
EFFECTS OF INNOVATIVE STRATEGIES ON COMPETITIVENESS OF FOUR STAR AND FIVE STAR HOTELS IN NAIROBI COUNTY

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Abstract

The objective of the study was to establish effects of innovative strategies on competitiveness of four star and five-star hotels in Nairobi County. The study will use a cross-sectional survey design because it enables the researcher to collect in-depth information about the population being studied. The study targeted four star and five star hotels in Nairobi County. The study respondents were 1 employee at the top management in each of the 36 hotels. Therefore the study targeted 36 respondents in four star and five star hotels in Nairobi County. The data was collected using questionnaires. The researcher administered the questionnaires to the respondents through drop and pick later method. The respondents were given a period of one week to fill in the questionnaire. The returned questionnaires were first checked for completeness, reliability and verification. Editing, coding and tabulation of the data according to the research questions followed the first step. Data was analyzed by descriptive statistics including the mean and standard deviation. Pearson's correlation analysis was used to determine the relationship between innovative strategies and competitiveness in four star and five star hotels in Nairobi County. The results were presented in form of tables. Multiple regressions were done to analyze the relationship between innovative strategies and competitiveness in four star and five star hotels in Nairobi County. Quantitative data was presented through statistical tools such as frequency distribution tables, pie-charts and bar-graph. Analysis involved the production and interpretation of frequencies counts and tables that will describe and summarize the data. The study found that product innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County; process innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County; marketing innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County and organizational innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. The study recommends the management to introduce goods and services that are new or that are appreciably enhanced with respect to its characteristics or intended use of the hotels this will lead to inevitable strong interaction within an organization's decision areas and with customers and suppliers; management of the hotels should embrace techniques, equipment and software that will enable the managers and employees to provide consistent services that meet some set standards this will ensure that the hotel is able to provide high quality standards for their services; the management of the hotels to conduct a research on the market to establish the needs of the customers and the market they intend to target this will help the marketing department to come up with effective ways to attain the set goals through marketing innovation.

Key Words: Product Innovation, Process Innovation, Marketing Innovation, Organizational innovation, Competitiveness

Introduction

The hotel industry makes a significant contribution to the economic development of the Country. Motivated by increasing competitive pressures and challenging economic times, the Kenyan hotel industry has since 2000 embarked on a course of innovation in response to the changing competitive landscape. Many hotels have been grasping surprising opportunities, responding to threats and outmaneuver their rivals to endure and succeed. Strategy can be defined as the direction and scope of an organization over the long- term that provides advantage for the organization through its pattern of resources within a demanding environment. Strategies exist at several levels in organizations, ranging from the overall business to individuals working (Thompson, 2006).

The study will be guided by Michael porter's competitive forces and resource based view theory. Porter (2008) identified five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. Porter upholds that understanding the forces that shape a sectors competition is the basis for developing a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices. Mahoney & Pandian (1992) stated that a resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors, which ultimately creates a competitive barrier.

Organizations are required to be more effective and efficient, execute better on business strategy and do more with less in order to become competitive. Due to the dynamic nature of the hospitality industry, most hotels needs to be innovative so as to cope with the changing needs in the market and also remain ahead of competition (Kotler 2000). Innovation is of particular significance to the hotel industry owing to the fact that their products are not easily protected through patents and copyrights and there is inherent need to maintain competitive advantage. Furthermore, by adopting innovations in their service, an industry creates a niche market for itself (Kamau &Waudu, 2012).

Product innovation is the introduction of a good or a service that is new or significantly improved in regard to its characteristics or intended uses, including significant improvements in technological specifications, components and materials, incorporated soft-ware and user friendliness among other functional characteristics. Process innovation is characterized as the usage of another or altogether enhanced creation or conveyance strategy and incorporates critical changes it methods, gear or programming (Tavassoli & Karlsson, 2015). Marketing innovation opens up new markets, or gives the firm's products a new position in the market with the intention to increase sales income. They are strongly related to pricing strategies, product offers, design properties, product placements and/or promotion activities. Finally, firm technological innovation is the implementation of a new organizational method in the firm's business practices, workplace organization or external relations. Firm technological innovations have a tendency to increase the performance of firms by reducing administrative

and transaction costs, improving workplace satisfaction and increase labour productivity (Slivko, 2013).

