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Moderation of Organizational Policies on the Relationship between Competitive Strategies and Operational Performance of Star Rated Hotels in Uasin Gishu County, Kenya

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Abstract:
The hotel industry in Kenya has in the past few years experienced a lot of changes and growth which have affected the state of competition. These demands for formulation and implementation of strategies would cope with competitive pressure. The purpose of this study was to establish the moderating effect of organizational policies on the relationship between competitive strategies and operational performance of Star rated Hotels in Uasin Gishu County. The study adopted the Resource Based View Theory, Porter's Five Forces Model, and Igor Ansoff's Theory. It employed descriptive cross-sectional survey design with a target population of 204 hoteliers in 25 star rated hotels. The study applied a census sampling. Questionnaires were used to collect data. Questionnaires were pre-tested on a pilot of 21 staff with a validity index of 0.924 and a reliability Cronbach's alpha coefficient of 0.853. The study used both descriptive statistics and inferential statistics aided by Statistical Package for Social Sciences computer software. Descriptive statistics included mean, frequencies and standard deviation. Inferential statistics involved regression and correlation analysis. Findings indicated that on introduction of the moderating variable (organizational policies) creates a positive shift in the correlation coefficient from R= 0.548 to R= 0.661. The R-square also shifts positively from R^2= 0.301 to R^2=0.437. The adjusted R-square also shifts positively from R^2= 0.289 to R^2=0.428. The study therefore concluded that there was a significant statistical effect of cost leadership; product differentiation; and market development; on operational performance of the Star Rated Hotels in Uasin Gishu County. The study to recommend incorporation of cost leadership; product differentiation; and market development; in both short- and long-term strategic plans for hotels.

Keywords: *Competitive strategies, operational performance, organizational policies, Uasin Gishu County*

1. Background of the Study

The present-day environment is so dynamic and fast changing thus making it very difficult for any modern business enterprise to operate (Upendra *et al*., 2005). Because of uncertainties, threats and constraints, businesses are under great pressure and are trying to find out the ways and means for their healthy survival. Under such circumstances, the firms use strategic management practices which can help to explore the possible opportunities and at the same time to achieve an optimum level of efficiency by minimizing the expected threats. A sustained or sustainable competitive advantage occurs when firm implements a value-creating strategy of which other companies are unable to duplicate the benefits or find it too costly to initiate (Wheelen *et al*., 2003).

A competitive strategy is a set of decisions necessary to support organizational goals within a specific business. By implementing a certain competitive strategy, a firm defines its position relative to its rivals, which in turn contributes to a competitive advantage (Pisano, 1994). Today's industries may be viewed as complex adaptive systems that evolve through several life cycles' stages (birth, growth, maturity and death). The rate of change from a stage to another can be reduced or amplified because of the impact of a series of factors influencing each industry's life cycle such as technological change, environmental uncertainty, competitive dynamics, changes in consumer preferences and etc. These factors need to be analyzed by each firm in order to organize and establish the most effective competitive behavior to adopt in their industry (Pisano, 1994). Having knowledge of these factors is required for all firms because their impact can reshape the nature of the industry (that is, the industry structure) very rapidly in today's environment. These changes (sometimes sudden and unpredictable, some others slower but incontrovertible) may force firms to readapt their strategies, for instance adopting a different technology or trying to create new sources of competitive advantage.

From Michael Porter's works, competitive strategy (1980) and competitive advantage (1985); competitive strategy is a 'positioning strategy' (D'Aveni, 2007). In Porter's view, firms can capture a competitive advantage after executing an analysis of existing markets and a subsequent identification of new opportunities. This analysis can be fulfilled through the implementation of the five forces model (Porter, 1980). Thus, the role of competitive strategy requires aligning the firm with the identified environmental opportunities. Porter viewed strategy as mainly industry-driven. Thus, a firm must adapt to the competitive context inside an industry by choosing the most suitable position in order to perform better than its rivals. Positioning is determined by this choice of the most suitable competitive advantage over rivals. Competitive advantage is based on the capability to produce at lower costs than rivals (competitive advantage based on cost leadership) or to offer a 'somehow unique' product that is different from those offered by competitors (competitive advantage based on differentiation).

A cost competitive strategy is defined as when a firm strives to have the lowest costs in the industry and offers its products and services to broad market at the lowest prices. Porter (1998) states that characteristics of cost leadership strategy include low level of differentiation, aim for average customer, use of knowledge gained from past experience and the addition of new products only after the market demands them. Thompson and Strickland (1998) agree with Porter's view on cost leadership strategies and state that this strategy calls for being the low-cost producer in an industry for a given level of quality. Firms that succeed in cost leadership strategy usually have adequate capital, skills, experiences and efficient distribution channels. The cost advantage protects a firm from new entrants hence reducing competition. However, the risk of cost leadership is that competitors may leapfrog the technology and production capabilities hence eliminating the competitive advantage acquired from cost reduction.

