EFFECT OF STRATEGIC FORMULATION DRIVERS ON PERFORMANCE OF SELECTED THREE STAR HOTELS IN MOUNT KENYA EAST REGION

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This thesis is my original work and has not been presented for a degree or any other award in any other University

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DEDICATION

I dedicate this work to my parents Julius Ng'olua Mwaine and Teresina Nkirote

N'golua; Joseph Ntombura-family; and my children Vanessa and Vianna for their

support and prayers.

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ABSTRACT

A strategic plan is an approach used to build a range of tactics that are used to attain an organizational direction. Consequently, this makes it quite clear that companies need to step up and develop plans that would help them achieve their goals and objectives. The purpose of the study was to investigate the effect of strategic formulation drivers on performance of selected three-star hotels in Mount Kenya east region. The specific objectives of the research focused on determining how communication, leadership style, financial resources, and stakeholders affected the performance of three-star hotels in Mt. Kenya East Region. The following theories anchored the study; strategic behavior theory, resource dependency theory, leadership theory and communication theory. This study adopted descriptive survey design on a target population of 21 general managers, 21 supervisors and 84 section heads in 21 hotels with a 3-star ranking. Census method was used to include 21 general managers, 21 supervisors and 84 section heads. Quantitative data inform of questionnaires was used to get primary information from respondents. Additionally, the study gathered secondary data for objectivity purpose from 2021-2023. A pilot study at the Izaak Walton hotel Embu County was conducted to establish validity and reliability. Descriptive statistics such as frequencies, percentages and mean were provided. Inferential statistics such as Pearson correlation, model summary, ANOVA and regression coefficients approaches were also employed. Data was presented using tables and figures. The study found out that the leadership styles and financial resources had strongest influence while stakeholder had the least influence on performance. The conclusions made on stakeholders was that the management had a rough time trying to satisfy all stakeholder's interests. On financial resources, the availability of financial resources enabled the process of formulating strategies easier since the hotels had financial capability to even suggest more challenging strategies that would be implemented with less strain. On leadership styles, it was noted that most hotels practiced mostly bureaucratic leadership style that did not take into considerations the opinion of the workers on how formulated strategies could be improved. On effective communication, it was concluded that the chain of communication was one way whereby it was the management that sent information to the staff for action but not from the staff to the management. The study's recommendation on stakeholders is that the management should consider using recent business models that could enable them combine various proposal into a more suitable strategy suitable for all stakeholders. On financial resources, the hotels shareholders should ensure that they widely consult financial experts on the best strategies they could apply to enable the hotels have a cutting edge and a niche in the market. On leadership styles, the management should attend leadership courses to learn on other critical leadership styles that can be applied to include junior staff into decision making. On effective communication, the management should strengthen a two-way communication policy framework to enable efficient communication pattern between the workers and the management.

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ACRONYMS AND ABBREVIATIONS

GDP   Gross Domestic Product

KeMU   Kenya Methodist University

KIM   Kenya Institute of Management

KNBS   Kenya National Bureau of Statistics

NACOSTI   National Commission for Science, Technology and Innovation

OPI   Organizational Performance Index

SCA   Sustainable competitive advantage

TRA   Tourism Regulatory Authority

WTTC   World Tourism Trade Conference

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A strategic plan is an approach used to build a range of tactics that are used to attain an organizational such as a hotel's direction. The word economy has been able to be boosted by $8.8 trillion in 2018 through the world-wide hotel industry which is a subset of the larger tourism and travel industry. The hotel sector continues to be one of the main engines of economic growth in Africa, accounting for 8.5% of GDP in 2018, or $194.2 billion, up from 8.1% in 2017 and 7.8% in 2016. The Kenya National Bureau of Statistics [KNBS] states that the hotel sector is still one of Kenya's main economic drivers. The hotel sector has been consistent towards its GDP contribution which rose from 14.4% in 2017 to 16.6% in 2018 (KNBS, 2019).

There are around 225 hotels in the hotel business that are rated one to five stars, which translates to 16,156 sellable rooms. These rooms have a capacity of 26,786 beds. Global hotel occupancy rates with periodic peaks and troughs, have remained largely steady from fifty percent to eighty percent in recent years. In Europe, hotel occupancy rates tripled throughout the period under review, with rates in the Middle East and Africa dropping to roughly 47.5% (Heuvel, 2022). In Kenya, the hotel occupancy rates in averaged 48% in 2017 while the continent's occupancy rates increased from 54.9% in 2016 to 58% in 2019. It is worthy to note that the percentage of hotel beds occupied in Kenya fell to 30.800% in 2019 from 32.50% in 2018, and averaged 36.25% from 2002 to 2019 (Marigu et al., 2018).

Any organization's ability to accomplish its stated objectives depends in part on its level of success. The health and the longevity of an organization are based on factors in the manner in which the group's leader acts toward its members (Alonderiene & Majauskaite, 2016) and the cash accessible to a firm for spending in terms of cash, liquid securities and credit lines (Peterson & Strode, 2020). Therefore, the ability of businesses to use their assets, determines how effectively and efficiently they communicate their strategies to the relevant stakeholders.

Therefore, this contributes to the expansion of the national economy nationwide (Nagele, 2018). Hotel performance holds great significance for a variety of stakeholders, including investors and the legislature. This is because, it represents an outcome attained by an individual or group within an organization that is accountable for its authority and responsibility to accomplish the goal in a lawful, ethical, and determined manner (Zhou et al., 2022).

The number of hotels worldwide has increased by over 25% in recent years, marking an incredible period of expansion for the hotel business. The fierce rivalry in the world travel business presents a significant obstacle for strategic management. Rapid shifts in economies and industries have made the world more competitive, raising the use of strategic formulation. Creating a global competitive edge and comprehending how globalization and technology impact a company's competitive positioning, are the key factors that determine strategic management in the modern business world.