Firm's competitiveness is the ability of a firm to sell and supply goods and services in a given market capturing the awareness of both the limitations and challenges posed by firm's competition for the scarce resources. A firm is said to be competitive when it delivers products or services at a lower cost or higher quality than that of its competitors, or when it has unique characteristics that cannot easily be replicated elsewhere. Firm's competitiveness inspires firms to excel and exceed expectations. If a company is competing with another company, they will produce more quality products at unbeatable prices. How a firm is organized and how it uses its resources and capabilities to create unique, better or lower cost products or services determines its ability to develop a competitive advantage, become an industry leader and create excellent value for its customers and higher profits for itself (Khodadad, 2009).

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). The 4 and 5 stars hotels offer a high degree of personal service. The hotel lobbies are sumptuous, the rooms complete with stylish furnishing. They feature up to three restaurants all with exquisite menus. Room service is usually available 24 hours a day. Fitness Centers and valet and/or garage parking are typically available. A concierge is also available to assist clients (Forbes travel guide, 2014). As per the Kenyan Gazette Notice No. 3976 (Vol. CV- No. 62) there are currently thirty eight four and five star hotels in the country and fourteen are situated in Nairobi. The hotels have a bed capacity ranging from forty six beds to seven hundred beds.

Research Problem

Hospitality industries are facing increasing competition day in day out (Gursoy & Swanger, 2006). Consequently, hotels are becoming more and more aware of the need to customize services and improve general service performance to match the requirements of the modern day sophisticated clients. As client expectations are ever growing and ever changing, service providers have to find ways of inventing, developing and providing new and better service offers, better service delivery mechanisms. In the current highly competitive hospitality industry environment, it is not only essential to know the significance of innovation but to also identify suitable operational strategies that ought to be implemented to achieve desired goals. As per (Kim & Mauborgne, 2000), organizations ought to adopt approaches geared towards improving and introducing new viable ideas to products and services.

To attain a sustainable competitive edge, an organization needs to identify its main strength and position itself in such a manner that is above competition in that segment (Johnson & Scholes, 2002). So as to create a distinct competitive advantage over rivals, a firm must select right combination of target markets and marketing mix. Hotels continually seek new ways to acquire, retain and increase business, because the cost of losing customers is rising. Service is an important factor in retaining clients. The role of service is more important than ever, and is

expected to become even more critical with time (Choi & Chu, 2011). Hotels that have the ability to attract, satisfy and thus retain customers are more likely to survive than hotels that do not do so. Successful customer retention allows the hotel to build relationships with its customers.

Ivanović, Perman and Komšić (2016) evaluated the successful strategies in creation of innovative services in hospitality. The study revealed that new service development success for innovative new services depends on four key factors (Service product, Market, Process and Organizational). Rodríguez-Victoria, Puig and González-Loureiro (2017) did a study on clustering, innovation and hotel competitiveness: evidence from the Colombia destination. The study found that clustering had a positive direct impact on hotel competitiveness and innovation, and there is a positive effect of innovation on competitiveness. Krisnawati, Sule, Febrian and Hassan (2016) did a study on competitive strategy and its impact on hotel performance: a partial least square approach on Hotel Managers in Bali, Indonesia. The study found that the hotel in conducting its businesses, the competitive strategy impact the performance of chain hotels in Bali.

Gikonyo, Kithinji and Njeru (2017) did a study on role of technological innovation on the performance of small and medium enterprises (SMEs): a survey of Hotels in Nairobi. The study found that knowledge diffusion, technological capability, national innovation process and creativity have a significant influence on the hotels, performance in Nairobi County. Innovation is important for hotels to remain competitive, therefore the need of adoption of innovation strategies. To the researcher knowledge there is limited empirical evidence on effects of innovative strategies on competitiveness of 4 star and 5 star hotels in Nairobi County. This study sought to fill the existing research gap by answering the follow research questions? What are the effects of innovative strategies on competitiveness of 4 star and 5 star hotels in Nairobi County?

Research Objective

The objective of the study was to establish effects of innovative strategies on competitiveness of four star and five star hotels in Nairobi County.

