hierarchy before a decision was made, established departments to deal with every firm mandate and more than one income generating activity were desirable for improved performance.

4.2.3 Strategic Orientation

The third objective of the study was to examine the effect of strategic orientation on the performance of hotels in Nairobi County. The respondents were asked to respond to the statements on strategic orientation. The results are presented in Table 3. The respondents were asked whether the information systems in their hotels provided support for decision making and whether when confronted with a major decision, they usually tried to develop it through analysis. The results show that majority of the respondents, 66.40% agreed with the statement, 16.50% were neutral while 17.10% were in disagreement. The results revealed that a majority of the respondents, 74.0% agreed that forecasting key indicators of operations and formal tracking of significant general trends was common in their hotel business. The respondents were asked to indicate whether their hotels were among the first ones to introduce new brands or products in the market and whether they were constantly on the lookout for new businesses that could be ventured into. The results showed that 46.9% of the respondents agreed with the statement, 19.00% were neutral 34.2% of the respondents did not agree with the statement. The study revealed that 49.4% of the respondents were of the opinion that their hotels did not often seek market share position at the expense of cash flow and profitability, 16.50% of the respondents were neutral while 34.2% of the respondents noted that the hotel sought market share position at the expense of cash flow and profitability. A majority of the respondents, 68.3% noted that their hotel had embraced diverse strategies and that there had been constant pursuit of strategies that were hard to copy. On a five point scale, the average mean of the responses was 3.51 which means that majority of the respondents were agreeing with most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.30.

These findings agree with that of Choy (2008) who examined the different combinations of the dimensions of strategic orientation namely aggressiveness, analysis, defensiveness, futurity proactiveness and riskiness at the business unit manager's level of analysis and found that lower business performers were associated with defensiveness and aggressiveness while high performers were identified with, analysis, futurity, proactiveness based on the comparative approach developed by Venkatraman (1989). This approach identified six traits of competitive strategy, namely aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness.

Table 3: Strategic Orientation

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
Our information systems provide support for decision making and when confronted with a major decision, we usually try to develop it through analysis	8.20%	8.90%	16.50%	35.40%	31.00%	3.72	1.23
Forecasting key indicators of operations and formal tracking of significant general trends is common	8.20%	10.80%	7.00%	39.20%	34.80%	3.82	1.25
Usually, we are among the first ones to introduce new brands or products on the market and are constantly on the lookout for new businesses that can be venture into	16.50%	17.70%	19.00%	28.50%	18.40%	3.15	1.36
We do not often seek market share position at the expense of cash flow and profitability	12.00%	22.20%	16.50%	29.10%	20.30%	3.23	1.33
The hotel has embraced diverse strategies and there has been constant pursuit of strategies that are hard to copy	12.70%	11.40%	7.60%	38.60%	29.70%	3.61	1.35
Average						**3.51**	**1.30**

4.2.4 Market Orientation

The fourth objective of the study was to establish the effect of market orientation on the performance of hotels in Nairobi County. The respondents were asked to respond to the statements on market orientation. The results are presented in Table 4. The results show that a majority of the respondents, 76.5%, agreed that the hotel management constantly monitored and responded to competitor strategies. A majority of the respondents, 61.4%, were also in agreement with the statement that individuals from the service departments interacted directly with customers to learn how to serve their needs better. The results show that 48.80% of the respondents agreed that their hotel had interdepartmental meetings at least once a quarter of the year to discuss market trends and developments, 17.10% were neutral while 34.2% of the respondents were in disagreement with the statement. On the statement whether when one

department found out something important about competitors, it alerted other departments immediately, a slight majority, 56.3% of the respondents agreed, 10.10% were neutral while 33.6% of the respondents disagreed with the statement. The respondents were also asked to indicate whether the hotel had strengthened its integration of functions within departments and whether the marketing personnel in the business spent time discussing customers' future needs with other functional departments. The study findings revealed that a majority of the respondents, 72.7% agreed with the statement.