According to Gagné (2018), a strategic plan is a collection of procedures used to create a variety of strategies that will help the organization achieve its goals. Consequently, this makes it abundantly evident that businesses need to create tactics that would motivate their team to meet goals. Strategic formulation is seen as a method for figuring out an organization's direction for the next five to ten years. A hotel business must first

ascertain precisely where it is, then decide where it wants to go and how it would get there. In the long-term, this is what a strategic plan is all about.

The idea and practice of developing strategic plans have gained popularity globally and in a variety of industries (Boh & Wong 2013). This is because, it is thought to increase organizational effectiveness. Therefore, the process of creating and executing strategic plans to direct an organization's performance is now regarded seriously by both public and private enterprises. Formalization is a key component in creating a framework for planning and implementing strategies. However, lack of understanding of the variables influencing the implementation process frequently leads to the adoption of a strategic plan being partially implemented.

The idea of organizational performance is essential to organizations since making money is their main objective. Iravo et al. (2013) stated that the important question of why some organizations succeed while others fail, have an impact on a study on the characteristics that promote organizational performance. Rigii (2019) posted that success in business required the identification of performance drivers at all organizational levels and the achievement of high returns.

One technique that aids businesses in keeping an eye on performance, pinpointing problem areas, boosting motivation, fostering better communication, and fortifying accountability is performance measurement. Hotel managers have the same authority to change policies and other organizational operating procedures in response to performance reviews as any other manager. The main financial drivers of improved performance, according to the financial perspective, are profit margin, asset turnover, leverage, cash flow, and working capital.

Under the customer emphasis, performance is defined in terms of brand image, customer satisfaction, customer profitability, and customer retention. Internal processes are concerned with how well each system functions inside the organization, while innovativeness is more about how well a corporation can adapt to changing conditions. One of the performance drivers of strategic management is the process of translating company strategies into concrete results.

Strategic formulation is a disciplined approach that uses management procedures and concepts to identify an organization's purpose or corporate aim towards undertaking a project. It selects an appropriate target to satisfy the objective, takes into account environmental constraints, possibilities, and creates an action plan to accomplish the goal. In today's cutthroat environment, a company's ability to perform, depends critically on how well its management is executed through the application of strategic management (Murimbika & Urban, 2013).

The process by which an organization formulates its strategies is known as "strategic management". It starts with missions and visions that are materialized into firm-wide goals and objectives. Once the definite direction has been established, strategic management moves forward with strategic analysis and planning, plan design, plan implementation, and final assessment of previous outcomes (Blumentritt, 2006).

One important step in the strategic management process is the examination of the environmental scanning. The development of strategies is directly impacted by environmental studies. More creative and adaptable solutions are needed to meet these problems experienced in unfavorable environmental conditions. In 2013, Odle-Dusseau et al. (2018) asserted that all of the environmental scanning models that business strategists have created over the years can greatly assist a corporation in critically

watching how the corporate sector is changing. Economic and environmental considerations have a significant impact on the design of the strategic management process.

1.1.2 The Hotel Industry in Kenya

In recent years, the number of hotels worldwide has increased by over 25%, demonstrating the remarkable growth of the hotel business worldwide (Kingi, 2013). The hotel industry has been found to be one of the most significant sectors with a positive association to the tourism industry. In addition to star ratings and membership in international hotel associations, the broader pressures brought about by globalization and internationalization have also put hotels under pressure to perform better (Mureithi et al., 2019).

According to KNBS (2012), the present global economic conditions are predicted to drive up the cost of hotel services worldwide. Kenya's hotel sector is dealing with a number of issues that have been having an impact on operations. These difficulties include, among other things, a lack of strategic formulation, inadequate organizational procedures, a lack of trained personnel, inadequate infrastructure, and insecurity. Kenya is regarded as one of the top tourist destinations in the world but recent terrorist attacks and post-election violence have severely hurt the hotel sector (Kurian & Nafukho, 2022). Employee layoffs have resulted from the closure of numerous hotels. Similar to this, the demands of the fast-paced corporate climate have made managing Kenyan hotels more difficult.

Hotels are struggling to keep up with the demands of their patrons and keep up with the increasingly complex production and service technology. According to Kamau (2008), Kenya's hotel industry has been confronted with a number of difficulties that have

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threatened its continued survival. These difficulties include economic difficulties, technical advancements, sociocultural shifts, and competitiveness. Similar to other businesses, hotels are utilizing planned management presentation drivers to meet the requirements for worldwide recognition, including star ratings, company of the year honors, standardization certificates, and participation in professional bodies.

Hotel industry is one of Kenya's highest earners and a source of income for thousands of families. It is linked to the agricultural, tourism, and transportation sectors, making its survival crucial to the country's economic growth and development. The Tourism Regulatory Authority (2022) reported that there were 63 three-star hotels in Kenya, compared to 24 five-star hotels and 60 four-star hotels. Kariru and Ndungu (2021) stated that the Covid-19 Pandemic had the greatest impact on three-star hotels. Prior to the epidemic, three-star hotels in Kenya were the most popular and hence employed a large number of staff members (Nzioka & Njuguna, 2017). As a result, the three-star hotels were perfect for this study because they attracted a lot of guests and staff. The purpose of this study was to determine how turnaround tactics affect the organizational performance of Kenya's three-star hotels (Ojong, 2022).