Theoretical Review

The study was based on theory of the innovative firm and the resource based view theory.

Theory of the Innovative Firm

This theory was put forward by Lazonick (1991) an economist to help explain superior performance in the wake of imperfect markets. According to the theory the function of a firm is to transform productive resources into goods and services that can be commercialized. A firm can accomplish this through innovation. Accordingly, superior performance may be attributed through creation of quality products. Innovative firms have the ability to transforms productive resources into higher quality, lower cost goods and services translating to a gain for the customers and other participants in the economy. According to the theory, a firm is able to gain and sustain its competitiveness in its industry through innovation.

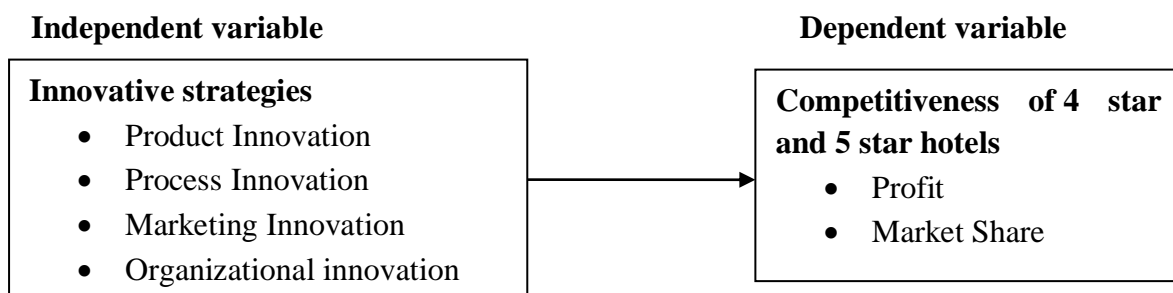
An innovative firm may also innovate to retain its market share against an innovative competitor or to gain a strategic market position in the market. Firms are able to compete, through innovation as opposed to varying price and quantity. In the short- term, an innovating firm is not dictated by an increase in cost but produces high quality products leading to a decrease in the unit cost with an increase in the market share (Lazonick & O’Sullivan 2000). The innovative firm is also able to use innovation to achieve differentiation by offering different products and services to customers that are unique. In this way innovation strategy enables firms to compete.

Resource Based View

Resource based view theory was pioneered by Barney (1995). Barney defined resources as all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by the firm that enable the firm to conceive of and implement strategies. Grant (1991) proposed a resource-based framework for strategy formulation that comprises analysis of the firm's resource base, appraisal of its capabilities, strategy selection, and the extension and upgrading of the firm's pool of resources and capabilities. The four main strategic approaches that an organization might adopt to attain competitive advantage is brand image, HR, IT and market niche draw on the resource based view of the firm. Although many hotels offer similar products, the resource competencies of brand image, HR, IT and market niche can differentiate each from its competitors. Product differentiation is more likely to apply to the choice of a competitive strategy that allows a hotel to compete on the basis of the quality or functionality of the product offering (Hibbets, Albright & Funk, 2003).

According to RBV proponents, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity (Galbreath & Galvin, 2008). In RBV model, resources are given the major role in helping companies to achieve higher organizational performance. There are two types of resources: tangible and intangible. Tangible assets are physical things. Land, buildings, machinery, equipment and capital all these assets are tangible (Hibbets, Albright and Funk, 2003). Physical resources can easily be bought in the market so they confer little advantage to the companies in the long run because rivals can soon acquire the identical assets. Intangible assets are everything else that has no physical presence but can still be owned by the company. Brand reputation, trademarks, intellectual property are all intangible assets. Intangible resources usually stay within a company and are the main source of sustainable competitive advantage.

Conceptual Framework



Empirical Research and Research Gaps

Nafula (2011) carried out a study on the effect of innovation on firm competitiveness: a study of small and medium enterprises in the manufacturing sector in Nairobi City County, Kenya. This study was conducted in SMEs in the manufacturing sector. The current study will focus on the service sector that is hotels. Riyadi and Sumardi (2017) studied the impact of innovation strategy toward business competitiveness of manufacturing industry in Surabaya, Indonesia. The findings of this study cannot be generalized to Kenya since the two nations operate in different economies.