Table 4: Market Orientation

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
The hotel management constantly monitors and responds to competitor strategies	10.10%	5.70%	7.60%	39.20%	37.30%	3.88	1.26
Individuals from our service department interact directly with customers to learn how to serve their needs better	13.90%	12.00%	12.70%	38.60%	22.80%	3.44	1.34
We have interdepartmental meetings at least once a quarter to discuss market trends and developments.	20.30%	13.90%	17.10%	30.40%	18.40%	3.13	1.41
When one department finds out something important about competitors, it alerts other departments immediately	17.10%	16.50%	10.10%	40.50%	15.80%	3.22	1.36
The hotel has strengthened its integration of functions within departments and that the marketing personnel in the business spend time discussing customers' future needs with other functional departments.	1.30%	9.50%	16.50%	43.00%	29.70%	3.91	0.98
Average						**3.52**	**1.27**

On a five point scale, the average mean of the responses was 3.52 which means that majority of the respondents were neither agreeing nor disagreeing with most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.27. The findings are in line with that of Schalk (2008) who assessed the effects of market orientation on business performance in Iceland and found that to achieve a high level of market orientation; companies were concerned with coordinated business intelligence generation, intelligence dissemination and responsiveness to market data and information for efficient and effective marketing management decisions. The findings also agreed with that of Hussain, Ismail, and Shah (2015) who found that all three dimensions of MO namely competitor orientation, customer orientation and inter functional coordination had a significant influence on firm performance.

4.2.5 Performance of Hotels

The study also sought to assess the performance of hotels registered under the Kenya Association of Hotel Keepers in Nairobi County. The respondents were asked to respond to the statements on performance. The results are presented in Table 5. Concerning whether their hotel had been attaining sustained profits, 61.3% of the respondents agreed, 12.0% were neutral while 26.60% of the respondents were in disagreement with the statement. The results also showed that 61.4% of the respondents were of the opinion that the sales of their hotel had expanded, 10.10% were neutral while 28.5% disagreed with the statement. The results revealed that 70.90% of the respondents agreed that their hotels had retained most of their customers and that customer loyalty in the hotels had been increasing. Similarly, a majority of the respondents, 65.2%, indicated that the employees in their hotels were very loyal and expressed satisfaction in their work, 16.50% were neutral while 11.40% of the respondents disagreed with the statement. The respondents were asked whether there was efficiency and effectiveness in service delivery in their hotels. A slight majority, 53.2%, agreed to the statement, 17.70% were neutral while 29.1% of the respondents were in disagreement. The results show that 51.3% of the respondents agreed that generally, the return on assets of their hotels had increased, 19.00% were neutral while 29.8% disagreed with the statement. On a five point scale, the average mean of the responses was 3.48 which means that majority of the respondents were neither agreeing nor disagreeing with most of the statements and that the responses were clustered around the mean as shown by a standard deviation of 1.34.

The findings are in line with that of Wangui (2013) who asserted that the role of non-financial indicators, such as customer satisfaction, quality assurance, productivity, employee development etc. are important in the hotel industry as they determine the competitiveness of a business as well as its ability to sustain profitability in the future. The findings are also in line with that of Delaney *et al*, (2006) who pointed that firm performance could be evaluated by quality service and products, satisfying customers, market performance, service innovations, and employee relationships. The findings also support that of Hoque *et al,* (2000) who stated that performance of a firm can be appraised by return of investment, margin on sales, capacity utilization, customer satisfaction and product quality

Table 5: Performance of Hotels

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dvn
The hotel has been attaining sustained profits	20.30%	6.30%	12.00%	35.40%	25.90%	3.41	1.45
The sales of the hotel have expanded	19.00%	9.50%	10.10%	36.10%	25.30%	3.39	1.44
Most of our customers have expressed great satisfaction with our services	11.40%	7.60%	10.10%	51.90%	19.00%	3.59	1.21
We have retained most of our customers and that customer loyalty in the hotel has been increasing	12.70%	5.10%	8.20%	43.70%	30.40%	3.74	1.29
The employees in the hotel are very loyal and express satisfaction in their work	11.40%	7.00%	16.50%	38.60%	26.60%	3.62	1.26
There is efficiency and effectiveness in service delivery in the hotel	13.30%	15.80%	17.70%	30.40%	22.80%	3.34	1.34
Generally, our return on assets has increased	15.20%	14.60%	19.00%	27.20%	24.10%	3.30	1.38
Average						**3.48**	**1.34**

4.3 Inferential Statistics

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.3.1 Correlation Analysis

Table 6 below presents the results of the correlation analysis. The results revealed that market structure and performance of hotels were positively and significantly related (r=0.358, p=0.000). This finding was consistent with that of Tung, Lin, and Wang (2010) who found that a firms' profitability was positively, and significantly, impacted by market share, but was affected negatively by total operating costs and capital intensity, which confirmed hotel industry issues regarding capital.