The growth of the hotel sector has been recognized by several countries in sub-Saharan Africa as a key driver of economic diversification. Consequently, the examination of hotel and restaurant enterprises in these countries has been emerging as a noteworthy area of inquiry. For instance, tourism revenue in Kenya which is a significant source of foreign exchange gains, increased from Kshs. 73.7 billion in 2010 to Kshs. 97.9 billion in 2011 by 32.8% (KNBS, 2012). Kenya offers exceptional and distinctive lodging, allowing visitors to experience the true essence of Africa. The lodges, tented camps, bush homes, and home stays that cater for safari guests may accommodate a broad variety of party sizes. Hotels along the shore provide a range of lodging options that

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face the fine and white sand beaches. For business travelers, there are many traditional downtown hotels with excellent conference spaces.

According to a 2009 study by the Kenya Tourism Board, there were 2,228 licensed hotels in the nation with a total capacity of 72,665 beds. Majority of these hotels were run and controlled by private companies. Approximately 6% of all hotels with a license were above average, accounting for 46% of all beds at a very high level. Of the total hotel capacity, 54% were budget and economy hotels. These hotels, which were mostly found on the outskirts of metropolitan cities, were of average to fair quality and had reasonable pricing for budget-conscious guests (KTB, 2009).

The conventional beach product, which fueled the explosive growth of tourism infrastructure and beach resorts in the late 1970s and early 1980s, accounts for about 20% of all hotels in Kenya and 39% of total beds. Of the hotel categories that are identified, 46% of the above are situated along the coast, making up 55% of the total number of beds (KTB, 2009). Since the majority of hotels are privately held, competition has driven greater investment in modernizing the stock, which has improved the quality of service. Kenya is home to a number of high-end international hotel chains, including Hilton International and Intercontinental Hotels (KTB, 2009).

According to a 2013 survey by the World Travel & Tourism Council, travel and tourism directly contributed Khs. 450 billion (12.5% of GDP) to the GDP in 2012. In addition, taxes, duties, license fees, and entry fees are only a few of the ways that the industry contributes significantly to government revenue (World Trade Tourism Conference, 2012). Owing to its interconnection with other industries, tourism has a highly multiplicative impact on the economy. This translates into its potential to generate demand for goods and services produced locally, offer a broad market for agricultural

products, foster regional development, and even establish new commercial and industrial ventures.

The number of hotels that have opened in Mt. Kenya region over the last five years has doubled, pushing many landowners to turn their rental homes into businesses. There weren't many hotels in Mt. Kenya East Region at first, but that has changed recently as new establishments have entered the constantly expanding sector. When it comes to tourism and hospitality, Meru has traditionally lagged behind as compared to Laikipia and Isiolo. However, this has been changing with hotels recently gearing towards business tourists built throughout Meru town.

These hotels are a little better than one-star accommodations because they are cleaner, feature private bathrooms (though don't anticipate a bathtub), maybe a phone, a TV (albeit not many channels), and a 24-hour front desk. To keep its ranking, the hotel must maintain the upkeep of its facilities and cleanliness. These hotels thereby strike a compromise between affordability and comfort. They offer a variety of reasonably priced room types, good security, free WiFi in public spaces, and an on-site restaurant or bar. A phone for contacting reception should also be provided in the rooms, along with TV, room service, and a little bit more furniture (maybe a sofa, closet, and reading table in addition to the bed and bed). For increased privacy, they might have a separate bathroom connected to the bedroom (Onyango, 2018).

1.2 Statement of the Problem

Mt Kenya Region located in Kenya, boasts of natural beauty, cultural heritage, and tourism potential. To harness these assets effectively, the county government must strategically plan and manage hotel development. An ideal formulated strategy should include training programs, skill development, and employee retention strategies that

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elevate hotel service standards. It should also assess financial feasibility, attract investors, and secure funding for hotel projects (Abdille, 2021). Strategic formulation should also integrate eco-friendly practices, waste reduction, and energy efficiency to ensure sustainable hotel growth.

However, management challenges persist in achieving optimal hotel formulation. This is due to ineffective strategies formulated that have deprived the hotels on identification of unique selling points, target specific customer segments, and create a competitive edge in the hotel industry (Njue, 2022). Failure to address these challenges and leveraging strategic insights, the hotel industry will not attract high numbers of tourists, leading to increased number of closed hotels hence failing to contribute to economic growth.

Prior studies looked at the relationship between the performance of Nairobi City's three-star hotels and strategic management techniques, which prioritized strategic formulation, implementation, monitoring, and evaluation (Ndung'u & Kavinda, 2019). The ways in which hotel managers establish strategy and identify crucial success criteria for its creation and implementation have been studied in order to get insight into their viewpoints. Qualitative data was obtained through semi-structured interviews conducted at the property level with senior hotel managers in Hong Kong. The findings led to comprehension. identifying the components needed for a strategy to be implemented successfully in the hotel industry (Köseoglu et al., 2020).

Hotels offer various amenities; their strategic formulation status may vary. It's essential for each hotel to develop a well-defined strategy to enhance their performance and sustainability. Strategic formulation is pivotal for Mt. Kenya East Region hotels. Proper strategic formulation is essential for hotels in Kenya to thrive, adapt to changing

dynamics, and achieve sustainable success the current study proposed to study the effects of strategic formulation on performance of 3-star Hotels in Mount Kenya East by undertaking a survey of selected Hotels.

1.3 Purpose of the Study

The purpose of this study was to examine the effect of strategic formulation drivers on Performance of 3-star Hotels in Mount Kenya East.

1.4 Specific Objectives

i.   To explore stakeholders, influence on strategic formulation on performance of 3-star hotels in Mount Kenya East Region.

ii.   To investigate financial resources influences on strategic formulation on performance of   3-star hotels in Mount Kenya East Region.

iii.   To examine leadership styles influences on strategic formulation on performance of 3-star hotels in Mount Kenya East Region.

iv.   To establish the effective communication influences of strategic formulation on performance 3-star hotels in Mount Kenya East Region.