Differentiation involves offering products or services that are perceived industry-wide as being unique (Porter, 1998). A company therefore designs to appeal to customers with a special sensitivity for a particular product attribute which in turn helps build customer loyalty. This loyalty helps the company to charge premium prices for its products (Pearce & Robinson, 1997). To build competitive advantage through differentiation, a firm must search out sources of uniqueness that are burdensome and time consuming for rival to match (Thompson and Strickland, 2003). Other indicators of differentiation in hotels are; variety of services, quality of services offered and use of modern equipment in service delivery. Barney (1997) says that though a company may have several bases of differentiation, at the end it is only a matter of customer perception.

Marketing development strategy is a long-term, forward-looking approach to planning with the fundamental goal of achieving a sustainable competitive advantage (Pulaj, Kume, & Cipi, 2015). Strategic planning involves an analysis of the company's strategic initial situation prior to the formulation, evaluation and selection of market-oriented competitive position that contributes to the company's goals and marketing objectives (Fernando, Chang, & Tripathy, 2015). Strategic marketing, as a distinct field of study emerged in the 1970s, and built on strategic management that preceded it. Marketing strategy highlights the role of marketing as a link between the organization and its customers.

A hotel firm can obtain competitive advantage by using its diverse strategies. Early studies have reported that positioning of the hotel business enables firms to survive in very dynamic environments (Kim *et al*., 2008). Organizations from hotel sector are increasingly embracing the practice of competitive strategy in anticipation that this will translate to improved performance (Mohinder, Chand, & Sanjana, 2013). This represents the way a hotel firm plans to deploy its resources and to use its capability to achieve its goals. The business and the strategy to adopt has been hypothesized and demonstrated empirically to have significant impact on Operational Performance (Banerjee, 2002).

The tourism industry is one of the world's most dynamic industries in terms of growth. According to the World Tourism Organization (WTO) in 2016, international overnight tourist arrivals reached a record of 1148 million in 2015, the sixth consecutive year of growth. Tourism represents an important share of GDP in many countries in the world (Aznar, Sayeras, Galiana, & Rocafort, 2016). European hotel transaction volume reached €20.9 billion in 2017. This was an 11% increase compared to 2016 deal volume and surpassed the record level achieved in 2015. This growth was driven by resurgence in UK hotel investment activity in 2017 and record levels of investment in the Spanish hotel market. The start of 2018 has seen a strong level of investment activity in the UK and Spanish markets. Put together with the continued European and international interest in the German hotel market, we anticipate European hotel transaction volume to moderately increase in 2018 from 2017 levels. Statistics indicate that Africa's share of international tourist arrivals is 5%. Europe's share is 51%, Asia and the Pacific 24%, Americas 16% and the Middle East 4% respectively (Kang, Manthiou, Sumarjan, & Tang, 2017).

Africa's travel and tourism industry continues to record impressive growth over the years. In 2017, the continent hit 63 million highs in international tourist arrivals as compared to 58 M in 2016 (+ 9% vs 2016). The overall African hotel occupancy rate, as reported by hotel data provider STR Global, was 58.0% in 2017, up from 54.9% in 2016. The growth record is slightly above the global performance of a 7% rise in 2017, to reach a total of 1,323 million international tourist arrivals. This was primarily driven by an improvement in the North African occupancy rate, which rose by more than seven percentage points to 54.6%. Occupancy rates across North Africa have been depressed in recent years, partly due to the impact of heightened security concerns on tourism. However, the performance of 2017 indicates that the sector is gradually recovering; occupancy was at its highest level since 2010, but it remained substantially below the levels of a decade ago. Travel and tourism contributed a total of 8.1% to Africa's GDP (USD 177.6 bn) in 2017. This percentage is expected to rise by 3.7% (to reach 12%) in 2018. Moreover, the direct contribution to the GDP stood at 3.3% in 2017(Kang, Manthiou, Sumarjan, & Tang, 2017). The African economy has been gaining momentum, with the real output growth estimated to have increased by 3.8% in 2017 and expected to reach 4.1% by 2018/2019.

Kenya is considered all over the world as a great tourist nation but recently the hotel industry has been hit hard by the recent post-election violence as well as terrorism attacks (Kuria, Wanderi, & Ondigi , 2012**).** Kenya's tourism industry has in recent years been handicapped by a wave of terror attacks and the resultant rising insecurity in the East Africa nation. At the coast where tourism activities are concentrated, more than 40 hotels were shut down temporarily and some 28,000 workers laid off **(**Waudo & Kamau, 2012)**.** Those tourist hotels still open downsized their operations and slashed their rates. But in contrast, hotels in the capital Nairobi and other big towns continue to thrive and new investments are being made by local and foreign investors (Oketch, Wadawi, Brester, & Needetea, 2010).