Table 6: Correlation Matrix

		Performance	Market Structure	Organization Structure	Strategic Orientation	Market Orientation
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Market Structure	Pearson Correlation	0.358**	1			
	Sig. (2-tailed)	0.000				
Organization Structure	Pearson Correlation	0.294**	0.184*	1		
	Sig. (2-tailed)	0.000	0.021			
Strategic Orientation	Pearson Correlation	0.490**	0.077	0.228*	1	
	Sig. (2-tailed)	0.000	0.335	0.004		
Market Orientation	Pearson Correlation	0.567**	0.284**	0.034	0.091	1
	Sig. (2-tailed)	0.000	0.000	0.674	0.257	
** Correlation is significant at the 0.01 level (2-tailed).						
* Correlation is significant at the 0.05 level (2-tailed).						

The results further indicated that organization structure and performance of hotels were positively and significantly related (r=0.294, p=0.000). This finding is in line with that of Al-Qatawneh (2014) who found that structure dimensions such as formalization, standardization and specialization were positively correlated with organizational commitment and performance. However, a study by Meijaard, Brand, and Mosselman (2005) did not find 'one best way of organizing'. Some organizational structures appeared to perform better in specific sectors

It was further established that strategic orientation and performance of hotels were positively and significantly related (r=0.490, p=0.000). This finding agrees with that of Ogunkoya and Shodiya (2013) who found that strategic orientation had a positive effect on performance. Similarly, the results showed that market orientation and performance of hotels were positively and significantly related (r=0.567, p=0.000). The finding is consistent with that of Hussain, Ismail, and Shah (2015) who found that all three dimensions of MO namely competitor orientation, customer orientation and inter functional coordination had a significant positive influence on firm performance. This implies that an increase in any unit of the variables leads to an increase in the performance of hotels in the region.

4.3.2 Regression Analysis

The results presented in Table 7 present the fitness of model used of the regression model in explaining the study phenomena. Market structure, organization structure, strategic orientation and market orientation were found to be satisfactory variables in explaining performance of

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hotels. This is supported by coefficient of determination also known as the R square of 57.1%. This means that market structure, organization structure, strategic orientation and market orientation explained 57.1% of the variations in the dependent variable which is performance of hotels. These results also imply that the model applied to link the relationship of the variables was satisfactory.

Table 7: Model Fitness

Indicator	Coefficient
R	0.755a
R Square	0.571
Adjusted R Square	0.560
Std. Error of the Estimate	0.3298786

In statistics significance testing using the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number is found to be less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; otherwise the model would be regarded as non-significant. Table 8 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of performance of hotels. This was supported by an F statistic of 50.855 and the reported p value (0.000) which was less than the conventional probability of 0.05significance level.

Table 8: Analysis of Variance

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	22.136	4	5.534	50.855	**0.000**
Residual	16.649	153	0.109		
Total	38.785	157			

Regression of coefficients results in Table 9 shows that market structure and performance are positively and significantly related (r=0.114, p=0.004). An increase in the unit change in market structure would lead to an increase in performance of hotels by 0.114 units. These findings were in line with that of Tung *et al.* (2010) who presented a market structure, conduct, performance model (SCP) of industrial economics to estimate causes and effects among the international tourist hotel industry in Taiwan and found that a firms' profitability was positively, and significantly, impacted by market share. The results further indicate that organization structure and performance of hotels were positively and significantly related (r=0.119, p=0.005). These results imply that an increase in the unit change in organization structure would lead to an increase in the performance of hotels by 0.119 units. These findings were consistent with that of Njiru (2014) found that there was a positive relationship between return performance and regular departmental meetings, formal guidelines on how to deal with every operational activity, readily available policies and procedures manual few levels of hierarchy before a decision is made, established departments to deal with every corporation mandate and more than one income generating in a firm.

It was further established that strategic orientation and performance of hotels were positively and significantly related (r=0.340, p=0.000) while market orientation and performance of hotels were also positively and significantly related (r=0.423, p=0.000). This shows that an increase in the unit change in strategic orientation and market orientation would lead to an increase in the performance of hotels by 0.340 and 0.423 units respectively. These findings were in line with that of Ngetich (2015) who asserted that the pursuit of strategic orientation was found to have resulted in an increase in market share, relationship with customers, efficiency in serving customers, sales volume, profits and customer satisfaction. The above finding supported the findings of a study by Salyovaa et al. (2015) who sought to examine and evaluate the degree of marketing orientation in businesses from foodstuff industry in Slovakia and to identify relationships between their marketing orientation and business performance and found a positive effect of marketing orientation on selected performance indicators (customer satisfaction, employee commitment, overall business performance, sales, profits, ROA, ROS, and ROI).