Nandwa (2016) studied the effects of innovation strategies on financial performance: a survey of insurance firms in Eldoret. This study focused on innovation strategies and financial performance. The current study will focus on innovation strategies and competitiveness. Nhepera (2017) did a study on the influence of hotel product innovation on customer loyalty in Cape Town. The findings cannot be generalised to Kenya since the two nations operate in different economies. The current study aimed at establishing the effects of innovative strategies on competitiveness of four star and five star hotels in Nairobi County

Research Methodology

The study used a cross-sectional survey design because it enables the researcher to collect in-depth information about the population being studied. It also obtained information concerning the status of the industry and to survey what exists with respect to the hotel industry. The study also obtained information concerning the status of the innovation strategies being used. The design was also valuable for assessing opinions and trends. The study was a survey of four star and five star hotels in Nairobi County.

The study targeted four star and five star hotels in Nairobi County. According to a report by the tourism and hospitality department in Nairobi in 2017 there are 36 four star and five star hotels in Nairobi County. The hotel formed the unit of analysis for the study. The study respondents were 1 employee at the top management in each of the 36 hotels. Therefore the study targeted 36 respondents in four star and five star hotels in Nairobi County. The study used primary data. The data was collected using questionnaires. The researcher administered the questionnaires to the respondents through drop and pick later method. The returned questionnaires were first checked for completeness, reliability and verification. Editing, coding and tabulation of the data according to the research questions followed the first step. Data was analyzed by descriptive statistics including the mean and standard deviation. Pearson's correlation analysis was used to determine the relationship between innovative strategies and competitiveness in four star and five star hotels in Nairobi County.

Multiple regressions were done to analyze the relationship between innovative strategies and competitiveness in four star and five star hotels in Nairobi County. Multiple regressions measured quantitative data. The regression equation was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y = Competitiveness; β_0 = Constant term; X_1 = Product Innovation; X_2 = Process Innovation; X_3 = marketing Innovation; X_4 = Organizational Innovation; ε =error term; β_1 , β_2 , β_3 and β_4 are coefficients of determination.

Quantitative data was presented through statistical tools such as frequency distribution tables, pie-charts and bar-graph. Analysis involved the production and interpretation of frequencies counts and tables that described and summarize the data. The study also applied means, correlations and factor analysis to provide conclusions and comparisons on the variables.

Research Findings and Discussion

Innovative Strategies

Statements	1	2	3	4	5	Mean	Std. dev.
Products offered are frequently supplemented with new features and specifications for the customers	1	1	1	21	4	3.929	1.269
Products offered differ from competing models in the market.	1	1	2	21	3	3.857	1.261
Food and beverages frequently comprise new ingredients which are useful to the customers	0	1	2	23	2	3.929	1.404
The hotel provides a wide array of unique products to choose from	2	1	1	22	2	3.750	1.343
This hotel has availed multiple payment options which are faster and secure	1	1	3	22	1	3.750	1.342
Communication between the client and the employees has improved due to installation of the innovative communication apps	1	1	2	20	4	3.893	1.193
The hotel website has all the necessary requirements to place an order	1	1	2	22	2	3.821	1.336
The customer relationship management tool is always active and customized to client's needs.	1	0	3	20	4	3.929	1.193
The use of online tools and social media has helped the company grow and attract new customers	1	1	1	22	3	3.893	1.337
Customers' needs and preferences keep on changing	0	1	1	24	2	3.964	1.480
The business researches on what customers want before they ask for it	1	1	1	24	1	3.821	1.490

From the findings, the respondents agreed that customers' needs and preferences keep on changing as shown by a mean of 3.964, products offered are frequently supplemented with new features and specifications for the customers as shown by a mean of 3.929, food and beverages frequently comprise new ingredients which are useful to the customers as shown by a mean of 3.929, the customer relationship management tool is always active and customized to client's needs as shown by a mean of 3.929, communication between the client and the employees has improved due to installation of the innovative communication apps as shown by a mean of 3.893, the use of online tools and social media has helped the company grow and attract new customers as shown by a mean of 3.893, products offered differ from competing models in the market as shown by a mean of 3.857, the hotel website has all the necessary requirements to place an order as shown by a mean of 3.821, the business

researches on what customers want before they ask for it as shown by a mean of 3.821, the hotel provides a wide array of unique products to choose from as shown by a mean of 3.750, and this hotel has availed multiple payment options which are faster and secure as shown by a mean of 3.750.