In 2015, the Kenya's hospitality industry employed 9.3% of the country's total working population; this trend went up by 1.1% in 2016, with about 1.5 million people employed in the industry. If current trends are anything to go by, it is expected that the sector's contribution to the country's employment market will have gone up by 2.9% in 2026. This is according to a report on opportunity for Investment in Kenya's Hospitality Sector (2017). Kenya has continued to attract global investors who are setting up international standard hotels. As a result of these popular and established hospitality brands being set up in Kenya, there has been an increase in the sector's confidence.

A number of stars rated hotels have opened in major urban towns in recent years and more are in the pipeline. Mid-range hotels targeted at business travelers who don't want to spend too much money are also increasing. There is heightened competition in the industry and players risk losing business if they don't up their game (Waudo & Kamau, 2012). Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment. Hotels are finding it difficult to meet the challenge of customer demands as well as complicated service technologies and production processes. It has been reported that the tourism sector under which hotels are found in Kenya has been facing numerous challenges which have posed a threat to their existence. These challenges include competition, socio-cultural changes, technological changes and economic challenges (Iravo, Ongori, & Munene, 2013). These factors could be attributed to information uncertainty and information asymmetry which are known to be present within the hospitality sector and may account for market failures.

The hotel industry has been identified as one of the most important sectors that have a positive correlation to tourism industry and therefore no country or region can expect to attract tourists unless it has hotels (Kuria, Wanderi, & Ondigi , 2012).The general pressures which have been brought about by globalization and internationalization coupled with Star Ratings and membership to International Hotel Associations, have also challenged hotels to improve on their performance (Wadongo, Odhuno, & Kambona, 2010). The Kenya National Bureau of Statistics (2012) highlighted that the costs for hotel services are expected to increase globally because of the current world economic situations. The hotel industry in Kenya is facing several challenges which have been affecting their performance. These challenges include shortage of skilled staff, poor infrastructure, insecurity, lack of strategic plans and poor organizational processes among other challenges (Chatzimichael & Liasidou, 2018).

1.1. Statement of the Problem

Increased competition in business environment has forced firms to embark on strategic management practices to enable them remain relevant. The hospitality industry in Kenya has experienced growth globally resulting to increased number of classified hotels. Generally, investment in Kenya's hospitality sector has increased over the years, driven majorly by investor appetite to tap into the demand for accommodation brought about by tourism, leisure and business travel (Hospitality Sector Report of October 2017). However, Hotels' Market Performance indicates that Occupancy rates and revenues have been declining in the recent past years. This is according to Kenya's Hospitality Sector Report of October 2017. Local competition between hotels in the same geographical area, as well as from emerging markets like Rwanda pose a challenge to hoteliers forcing them to seek ways to reposition themselves in the market convert to different uses or sell (Kenya's Hospitality Sector Report of October 2017). Increased use of service apartments poses competition to hotels due to their affordability and their suitability for both short to mid-term stays. Kenya has an annual bed capacity of 21mn and yet the number of international arrivals as at 2015 was only1.2mn.

There is therefore an oversupply in the industry which has led to lower occupancy levels in hotels averaging at 29.1% and hence lower revenues in the industry. The Total Revenue per Available Room has declined with a 5% CAGR from 2011 to date. The report also indicated lack of quality of services consistency in middle and low-end facilities, increased competition in the industry centered on customer focus on quality and value for money, and Inadequate innovation in the sector. Despite the decline in performance, Hotels, restaurants and other eateries have taken the trend in Eldoret town. The heightened competition in the hospitality industry in Eldoret town calls for the players to up their game by adopting appropriate strategies for better performance. Several studies have been done on competitive strategies and performance of firms. There was little documented evidence on how intensive strategies like market development strategy influence performance of hotels. Most studies done in Kenya on hospitality industry focused more on customer service relations, quality of service and products and performance. This study therefore focused on establishing the moderating effect of organizational policies on the relationship between competitive advantage strategies and operational performance of Star rated Hotels in Uasin Gishu County.

1.2. Theoretical Foundation of the Study

1.2.1. The Resource-Based View (RBV) Theory

This theory was postulated in the mid-1980s by Wernerfelt (1984), Rumelt (1984) and Barney (1986). The resource-based view (RBV) has since become one of the dominant contemporary approaches to the analysis of sustained competitive advantage. The (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage (Peteraf & Barney, 2003). First, this model assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Secondly, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms due to competitive forces and different hotels and restaurants operates in very unique environment.

Therefore, a firm's strategy should align with the environment where the firm is operating. This can be performed using the Porter's framework. Resource heterogeneity is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes 'If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market' (Essays, UK 2018). The assumed heterogeneity and immobility are not, however, sufficient conditions for sustained competitive advantage. According to Barney (1991), a firm resource must, in addition, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage. Although there has been some critique on the tautology value of RBV resources, it can still be overcome by bringing in human imagination into the center of RBV such as how human ideas ignite revolutionary modes of value creation (Essays, UK. 2018).