1.5 Research Hypothesis

$H_0 1$: There was no significant relationship on the influence of stakeholders on strategic formulation on performance of 3-star hotels in Mount Kenya East Region.

$H_0 2$: There was no significant relationship on the influence of financial resources on strategic formulation on performance of 3-star hotels in Mount Kenya East Region.

$H_0 3$: There was no significant relationship on the influence of leadership styles on strategic formulation on performance of 3-star hotels in Mount Kenya East Region.

$H_0 4$: There was no significant relationship on the influence of effective communication on strategic formulation on performance of 3-star hotels in Mount Kenya East Region.

1.6 Justification of the Study

For the most part, Kenya's hotel industry is equipped for dire situations. Due to unsustainable performance, hotels and other hospitality establishments have had to reduce staff or close their doors at times of crisis, as the Covid-19 pandemic. One could argue that this poor performance is the result of either poorly thought out or nonexistent strategies. The creation of strategies has become crucial, particularly in light of the hotel industry's mounting issues. When it comes to developing strategies, the majority of hotels have resorted to taking and executing management choices that have been proven effective in other contexts.

This hasn't worked out, though. It was crucial to remember that there were still other aspects to consider when formulating a plan, even though these have been the subject of numerous researches. Many hotels still have had difficulty striking a balance between profitability and the strict standards for quality. There hasn't been much research done to address the issue of hotels' unsustainable performance. In light of this, the purpose of this study was to determine the variables that influence the development of strategies in Kenyan hotels by employing star-star hotels in Mount Kenya East as a case study.

1.7 Significance of the Study

The numerous stakeholders in society would gain a great deal from the research. Organizations must maintain their competitiveness in order to endure over the long term, given the dynamic and fiercely competitive nature of the business world. This research was essential to comprehending the driving forces behind the execution of

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strategic plans as well as the variables influencing the success rate of such initiatives in the hotel industry. The research study would be important to the academicians because it would help them identify areas that need more investigation and provide them with additional knowledge about the notion of strategic plans in the Kenyan hotel business. The planned study would contribute to the form of information already available in the subject of deliberate plans.

In actuality, the study could help hoteliers develop and implement strategic channels for distributing their offerings and aid the sector in furthering its penetration of both the domestic and foreign markets. The study would open ideas about how to provide novel products to their clientele, which could help the hotel business come up with ideas for product diversification. This would raise the sector's revenue and improve client satisfaction even further. These results of this study could also be used by the government, through the Ministry of Tourism and the Kenya Association of Hotel Keepers, to identify areas that need support in order to develop laws and policies that would create a favorable business environment.

The study would also new knowledge when the effect of strategic formulation drivers on Performance of 3-star Hotels in Mount Kenya East is known in strategic management.

1.8 Limitations of the Study

Since the study only looked at 3-star hotels in Mount Kenya East region, its findings could not apply to other 3-star hotels in Mount Kenya East region. It's possible that the respondents were reluctant to discuss delicate and pressing matters that impede the effective execution of strategic strategies within their companies. In order to prevent this, the drop and pick method would increase the response rate, and the research

assistants would be more motivated to assist in keeping field members attentive on completing the survey filling exercise through rationalization of the introductory letter. The potential effects of these constraints shall be avoided and minimized as much as feasible with extra caution.

1.9 Scope of the Study

Mount Kenya is located in the former Eastern province of Kenya, now the Eastern region of Kenya, about 16.5 kilometers (10.3 mi) south of the equator, around 150 kilometers (93 mi) north-northeast of the capital Nairobi. The study, was conducted on the 3-star hotels in Mount Kenya East region. The study targeted top managers, middle managers and section heads. The study adopted closed ended questionnaires to collect data from the respondents.

1.10 Assumptions of the Study

It was assumed that the hotels included in the study had a functional board of management of whom the general managers, supervisors and section heads were part of them. It was also assumed that the respondents would provide accurate account on the issues affecting formulating strategies and whose effect was felt through the performance of the hotel.

1.11 Operational Definition of Terms

Communication

Information is passed or channeled from one being (person, organization, place, or level) to another in order to achieve particular goals (Ashby-King & Hanasono, 2019).

Financial Resources

The cash accessible to a firm for spending in terms of cash, liquid securities and credit lines (Peterson & Strode, 2020).

Formulation

Formulation is the art of making something with great attention to detail, either through creation or preparation. Additionally, it might designate a particular set of concepts, terms, or materials (Chakrabarty, 2020).

Implementation

This is putting strategy into practice. involves allocating the company's resources and inspiring employees to meet goals (Wersa & Madsen, 2017).

Leadership Style

The strategy a leader uses to sway followers. It is the manner in which the group's leader acts toward its members (Alonderiene & Majauskaite, 2016).

Performance

This includes everything from carrying out assignments quickly to enthralling spectators with creative performances. In the workplace, on stage, or with money (Madani et al., 2017).

Strategic Plan

Refers to the long-term strategy and reach of an organization that, by strategically allocating its resources and competencies, gains an advantage in a changing environment while achieving its objectives and meeting the expectations of its stakeholders (Bryson et al., 2018).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The majority of this chapter's attention is directed toward earlier writings by authors, academics, and researchers. Theoretical overview, strategic formulation as a means of gaining a competitive edge, the difficulties facing strategies and external environmental elements influencing strategic formulation was the main topics of discussion.

2.2 Theoretical Review

A theory is defined as a set of linked terms, concepts, and assertions that provide a methodical explanation for occurrences in an attempt to foresee or explain the phenomena by identifying links between variables. This study was built around the theories regarding communication, management, resource reliance, and strategic behavior.