Competitiveness of 4 Star and 5 Star Hotels

	1	2	3	4	5	Mean	Std. dev.
Competitor surveys inform our performance improvement plans	0	1	1	23	3	4.000	1.405
Our hotel Focuses on specific markets where it provides the best service	1	0	1	24	2	3.929	1.484
The hotel has a well-supported competitive strategy	1	1	1	23	2	3.857	1.411
The sales growth (%) has consistently increased	1	1	1	21	4	3.929	1.269
Customer satisfaction surveys inform our decision making process	1	1	2	23	1	3.786	1.415
We pride ourselves as cost leaders in the market with regard to food and beverage cost	0	1	1	24	2	3.964	1.480
Our hotel occupancy levels are better than our competitors	0	0	1	26	1	4.000	1.631
The hotel have highly differentiated products for our clientele with regard to variety of menus offered	1	1	1	20	5	3.964	1.208

From the findings, the respondents agreed that competitor surveys inform their performance improvement plans as shown by a mean of 4.000, their hotel occupancy levels are better than their competitors as shown by a mean of 4.000, they pride themselves as cost leaders in the market with regard to food and beverage cost as shown by a mean of 3.964, the hotel have highly differentiated products for their clientele with regard to variety of menus offered as shown by a mean of 3.964, the sales growth (%) has consistently increased as shown by a mean of 3.929, their hotel focuses on specific markets where it provides the best service as shown by a mean of 3.929, the hotel has a well-supported competitive strategy as shown by a mean of 3.857, and customer satisfaction surveys inform their decision making process as shown by a mean of 3.786.

Correlation Analysis

The results established that there was a strong positive correlation between product innovation and competitiveness of four star and five star hotels in Nairobi County as shown by $r = 0.878$, statistically significant $p = 0.000 < 0.01$; there was a positive correlation between process innovation and competitiveness of four star and five star hotels in Nairobi County as shown by $r = 0.884$, statistically significant $p = 0.000$; there was a positive correlation between marketing innovation and competitiveness of four star and five star hotels in Nairobi County as shown by $r = 0.886$, statistically significant $p = 0.000$; there was a positive correlation between organizational innovation and competitiveness of four star and five star hotels in Nairobi County as shown by $r = 0.835$, statistically significant $p = 0.002$. This implies that product innovation, process innovation, marketing innovation, and organizational innovation have effect on competitiveness of four star and five star hotels in Nairobi County.

Correlations Coefficient

		Competitiveness	Product innovation	Process innovation	Marketing innovation	Organizational innovation
Competitiveness	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	28				
Product innovation	Pearson Correlation	.878**	1			
	Sig. (2-tailed)	.001				
	N	28	28			
Process innovation	Pearson Correlation	.884**	.188	1		
	Sig. (2-tailed)	.000	.000			
	N	28	28	28		
Marketing innovation	Pearson Correlation	.886**	.172	.167	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	28	28	28	28	
Organizational innovation	Pearson Correlation	.835**	.137	.149	.1	1
	Sig. (2-tailed)	.002	.000	.000	.0	.00
	N	28	28	28	28	28

Multiple regression Analysis

Model Summary

Model summary is used to analyze the variation of dependent variable due to the changes of independent variables. The study analyzed the variations of competitiveness of four star and five star hotels in Nairobi County due to the changes of product innovation, process innovation, marketing innovation, and organizational innovation.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874 ^a	0.764	.739	.00182

Adjusted R squared was 0.739 implying that there was 73.9% variation of competitiveness of four star and five star hotels in Nairobi County due to the changes of product innovation, process innovation, marketing innovation, and organizational innovation. The remaining 26.1% imply that there are other factors that affected competitiveness of four star and five star hotels in Nairobi County which were not discussed in the study. R is the correlation coefficient which shows the relationship between the study variables. From the findings, the study found out that there was a strong positive relationship between the study variables as shown by 0.874.

Analysis of Variance

The analysis of variance ANOVA was used to determine whether the data used in the study is significant. From the ANOVA statistics, the processed data (population parameters) had a significance level of 0.001. This shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%.