1.2.2. Porter's Five Forces Model

Porter's Five Forces Model illustrates a business' position relative to five distinct forces defining the industry's competitive advantage. The tool was created by Harvard Business School professor Michael Porter, to analyze an industry's attractiveness and likely profitability in 1979(Porter, The Five Competitive Forces that Shape Strategy, 2008). The strength of the competition influences the extent of a company's potential profitability. The forces include the intensity of rivalry, how much of a threat is posed by new market entrants, the amount of bargaining power held by suppliers as well as customers and the level of threat posed by substitute products (Porter& Kramer, 2011). Firm managers should always evaluate industry analysis and scrutinize the dynamic forces of competition (Hill & Jones, 2007). Where rivalry is intense, companies can attract customers with aggressive price cuts and high-impact marketing campaigns. Therefore, adoption of competitive strategies such as Product Differentiation Strategy, Market Development Strategy and Cost Leadership Strategy are very important. This is because firms' performance within industry varies due to non-universality and idealistic industry structure. Porter also reported that organizations are likely to keep a close watch on their rivals, but should also look beyond the actions of their competitors and examine what other factors could impact the business environment (Porter & Kramer, 2011). The current study investigates competitive strategy and performance of star rated hotels in Uasin Gishu County.

1.2.3. Igor Ansoff's Theory

Igor (1957) posited that for an organization to increase its performance, it needs to achieve products and market growth through four different strategies which depends on whether or not a company or product is already present in the market. He considered two dimensions; one dimension is based on the product being either new or existing while the other dimension consider market as new or existing. The four main competitive strategies include market penetration, product development, diversification and market development.

The competitive strategies pose different levels of risks and need for investment. Market penetration which involves selling more of existing products in already exiting market possess the lowest risk (Shroder, 2015), this strategy is aimed at achieving market dominance through gaining competitor's customers, attracting non-users and having the current users buy more (Gardetti,2005). While companies attempt to venture into new markets such as new countries and new geographical regions using their current products, this can be achieved through different segment of customers, industrial buyers for a product that was earlier sold exclusively to the new household regions or areas of the foreign markets and country. This kind of strategy is more probable to be a success in cases where the company has an inimitable production technology that can control the new market, the company can gain from economies of scale only if it is able to expand the output, the new market does not differ significantly from the previous and therefore, the new buyers in the market are inherently lucrative and profitable.

Organization could also opt to introduce new products in an already existing market by developing products that are closely related to the existing products, developing totally new products to match existing needs of customers or a product that rejuvenates the usage of existing product (Free-Management-e-Books, 2016) as a strategy, this strategy was described by Igor (1957) as product development strategy. This entails expanding the product spectrum available to the company's current markets. These goods may be achieved by buy in the product, acquiring of patent rights in production of another company or individual products, investment in development and research of extra products and 'branding' it and combined development with owners of another product that requires entry to the channel of distribution or brands.

Diversification strategy proposed by Igor (1957) involves developing a totally new product and selling it in a new market that the organization was not operating in, while market development entails selling the existing product into a new market. Both diversification and product development pose the highest risk and are the least employed growth strategies (Shroder, 2015). Through diversification strategy, a firm attempts to expand their share of the market by introduction new products in the new markets. The strategy is considered risky as both market development and product development is required. This can be achieved via vertical integration and concentric diversification. Unrelated diversification also considered as conglomerate growth since the resultant company is a conglomerate which consist of various business is devoid of any kind of relationship among the firms.

The rationale of the Ansoff's matrix has attracted a lot of criticisms. The logical issues relate to elucidations about newness. If a person presumes a new product is indeed new to the organization, in numerous cases, a new product will instantaneously lead a company into a new unknown market. Otherwise, if a new product fails to take the company into a new market, then new product combination into new market fails to equate to diversification in the sense of venturing into a totally unfamiliar business (Dawes, 2018).The theory were applicable in this study because the researcher had theorized that within the framework of the Ansoff's growth matrix and the variable product differentiation strategy, the matrix allows marketers to consider ways to grow the business via existing and/or new products. In market development strategies, hotels ought to develop new market within existing one through consumer profiling, while in product development strategies it will involve hotels developing new products and placing them into existing markets. This involves extending the product range available to the firm's existing markets.