Table 9: Regression of Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	-0.131	0.297		-0.440	0.661
Market Structure	0.114	0.040	0.162	2.887	0.004
Organization Structure	0.119	0.042	0.157	2.847	0.005
Strategic Orientation	0.340	0.047	0.398	7.288	0.000
Market Orientation	0.423	0.049	0.479	8.642	0.000

Performance of Hotels= -0.131+ 0.114 market structure+ 0.119organizaton structure+ 0.340strategic orientation+ 0.423market orientation

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings

The first objective of the study was to establish the effect of market structure on the performance of hotels in Nairobi County. The findings revealed that market structure has a positive and significant effect on the performance of hotels in Nairobi County. Therefore healthy competition and market share was favorable for the success of these hotels.

The second objective of the study was to determine the effect of organization structure on the performance of hotels in Nairobi County. The findings revealed that organization structure had a positive and significant effect on performance of hotels in Nairobi County. This was also supported by the statements in the questionnaire which majority of the respondents agreed with and this translated to better performance.

The third objective of the study was to examine the effect of strategic orientation on the performance of hotels in Nairobi County. The findings revealed that strategic orientation had a positive and significant effect on performance of hotels in Nairobi County. Therefore, it was crucial for a business to choose wisely the dimension to apply within its operations in its pursuit for growth and increased performance. The fourth objective of the study was to establish the effect of market orientation on the performance of hotels in Nairobi County. The findings

revealed that market orientation as part of firm orientation had a positive and significant effect performance of hotels in Nairobi County.

5.2 Conclusions

The main purpose of this study was to investigate the effect of firm orientation on the performance of hotels in Nairobi County. Based on the study findings, the study concluded that market structure had a positive and significant influence on the performance of hotels in this county. Similarly, the study concluded that organization structure affected the performance of hotels in Nairobi County. Strategic orientation and market orientation also greatly influenced the performance of hotels in this county government. Based on the responses given by the managers participating in the study, it was concluded that if hotels in this county were to survive in the market especially during turbulent times and stiff competition, they had to orient their firms in such a way to gain sustainable competitive advantage and hence attain maximum performance.

5.3 Recommendations

Based on the research findings the study recommended that sufficient regulation and supervision within the hotel industry was needed to ensure healthy competition among the businesses especially due to the competitive nature of the industry. Hotel businesses had to develop positioning strategies such as quality customer service, physical attractiveness, and range of product offerings, unique product features, and safety and security systems, information technologies which would enable them to perform and survive the stiff competition within the industry. It was also recommended that gaining a large market share needed to be accompanied by ways of creating efficiency and cutting down the operating costs within the hotels so that maximum gain from greater market power especially by the larger hotels would be achieved.

The study also recommended that a blend of organization structure that allowed greater organization of the functions of the hotels and ensured efficient and easier way of corporation and coordination among different stakeholders should be adopted. It was crucial to ensure that the number of people to be consulted before a decision was made was few, formal guidelines for every activity was needed and that great emphasis on the implementation of the set standards was highly emphasized in the industry since customer retention and loyalty was greatly embedded in the quality of service. There was a need to ensure increased specialization in hotels so that the needs of various customers were dealt with in a unique and a more comprehensive way. The organization structures adopted needed to be gauged in order to find out which ones yielded the best results within each hotel from whereby the best is applied to a larger extent.

Since strategic orientation comprised of all the other firm orientations and was one of the most important tools in a firm, the study recommended that it was crucial for the hotels to set aside resources that would support the implementation of various strategies to deal with every challenge in the businesses. The hotels needed to strengthen their information systems so that sound decision making would occur and more analysis could complement such information gathered. The study recommended the need for hotels to develop their forecasting capabilities for various market indicators and their capacity to track key trends in the industry for sustainability and early preparedness. The hotels also needed to avoid risky ventures and the urge to pursue greater market power/share at the expense of cash flows and profitability since efficiency even when the market share was small would lead to improved performance. The hotels needed to actively improve or develop new strategies in the midst of competition.

The study also recommended that it was necessary for the hotels to advance their competitor orientation by keeping up with and constantly monitoring the strategies employed by their competitors. The needed to be one on one session with key clients in order to ensure comprehensive information was gathered before a decision especially that touching directly on the customers was gathered. Information sharing needed to be strengthened across all functional departments to ensure that all parties were involve in pushing for better performance in the business. The sharing of information needed to be prompt and constant meetings to discuss key developments were needed to ensure better performance.

5.4 Areas for Further Studies

The study focused on the firm orientation and the performance of hotels in Nairobi County, Kenya. This called for analysis of performance of hotels in only one county in Kenya and thus area for further studies could consider other counties in Kenya that have been faced with the challenge of low hotel and comparison be made with the findings of the current study.

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