Model		Sum of Squares	df	Mean Square	Sig.	F
1	Regression	69.154	4	17.289	42.360	.001 ^b
	Residual	9.387	23	0.408		
	Total	78.541	27			

The F calculated was greater than F critical ($42.360 > 2.796$). This shows that product innovation, process innovation, marketing innovation, and organizational innovation significantly influence competitiveness of four star and five star hotels in Nairobi County.

Beta Coefficients of the study Variables

The regression equation was

$$Y = 1.278 + 0.546X_1 + 0.449X_2 + 0.513X_3 + 0.435X_4$$

The equation above revealed that holding product innovation, process innovation, marketing innovation, and organizational innovation to a constant zero, competitiveness of four star and five star hotels in Nairobi County will be at 1.278.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.218	0.198		8.082	0.000
	Product innovation	0.546	0.211	0.771	2.207	0.000
	Process innovation	0.449	0.253	0.597	1.982	0.003
	Marketing innovation	0.513	0.287	0.457	1.519	0.001
	Organizational innovation	0.435	0.260	0.501	2.079	0.005

Product innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County as shown by ($\beta = 0.546$, $P = 0.000$). This shows that product innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. This implies that a unit increase in product innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

Process innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County as shown by ($\beta = 0.449$, $P = 0.003$). This shows that process innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. This implies that a unit increase in process innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

Marketing innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County as shown by ($\beta = 0.513$, $P = 0.001$). This shows that marketing innovation had significant positive relationship with competitiveness of four star and five star

hotels in Nairobi County. This implies that a unit increase in marketing innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

Organizational innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County as shown by ($\beta = 0.435$, $P = 0.005$). This shows that organizational innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. This implies that a unit increase in organizational innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

Conclusions

The study found that product innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County. The study further established that product innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. The study therefore concludes that a unit increase in product innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

The study established that process innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County. The study further established that process innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. From the findings, the study concludes that a unit increase in process innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

The study revealed that marketing innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County. The study also established that marketing innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. Based on the findings of the study, the study concludes that a unit increase in marketing innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

The study established that organizational innovation is statistically significant to competitiveness of four star and five star hotels in Nairobi County. The study further revealed that organizational innovation had significant positive relationship with competitiveness of four star and five star hotels in Nairobi County. The study therefore concludes that a unit increase in organizational innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County.

Recommendations

A unit increase in product innovation will result to increase in competitiveness of four star and five star hotels in Nairobi County. It is therefore important for the management to introduce goods and services that are new or that are appreciably enhanced with respect to its characteristics or intended use of the hotels this will lead to inevitable strong interaction within an organization's decision areas and with customers and suppliers. Modern day clients typically look at a hotel as an experience in itself not just as an accommodation facility the

management of the organization should therefore ensure that their hotels meet the expectations of their clients and also ensure that they are friendly to the environment because this has become the trend in demands by customers.

A unit increase in process innovation will result to increase in competitiveness. The study recommends that management of the hotels should embrace techniques, equipment and software that will enable the managers and employees to provide consistent services that meet some set standards this will ensure that the hotel is able to provide high quality standards for their services. The management should conduct frequent training of their staff members to ensure that they are able to meet the standards set by the hotel.

The study recommends the management of the hotels to conduct a research on the market to establish the needs of the customers and the market they intend to target this will help the marketing department to come up with effective ways to attain the set goals through marketing innovation. The hotels should also embrace marketing innovations this will increase sales by increasing product consumption leading to increase profits to the firm.

The study recommends that the hotels should embrace new organizational innovativeness by implementing new methods for organizing procedures and routines for the conduct of work, introduction of management systems, and quality-management system, implementation of new methods for allocating responsibilities and implementation of new ways of organizing relations with external firms /institutions this will significantly improve the performance of the firm.

Suggestions for further Studies

The objective of the study was to establish effects of innovative strategies on competitiveness of four star and five star hotels in Nairobi County. The study recommends replication of the research study in other counties in the country to enable generalization of the study. The study also recommends a study to establish factors affecting adoption of innovative strategies four star and five star hotels in Nairobi County.

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