2. Empirical Review of Related Literature

A study established the relationship between competitive strategies on firms and their production efficiency in the US and found that firms with competitive advantages based on either cost leadership or differentiation were able to outperform their competitors (Fernando *et al*., 2015). It was also evident that firms pursuing a cost leadership strategy achieved higher production efficiency. Similar results were reported in 110 companies in Albania found a significant positive effect of cost leadership strategy on performance when these companies employed competitive strategies (Pulaj, 2015). On determination of Cost Leadership Strategy on ROA and future performance of listed Companies in Tehran Stock Exchange, it was found that in firms with cost leadership strategy registered positive relationships between the ratios of sales to capital expenditure with percentage growth in sales (Birjandi, 2014). This study used data from 45 firms in the Tehran Security Exchange (TSE) during 2009-2013.

Kamar (2014) sought to establish the effects of competitive strategies on the performance of petroleum gas companies in Eldoret town. The studies used a survey design and target a population of 175 which comprise of 10 station managers, 40 departmental heads, 20 supervisor and 105 employees. A sample size of 64 was selected using stratified sampling. The study used questionnaires and interview schedule as data collection instruments. Data analysis was carried out using descriptive statistics such as Spearman rank coloration, means. It's therefore concluded that cost leadership influences the performance of LPGCs performance. The gain cost leadership through minimizing procurement cost minimizing, operational costs, conducting cost of its labour, service costing and evaluation of promotion costs. The differentiation strategy leads to high levels of performance.

A study by Teeratansirikool (2012) on competitive strategies and firm performance examined the mediating role performance measurement plays in the relationship between competitive strategies and firm performance. The study conducted a mail-survey of Thailand listed companies in 2009. A total of 101 Thai listed companies' executives, each representing their company, participated in the study. The studies found out that generally, competitive strategies positively and significantly enhanced firm performance through performance measurement. Specifically, firms' differentiation strategy not only had a direct and significant impact on firm performance but also it had indirect and significant impact on firm performance through financial measures. Also, Cost leadership strategy that firms pursue does not directly affect firm performance. However, it does so indirectly and significantly through financial performance measures. Recommendations were that future research could consider the use of longitudinal data to ascertain more clearly these causal relationships.

A study was done on competitive strategies by Bukirwa et *al*. (2017) in Mombasa, Kenya whose general objective of the study was to assess the influence of competitive strategies on Operational Performance of classified hotels in Mombasa County registered under the Kenya Association of Hotel Keepers and Caterers. Descriptive survey research design was adopted and the target population was 24 classified hotels in Mombasa County registered under the Kenya Association of Hotel Keepers and Caterers. The respondents were 144 top level management staff. The results revealed that two competitive strategies of corporate growth and differentiation had a positive and significant influence in the Operational Performance of hotels. Hotels should have attractive products and offer better services in order to attract more customers than their competitors and the management should formulate differentiation strategies that will contribute to the competitive advantage of the hotels in Mombasa County. This will give the hotels a competitive advantage over their competitors and should address the cost leadership issues that may jeopardize the growth and stability of the hotels in Mombasa County.

According to Abraham and Taylor (2013), organizational policies are set of policies that help an organization to align it vision to the business objectives. Organizational policies set clear direction for the company to spearhead business operations. Organizational policies set the path through which the mission of the organization was achieved, it delineates a navigation corridor or other fields of interest and the link that exists between them. The policies therefore help lower any form of uncertainties that might exist when formulating strategies and downstream them further down the value chain. Through organizational policies, the company outlines the markets of interest to them and those they want to avoid.

Hirota, Kubo, Hong, Miyajima, and Won Park (2010) did a study on the strategic organizational policies as well as business outcomes. Using data on mission statements of 128 large Japanese firms, the study aims to show that corporate mission has a significant impact on organizational policies that determine employment, board, and financial structures. The study revealed that improved Operational Performance is highly dependent on the mission of the organization and its underlying policies. However, the sample is based on firms from Japan. The criteria used to discriminate between strong mission and weak mission firms needed further refinement with more rigorous sub-dimensions. In the Japanese context the percentage of inside directors is an important indication of internally promoted managers. One might argue that a measure of external pressures (for example, law, codes, investors, etc.) might be a better one. The small number of cases and the richness of statements need a richer qualitative analysis in the future.

Pichler, Blazovich, Cook, Huston and Strawser (2017) in their study focused on whether organizational policies that support lesbian, gay, bisexual, and transgender (LGBT) enhance firm performance. They noted that the existence of policies that support LGBT in an organization is related with a high company value, profitability, and productivity. In addition, the company value and profitability relating with those policies supporting LGBT is larger in those firms that take part in research and development and also the benefits persist more in cases where there exist state antidiscrimination laws. However, the study did not reveal which organizational policies influenced organization performance. Further, the study did not reveal moderating effect of organizational policies on competitive strategy and performance.

Bakari, (2016) evaluated impacts organizational policies have on performance of employees. Employees of Bamburi Cement Company Ltd formed the target population. Descriptive research design was adopted. From collected data and analysis, it was established that even with positive changes, there is need for modification of entrenched ideas and behaviors. Organization policies can have effects on various individuals and their reactions to the change might be different. Not unless there are new policies and practices established, performance of the organization might be affected negatively since employees were used to their ways of accomplishing tasks or expect differently from their personal behavior.