2.2.1 Stakeholder Theory

Stakeholder theory was developed by Freeman (1984) and guided stakeholders variable. Understanding the interests and influences of different stakeholders involved in creating value within businesses was made easier with the help of stakeholder theory. Stakeholder theory promoted a comprehensive strategy by taking social and ethical issues into account in addition to economic ones. Stakeholders in hotels included customers, staff, suppliers, investors, local communities, and regulatory agencies (Berman & Johnson-Cramer, 2019). A key component of sustainable management was acknowledging their varied interests. Stakeholders had a big say in how hotels implement environmentally sustainable practices. Stakeholder involvement had an impact on hotels' adoption of ecologically sustainable policies and practices (ESPPs),

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according to Australian research. In order to match their operations with sustainability objectives, hotel managers interacted with stakeholders. For hotel management, stakeholder theory offered a strategic framework (Weiss, 2014).

Hotels made well-informed decisions on resource allocation, community engagement, and long-term planning by identifying and prioritizing stakeholders. Stakeholders encompassed not only the hotel property but also its suppliers and partners. Stakeholder theory was a tool that hotels used to manage their supplier relationships and ensure ethical sourcing, quality, and affordability (Bryson, 2018). Stakeholder interests impacted corporate social responsibility, or CSR. Hotels executed CSR programs that benefited the company and the society at large more successfully when they had a clear understanding of stakeholder expectations. Hotels were prompted to reconcile competing interests under the stakeholder theory. For instance, in order to be financially viable, hotels took into account community impact, staff well-being, and client happiness (Chan, 2021).

Stakeholder theory tended to present an under socialized view of human behavior. It focused on rational calculations and overlooked social norms, trust, and cultural factors. In reality, human interactions were influenced by more than just economic considerations. In summary, stakeholder theory offered a lens through which hotels navigated complex relationships, addressed sustainability challenges, and created value for all stakeholders involved (Donaldson & Preston, 1995). The theory further underpinned the objective whether stakeholders influenced the effectiveness of planned organization formulation on performance of 3-star hotels in Mount Kenya East region.

2.2.2 Transaction Cost Theory

The Transaction Cost Theory (TCT) was developed by Coase (1937) and guided financial resource variable. This theory focused on understanding the costs associated with transactions within organizations, had its roots in the work of American economist Ronald H. Coase. Coase's groundbreaking insights laid the foundation for TCT, and his contributions continue to shape our understanding of transactional efficiency and governance. The hotel industry's application of transaction cost theory (TCT). TCT was a useful framework for comprehending the advantages and disadvantages of transactions that take place inside businesses (Cole & Millett, 2019).

TCT highlighted that the businesses incurred expenses while doing business with outside parties. These expenses consisted of search, negotiation, and enforcement fees. These transaction costs were incurred by hotels in their dealings with suppliers, visitors, and other stakeholders (Frieder, 2018). The term "asset specificity," which described how tailored an asset was for a certain transaction, was highlighted by TCT. Assets at hotels were industry-specific (e.g., kitchenware, hotel rooms) or hotel-specific (e.g., trained staff, specialized software) (Roome & Louche, 2016). Transaction frequency was taken into account by TCT. In order to save transaction costs, hotels that did business with suppliers or partners on a regular basis decided to establish long-term relationships. To guarantee a consistent supply of commodities, a hotel chain could, for instance, enter into exclusive arrangements with its suppliers. Future event uncertainty had an impact on transaction costs.

Hotels had to deal with unpredictability in terms of shifting demand, shifting laws, and shifting economic circumstances (Hapsari et al., 2019). According to TCT, hotels might

favor long-term agreements or vertical integration as a way to reduce uncertainty. TCT supported hotels in their make-or-buy choices.

It was better for a hotel to manufacture a good or service on-site or to obtain it from an outside vendor. For example, in order to cut expenses and concentrate on its core skills, a hotel chose to outsource laundry services. Hotels had the ability to provide seamless experiences for suppliers and guests by utilizing their ability to manage transaction attributes, which included asset specificity, frequency, and uncertainty (Heuvel, 2022). To maximize efficiency and effectiveness, adopting TCT in the hotel business entailed analyzing transaction costs, determining asset specificity, and strategically managing connections (Jones, 2018). Critics argued that TCT presented an under socialized view of human behavior.

It tended to focus on rational calculations and overlooked the impact of social norms, trust, and cultural factors (Kim & Auh, 2019). In reality, human interactions were influenced by more than just economic consideration. TCT underpinned the objective on to investigate how financial resources influenced of planned organization formulation on performance of 3-star hotels in Mount Kenya East region.

2.1.3 Leadership Theory

James MacGregor Burns was the proponent of leadership theory in the 1970s and it guided leadership styles. James MacGregor Burns found that a leader who prioritized the needs, values, and beliefs of their followers had the power to transform organizations and people alike (Kurian & Nafukho, 2022). Good leadership was essential for influencing company culture, employee engagement, and overall performance in the fast-paced, customer-focused hotel and tourism sector. The focus of transformational leadership was on changing the attitudes, beliefs, and values of

followers in order to inspire and motivate them to go above and beyond their expectations (Bhana & Suknunan, 2022).

Transformational leaders in the hotel industry focused on teamwork, motivation, and empowerment. Positive effects included increased commitment, improved performance, service innovation behavior, and enhanced life satisfaction among employees (Madani et al., 2017). The leaders in the hotel industry created a conducive environment for human resource management, promoting human dignity and flourishing. Ultimately, embracing transformational leadership principles benefited both individuals and society through improved sustainability indices (Ruben & Gigliotti, 2021).

Over the past 13 years, research on leadership styles in the hospitality sector had advanced. Nonetheless, there were conceptual and practical similarities between several leadership philosophies. The difficult part of leadership was figuring out how different leadership philosophies contributed in a hotel setting. Research on antecedents' factors that influenced leadership behavior had lagged behind studies on leadership styles (Murimi & Wadongo, 2021). Research on the factors that influenced leadership effectiveness in hospitality environments was still needed. Combining theories from other academic fields improved our comprehension of leadership.

Nonetheless, there was a lack of integration of theories in the hospitality industry. Scholars investigated the ways in which leadership theories interacted with organizational culture, guest expectations, and obstacles unique to a certain business (Ndung'u & Kavinda, 2019). Few research works had looked at narcissistic leadership in the hospitality sector. For example, research in Turkey's five-star hotels discovered that narcissistic leadership had a detrimental impact on staff embeddedness (Bose &

Haque, 2021). Leadership theory was in line with the objective to examine how leadership styles influence of planned organization formulation on performance of 3-star hotels in Mount Kenya East region.

2.2.4 Social Exchange Theory

The Social Exchange Theory (SET) was developed by Homans (1958) and guided effective communication. According to SET, staff members assessed their working connection with the company using the resources that were exchanged. Perceived organizational support in the hotel sector pertained to the belief that the organization cherished and upheld its workforce (Obuobisa-Darko, 2020). Strong organizational support increased the likelihood that hotel staff members showed commitment, loyalty, and positive behaviors in return. The significance of psychological empowerment the sense of being in charge, capable, and having an impact at work was emphasized by social exchange theory (West, 2019).

Employee empowerment in hotels increased motivation and readiness to contribute through training, autonomy, and meaningful activities. According to SET, when workers felt supported and treated fairly, they became more passionate, dedicated, and eager to go above and beyond to deliver exceptional guest service were characteristics of engaged hotel staff. Service-first corporate citizenship beyond the official duties of a profession, conduct referred to voluntary actions (Rigii et al., 2019). This involved assisting guests, supporting coworkers, and upholding a positive work atmosphere in hotels.

Work engagement and perceived organizational support were mediated by psychological empowerment. Employees were more inclined to act in ways that were advantageous to the company and themselves when they felt empowered (Rotich &

Deya, 2021). To put it briefly, implementing SET in the hotel sector entailed acknowledging the mutual nature of employee-organization connections, encouraging psychological empowerment, and cultivating perceived organizational support. By integrating SET principles into their operations, hotel managers improved client experiences, employee happiness, and performance (Siegel & Leih, 2018). This theory was in line with the objective on to establish how effective communication influenced of planned organization formulation on performance of 3-star hotels in Mount Kenya East region (Akrout & Nagy, 2018).

2.3 Performance

Currently, a lot of Kenyan hotels are having trouble earning Company of the Year Awards and International Organization for Standardization (ISO) certification. By concentrating on obtaining the coveted five-star certification, hotel managements in Kenya have further refined this ambition. Hotels have a window of opportunity to join international organizations and initiatives as a result of this designation. As a result, in order to meet their higher financial and non-financial goals, many hotels have been forced to use performance assessment systems. Kenyan academics and professionals in the hotel sector have had difficulty evaluating company performance and identifying best practices. An examination of the factors influencing the business was warranted, as hotels plays a crucial role in Kenya's tourist sector, which is a key pillar of the country's economy. On the other hand, research on hotel performance measurement was still scarce.

Kenyan hotels are rated using a five-star system, with five being the highest level of luxury; other star ratings include four, three, two, and one stars. The World Organization of Tourism is the body responsible for establishing the standards for hotel

accountability and deciding whether to award them a one- or five-star rating (Hassan et al., 2022). A high standard of personalized service is provided by the 4- and 5-star hotels. Luxurious hotel lobbies and chic furnishings adorn the rooms. There are up to three restaurants there, each with a fine menu. Room service is typically offered around-the-clock. Usually available are fitness centers and valet or garage parking. Additionally, a concierge is on hand to help customers (Forbes travel guide, 2014). According to Kenyan Gazette Notice No. 3976 (Vol. CV- No. 62), Nairobi is home to fourteen of the nation's thirty-eight four- and five-star hotels. The hotels may accommodate anywhere between 466 and 7 hundred beds.

Star ratings play a crucial role in Kenya's hotel industry by helping facilities compete effectively and influencing turnover. They also discovered that hotel ratings in Kenya made it easier for visitors to choose their accommodations because they could quickly distinguish between services (Murimi & Wadogo, 2021). In their research, Wszendybył-Skulska & Panasiuk (2024) examined many worldwide hotel classification schemes and found that hotel quality classification is influenced by the variety of the hospitality sector. He went on to say that depending on the characteristics of the program and the classification, many nations and areas may select different strategies. When expectations and experiences are compared in the service industry, a customer's perception of quality is what emerges

Financial matrices such as firm over capacity, short-term financial management, profitability, liquidity, solvency, and repayment capacity are used to gauge performance. Profit is defined as the wealth generated by a business via the use of its available resources (Hinton, 2020). On the one hand, a company's liquidity is measured by its current ratio and quick ratio, which show how well-positioned it is to keep liquid cash and cash equivalents to pay down debt on time (Hamilton-Ibama & Ogonu, 2022).

According to the former, solvency is the capacity of an organization to pay off debt in the event that all of its assets are sold and to bounce back from a difficult financial situation. How successfully a hotel manages its short-term financial objectives, such as working capital management and inventory management, can also be used to gauge its financial performance. Financial efficiency, on the one hand, quantifies how well a company uses its resources to generate gross revenues and how well it produces, buys products, sets prices, and makes financing decisions (Hamilton-Ibama & Ogonu, 2022). Every company's performance success is based on its financial goals. An organization's overall performance could be inferred from the financial activities of the company in monetary terms.