Chepkemoi (2014) sought to establish the influence of organizational policies, specifically, on the relationship between strategy and performance of the top ten insurance companies in Kenya. The study adopted a descriptive research design. The target population consisted of the top ten insurance companies registered in Kenya. The study used self-administered semi-structured questionnaires as the main instrument for data collection. The study findings show that organization corporate-culture had an impact on employee performance. Organizational policies were rated highly by 88% of the respondents as affecting the global sourcing of efficiency. The implication of this study is that the insurance sector in Kenya is not effectively implementing its strategies because employees have a culture opposed to changes in strategy. Besides, workplace behaviors affected employee productivity in insurance sector. However, the study focused only on organizational policies related to organizational performance meaning other policies were disregarded.

3. Research Methodology

The study adopted a descriptive research survey design. It is a non-experimental in that it deals with the relationships between non-manipulated variables in a natural way rather than laboratory setting (Sekaran & Bougie, 2010). The target population consisted of 204 staff working in the following departments; Finance, Sale and Marketing, Operations, in the entire 25 star Rated Hotels located in Eldoret Town of Uasin Gishu (Hotel Human Resource Department, 2019). Two sampling techniques that were employed in drawing the ideal sample for this study were purposive sampling and simple random sampling. Purposive sampling technique was applied in selecting Star Rated Hotels in Uasin Gishu County with specific interest in Eldoret town from others. The simple random sampling technique was used to give all the respondents departments of interest an equal opportunity to participate in the study (Saunders, Lewis, & Thornhill, 2009). The study adopted census sampling in which all the 204 staffs from the 25 star rated hotels were used as respondents. The primary data was collected by use of questionnaires. The Questionnaires were chosen because their administration to individuals helps to establish relationships with the respondents while introducing the survey (Delafrooz, Paim, & Khatibi, 2009). The questionnaires were pre-tested on a pilot set of staff (20% of the sample) for comprehension, logic and relevance. Respondents in the pre-test were drawn from one-star to five-star hotels which were similar to those in the actual survey in terms of background characteristics, familiarity with the topic of research, attitudes and behavior of interest. The eight (8) hotels pre-tested were excluded during actual data collection exercise. The feedbacks obtained were used to revise the questionnaire before administering it to the respondents. Research instruments were scrutinized by the research supervisor and modified to fit the objectives. The reliability of the study instruments was assessed by computing Cronbach's Alpha coefficient for all items in the questionnaire and the overall assessment were given (Sekaran & Bougie, 2010).

The study applied descriptive and inferential statistics data analysis method to analyze numerical data gathered using closed ended questions. The Statistical Package for Social Sciences (SPSS) computer software was used for aiding the analysis to generate data that were used for subsequent analysis. The data were cleaned, coded, categorized per objective. Inferential statistics were used to test the relationship of independent and dependent variables (Lind, Marchal, & Wathen, 2008).

This involved the use of multiple regression analysis. Regression model to be used to test the significance of the effect of the independent variables on dependent variable were:

$Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+e$ ……. before Moderation;

Introduction of the moderating variable, the model becomes:

$Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+ \beta_4Z+e$

Where: Y = Operational Performance of Hotels;

X_1= Cost Leadership strategy;

X_2= Product Differentiation Strategy;

X_3= Market Development Strategy;

Z= Moderating Variable (organizational Policies);

e= error term or an unobserved random variable

β_0 = an unknown population parameter, known as the constant or intercept term

$\beta_1, \beta_2, \beta_3, \& \beta_4$ = unknown population parameters, known as the coefficient or slope

4. Findings and Discussion

4.1. Normality Test

This study checked for distribution normality of the data set through Kolmogorov-Smirnov Test as well as Shapiro-Wilk Test before running regression analysis. Kolmogorov-Smirnov Test often gives precise normality distribution for sample sizes >50. The results were as tabled in Table 1.

Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
Statistic	df	Sig.	Statistic	df	Sig.
0.481	181	.247	0.513	365	0.539

Table 1: Tests of Normality
Source: Survey Data (2019)

Table 1 shows that the data set here had a *p*- value (0.247)>0.05 in K-S test, and a *p*- value (0.539)>0.05 in Shapiro-Wilk Test. Normally distributed data sets usually have a K-S Test or Shapiro-Wilk Test *p*-value greater than 0.05. If p-value of the K-S Test is below 0.05, then the data set is significantly deviating from normal distribution. From the *p*-values obtained (0.247)>0.05 in K-S test, and a *p*- value (0.539)>0.05 in Shapiro-Wilk Test, therefore the sample data satisfies the normality assumption.