The whole wealth of the business throughout a specific time period could likewise be ascertained using this data. Return on assets (ROA) along with return on equity are the two metrics most frequently used to assess financial success (ROE). The return on equity, or ROE, is a metric used to assess the earnings on the shareholder's investment in equity over time. It also serves as a gauge of the returns on the capital invested by the company's owners, or equity holders. The return on total assets after taxes and interest was calculated using the return on asset (ROA) metric. It gives management information on how successfully debt-or equity-financed assets are making money for the company after taxes (Njue, 2022).

2.4 Stakeholders

Stakeholders are individuals, organizations, or groups that include vendors, clients, shareholders, financial institutions, labor unions, or local communities. They are also those who can influence how an organization's proposed interventions turn out and who are likely to be impacted by them, either positively or negatively (Nguyen & Mohamed,

2018). Creditors, consumers, directors, workers, the government (and its agencies), owners (shareholders), suppliers, unions, rival companies, and the community from which the business gets its resources are some of the important stakeholders in a business organization.

Studies were conducted in Cyprus to look into stakeholder interests in and impact over the execution of corporate social responsibility, or CSR, in hotels from the standpoint of instrumental stakeholder theory. Semi-structured conversations with 54 executives from different sectors of the Cyprus tourism business were conducted using purposeful sampling. While supply-chain stakeholder interests predominate and hence shape hotels' CSR orientation, stakeholder influence, which is heavily influenced by the linked, complex nature of the tourism business, condition the execution of CSR in hotels. Remarkably, stakeholders' effects on business social responsibility (CSR) in restaurants do not correspond with how important they are thought to be. This means that conducting a stakeholder analysis should involve more than just considering the interests of significant stakeholders.

Although the primary focus of this analysis was on the perceptions of tourism stakeholders in Cyprus, the exploratory technique employed in the study lays the groundwork for future research to investigate stakeholder difficulties with CSR in hotels from an objective perspective. Moreover, professionals in related destinations might find value in the knowledge this study provides. In order to promote a comprehensive approach to strategic CSR in hotels, this study introduced a framework of stakeholder roles that result from stakeholder accountability and stakeholder participation in CSR in the hotel sector (Mariño-Romero, 2020). This framework would be useful to practitioners as well as scholars.

Research was done in Nigeria to look at the connection between the organizational health of the hotels in Rivers State and the stakeholders' relationship management. This study, which is intended to be empirical in nature, looked at the relative importance of various aspects of stakeholder relationships, including identification, engagement, and prioritizing, on the state of hotels in Rivers State. The study was a cross-sectional survey that used structured questionnaire data from 52 senior employees of seven hotels in Rivers State that were rated four and five stars. At the 0.05 level of significance, the Spearman's rank order correlation was used to evaluate the hypotheses. The study's conclusions show that the various aspects of stakeholders' relationship management have a major influence on the hotels in Rivers State's health outcomes. As a result, through stakeholder relationship management, the health of the organization especially the hotels in Rivers State are more sustainable and can be seen as having a stronger and more cohesive support base. In conclusion, it was stated that stakeholders, even at the local community level, are integral parties (Zhong et al., 2022).

Although stakeholder conduct tends to be self-legitimizing, not all stakeholders are created equal and have different rights to be taken into account (those who see themselves as stakeholder are de facto so). For example, a company's customers have a right to fair business practices, but they do not have the same rights as the company's employees. External shareholders can be classified into market, social and political, and technological environments based on how they interact with the company and how they might affect the achievement or failure of a certain strategy (Hutsaliuk et al., 2020).

Accordingly, stakeholders are extremely influential individuals and groups that are very interested in the choices a firm makes regarding its activities in past, present, and future as well as its surrounds (Obaid, 2022). In addition to the corporate governance chain, which sets the formal requirements and boundaries within which strategy is developed,

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it is critical to understand the demands of stakeholders in detail, how they may differ from one another, and the extent to which they are likely to seek affect over an organization's goals and strategies (Marques et al., 2020).

The designers of any strategy feel obligated to involve stakeholders in every facet of implementation that will demonstrate a clear follow-up of the intended process in order to accomplish planned objectives successfully and with great efficiency. Stakeholder activism, according to Chan (2021), referred to the demands that any foreign environment makes of an organization. Since almost all hotel industries are connected to foreign stakeholders in one way or another, this component of the foreign environment is duplicated in almost every hotel sector. This stakeholder activism cannot be disregarded throughout the Strategic formulation process since the international environment would undoubtedly want to see the results of that strategic plan in the future.

The management team would be motivated by stakeholders' attention to timeliness to make sure the implementation was as successful as demanded by the stakeholders themselves. Due to careful monitoring and review, particularly by foreign stakeholders, hotel industries find it challenging to miss goals once they have included foreign partners. According to Vrontis (2022), various stakeholders will have differing opinions about the goals a program will attempt to accomplish because they all have different requirements and expectations. While certain stakeholders are easily nominated, others, such as politicians and the government, are harder to avoid but are essential to the effective execution of any strategy plan.

To determine which needs clash with one another and align them with the strategic implementation process, the different needs must be grouped. When stakeholders pull in the opposite direction from management, it leads to multiple underperforming hotel

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sectors and massive resource wastage. Top management cannot develop and implement strategies that would be successfully implemented to the satisfaction of all stakeholders alone because the future is too complex and unclear.