4.2. Effect of Competitive Advantage on Operational Performance of Star Rated Hotels

The general objective was to establish the effect of competitive on operational performance of Star Rated Hotels in Uasin Gishu County. The results were as captured in Table 2. Multiple regression was conducted, first, to establish the effect of competitive advantage strategies on operational performance of Star Rated Hotels in Uasin Gishu County whose results were captured in Table 2, Model 1. Secondly, multiple regression was further conducted to establish the moderating effect of organizational policies on the relationship between competitive advantage and operational performance of Star Rated Hotels in Uasin Gishu County. The results were as summarized in Table 2, Model 2. Table 2, Model 1 shows a correlation coefficient (R) of 0.548, implying that competitive strategies had a strong positive association on operational performance of Star Rated Hotels in Uasin Gishu County. An R-square of 0.301 was obtained implying that 30.1% of the change observed in operational performance of Star Rated Hotels in Uasin Gishu County was as a result of competitive advantage strategies.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.548[a]	0.301	0.289	0.290	.301	39.943	3	178	0.000
2	0.661[b]	0.437	0.428	0.089	.136	3.293	1	177	0.000

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.568	3	8.189	39.943	0.000[b]
	Residual	36.447	178	0.205		
	Total	61.015	181			
2	Regression	30.154	4	7.539	43.236	0.000[c]
	Residual	30.861	177	0.174		
	Total	61.015	181			

Regression Coefficients

Models		Unstandardized Coefficients	Standardized Coefficients			**Sig.**
		β	**Std. Error**	**Beta**	**t**	
1	(Constant)	1.391	0.279		4.986	0.000
	Cost Leadership	0.701	0.164	0.537	4.724	0.000
	Product Differentiation	0.526	0.207	0.319	2.541	0.000
	Market Development	0.855	0.271	0.584	3.155	0.000
2	(Constant)	1.401	0.406		3.451	0.000
	Cost Leadership	0.712	0.119	0.593	5.983	0.000
	Product Differentiation	0.543	0.167	0.376	3.251	0.000
	Market Development	0.859	0.103	0.756	6.180	0.000
	Interaction Term (CAS*Policies)	0.428	0.104	0.324	4.115	0.000

Table 2: Multiple Regressions on Competitive Advantage Strategies and Operational Performance
a) Dependent Variable: Competitive Advantage Strategies;
*b) Predictors: (Constant), Cost Leadership, Product Differentiation & Market Development, Interaction (Competitive Advantage *Policies); And*
Significance Level, P<0.05
Source: Field Data, (2019)

The hypothesis ($H_0$1) stated that there is no significant statistical effect of competitive strategies on operational performance of Star Rated Hotels in Uasin Gishu County. The results, however, showed that there was a statistically significant statistical effect of competitive advantage strategies on operational performance of Star Rated Hotels in Uasin Gishu County (F=39.943; p<0.001). The null hypothesis that, 'there was a statistically significant effect of competitive strategies on operational performance of Star Rated Hotels in Uasin Gishu County,' was rejected and the alternate accepted. Following the unstandardized β coefficients and the constant, the following model was obtained:

$Y = 1.391 + 0.701X_1 + 0.526X_2 + 0.855X_3$……………………………………………….Eq. 1

Where Y is the operational performance of Star Rated Hotels in Uasin Gishu County, X_1 is the Cost Leadership, X_2 is the Product Differentiation process, and X_3 is the market development strategies. From the model, should cost leadership be adjusted by one unit, there would be a corresponding change in operational performance of Star Rated Hotels in Uasin Gishu County by 0.701 units keeping product differentiation as well as market development strategies constant. Should product differentiation process be adjusted by one unit, there would be a corresponding change in operational performance of Star Rated Hotels in Uasin Gishu County by 0.526 units keeping cost leadership as well as market development strategies constant. Should market development strategies be manipulated by one unit, there would be a corresponding change in operational performance of Star Rated Hotels in Uasin Gishu County by 0.855 units keeping cost leadership and product differentiation practices constant.

On introduction of organizational policies as the moderating variable, the results were summarized in Model 2. Table 2, Model 2 shows a correlation coefficient (R) of 0.661, implying that competitive advantage strategies moderated by organizational policies has an average positive association to operational performance of Star Rated Hotels in Uasin Gishu County. An R-square of 0.437 was obtained implying that 43.7% of the change observed in operational performance of Star Rated Hotels in Uasin Gishu County was accounted for by competitive advantage strategies moderated by organizational policies. There was a positive shift in R-square change by 0.136.

Hypothesis ($H_0$1) stated that, 'there is no significant statistical effect of competitive advantage strategies moderated by organizational policies on operational performance of Star Rated Hotels in Uasin Gishu County.' The results however show that there was a statistically significant statistical moderating effect of organizational policies on the relationship between competitive advantage strategies and operational performance of Star Rated Hotels in Uasin Gishu County (F=43.236; p<0.001). Following the unstandardized β coefficients and the constant, the following model was obtained:

$Y = 1.401 + 0.712X_1 + 0.543X_2 + 0.859X_3 + 0.428X*Z$ ………………………………….Eq. 2

Where Y is the operational performance of Star Rated Hotels in Uasin Gishu County, X_1 is the Cost Leadership, X_2 is the Product Differentiation process, X_3 is the market development strategies, and Z is the moderating variable (Organizational Policies). From the model, should cost leadership be adjusted by one unit, there would be a corresponding change in operational performance of Star Rated Hotels in Uasin Gishu County by 0.712 units keeping product differentiation process as well as market development strategies constant. Should product differentiation be adjusted by one unit, there would be a corresponding change in operational performance of Star Rated Hotels in Uasin Gishu County by 0.543 units keeping cost leadership as well as market development strategies constant. Should market development strategies be manipulated by one unit, there would be a corresponding change in operational performance of Star Rated Hotels in Uasin Gishu County by 0.859 units keeping cost leadership and product differentiation practices constant.

Comparatively, introduction of the moderating variable (Policies) creates a positive shift in the correlation coefficient from R= 0.548 to R= 0.661. The R-square also shifts positively from R^2= 0.301 to R^2=0.437. The adjusted R-square also shifts positively from R^2= 0.289 to R^2=0.428. The regression coefficients for the independent variables also had positive shifts from β_1=0.701 to β_1=0.712; β_2=0.526 to β_2=0.543; and β_3=0.855 to β_3=0.859. The interaction term for Competitive Advantage Strategies*Policies against operational performance of Star Rated Hotels in Uasin Gishu County was β_4=0.428. From the findings, it is evident that cost leadership and differentiation strategies would strongly determine operational performance levels of hotels. It is also indicative that without competitive strategies like cost leadership, product differentiation and market development strategies, hotels may not be able to create long-term positioning, an observation that was equally shared by Hinson, Abdul-Hamid, & Osabutey, (2017). Therefore, it becomes imperative that for Star Rated Hotels in Uasin Gishu County to succeed and achieve their respective organizational objectives, business organizations should adopt strategies that align them properly with operating environment, the aim of which is to avoid any mismatch between the organization and its environment. A number of stars rated hotels have opened in major urban towns and many more are in the pipeline. Mid-range hotels targeted by business travelers who may not want to spend too much money are also increasing. There is heightened competition in the industry and players risk losing business if they don't up their game (Waudo & Kamau, 2012). Kenyan hotels have become more complex to manage because of the demands of the dynamic business environment.

5. Conclusions

Hypothesis Four ($H_0$1) stated that, 'there is no significant statistical moderating effect of organizational policies on the relationship between competitive strategies and operational performance of Star Rated Hotels in Uasin Gishu County.' The results however show that there was a statistically significant statistical moderating effect of organizational policies on the relationship between competitive advantage strategies and operational performance of Star Rated Hotels in Uasin Gishu County (F=43.236; p<0.001). The introduction of the moderating variable (organizational policies) creates a positive shift in the correlation coefficient from R= 0.548 to R= 0.661 and regression coefficients from β_1=.701 to β_1=.712; β_2=.526 to β_2=.543; and β_3=.855 to β_3=.859. The interaction term for Competitive Advantage Strategies*Policies against operational performance of Star Rated Hotels in Uasin Gishu County was β_4=.428. The null hypothesis was rejected and the alternate accepted. The study therefore concluded that there was a significant statistical moderating effect of organizational policies on the relationship between competitive advantage strategies and operational performance of Star Rated Hotels in Uasin Gishu County.

6. Recommendations

First, following the conclusion that there was a significant statistical effect of cost leadership on operational performance of Star Rated Hotels in Uasin Gishu County, therefore, this study recommends that management of Star Rated hotels should consider cost leadership in their strategic plans and go ahead to progressively implement them so as to give a thrust to positive operational performance in Star Rated Hotels. Secondly, in view of the conclusion that there was a significant statistical effect of product differentiation on operational performance of Star Rated Hotels in Uasin Gishu County, this study recommends that future strategic plans should consider various product differentiations as a critical component in improving operational performance in Star Rated Hotels. Thirdly, the conclusion that there was a significant statistical effect of market development on operational performance of Star Rated Hotels in Uasin Gishu County, sets the study to recommend incorporation of market development strategy in both short-and long-term strategic plans for staff be established in the County as an avenue towards improving operational performance in Star Rated Hotels. Lastly, considering the conclusion that there was a significant statistical moderating effect of organizational policies on the relationship between competitive advantage strategies and operational performance of Star Rated Hotels in Uasin Gishu County, an inclusion of reasonable and strategic organizational policies is a direct route to improved operational performance in Star Rated Hotels.

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