2.5 Financial Resources

A study was carried out in Jordan to look into the effects on the financial results of five-star international hotels in Jordan of the various dimensions and elements of total quality management (TQM), including supplier management of quality, quality planning, quality data, reports, and customer focus. Correlation and regression analysis were used to assess the relationship research goal. The study's questionnaires were filled out by middle and top management departments as well as the quality, functioning, and financial leaders of Jordan's five-star global hotels. The study's findings demonstrated a significant and positive correlation between financial performance as determined by share of the market and return on capital and the five TQM dimensions: supplier management of quality, planning for quality, quality data, reporting, and focusing on customers (Al-Shourah & Al-Shourah, 2020).

Kenyan hoteliers have participated in numerous workshops and training sessions; however, they are typically held accountable for their lack of attentive strategy implementation and resource sharing in situations involving close proximity and shared activities in a particular region. Mwangi and Muchelule (2020) note in their paper, "An analysis of organizational learning process in donor agencies in Nairobi," that this has occasionally resulted in resource wastage, particularly in relief groups during food delivery for long-term planning. It was imperative for leaders and managers to acknowledge the scarcity of resources and set goals to enhance both current and anticipated new resources. This would encourage the firm to execute its strategic plan

with efficacy. The two main resources that this study would examine are hotels' people and financial resources.

While no single variable is completely dependent on any other, financial and human resources are always placed higher than the others. Effective human resource development and training is the key to making other resources viable and continuously managed in order to accomplish strategic goals (Pharino & Pearce, 2020). Employees would tend to guard organizational resources and work toward achieving long-term goals as found in the strategic plans if they are given high job security through motivation, empowerment, modern, dependable working systems, and a free environment to be innovative (Sax & Anderson, 2019).

It is obvious that employees must remain at specific work stations for a sufficient amount of time to enable the implementation of strategic plans to occur. It is evident that job stability, motivation, and empowerment contribute to keeping workers around for an extended amount of time who are capable of fully engaging in the execution of strategic initiatives. If all other factors are equal, the company with more resources would probably have a greater rate of employee retention.

2.6 Leadership Styles

According to Fatimah and Syahrani (2022), the largest obstacle to strategy execution was ineffective leadership. Managers largely relied on planning and organizing activities while implementing strategies. The study looked at 172 Slovenian enterprises as a sample, looking at their strategy execution efforts and roadblocks. Additionally, the results demonstrated that more significant obstacles to strategy execution, such as inadequate managerial skills and staff members' reluctance to share their knowledge,

negatively impact performance. Bringing together a diverse team usually produced new and advanced approaches to well-known problems.

The scientific mind in every area attempted to reduce a problem to its most basic form and to construct a conceptual connection with other problems that were similar to it. According to Pham (2023), solid and decisive leadership was necessary to set the direction and guarantee that all staff members comprehended the company's vision and goals, showed dedication, and actively engaged in transforming the strategic plans into actionable tasks with measurable outcomes. According to Taylor, strategic leaders oversaw radical transformation in order to greatly improve organizational operations.

These managers used an open style of communication both internally and outside, attempting to create a new culture that encourages employee involvement. In support of this perspective, Bryson (2018) noted that strategic leadership maintained an organization's capacity for innovation and responsiveness by making extra efforts to assist, nurture, and encourage individuals who are eager to advocate for novel concepts, improved services, new goods, and innovative uses of existing products. According to Rigi et al. (2019), in their study "Effect of selected variables on corporate performance," a plan needed to be supported by a committed leadership team in order to be implemented successfully. The study went on to say that any corporate plan would succeed if the Chief Executive Officer (CEO) and team members, who had a comprehensive understanding of the company and its surroundings, provided the analysis and commitment. As a result, the CEO and the management group determined and ultimately be accountable for realizing the company's strategic goal.

So as to effectively implement the strategic plan in light of the changed circumstances, the CEO and other members of the management team needed to invest a significant amount of time in understanding the consequences of the changes in both their industry

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and the broader environment. The senior management's ownership and involvement went beyond the stage of Strategic formulation to include the actual process of putting the intended plans into action. This made it possible for the management team to collaborate as a whole to achieve a common objective and to utilize each team manager's unique entrepreneurial abilities. Samimi (2022) posited that the notion of strategic leadership entailed motivating staff members to enhance their work output by conveying the significance of ambitious goals that offer opportunities for both individual and group contributions.

The number of travelers following the 2017 repeat election, terrorist assaults at the Dusit D2 hotel, and the Corona Virus pandemic resulted in a decline in the number of patrons for Nairobi's five-star hotels, as well as a reduction in the facilities and products obtainable and the quality of service. The growth, expansion, sales, and workforce size of Kenya's hotel business had all been impacted by the decline in patronage. From 2016 to 2020, the industry also experienced a decrease in the quantity of tourism-related activities, which had an impact on customer outreach levels. Thus, the goal of the current study was to assess how Nairobi County, Kenya's five-star hotels operate in relation to their leadership styles.

Resource-based theory served as the study's foundation for the study by Wanjiku and Kungu (2022). This study design employed was descriptive. The senior hotel managers served as the unit of observation, and the five-star hotels in Nairobi City County served as the unit of analysis. A census survey was employed in the research due to the limited sample size of 104 senior managers from whom data were gathered. Primary data was gathered through the use of questionnaires. The data was gathered using the drop and pick later technique. The Cronbach Alpha test was used to assess reliability, while the pilot test was used to assess construct validity and content validity. Both quantitative

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and qualitative analysis techniques were used. Among the descriptive metrics used were frequency, mean, and standard deviation. Two inferential statistics were used to demonstrate the linear relationship between the variables: regression analysis and correlation. Data were displayed as figures or tables. The vast majority of respondents claimed that hotel management have the skills and knowledge necessary to spearhead a program of transformation. The study found that leadership has a beneficial effect on the performance of five-star hotels. Hotels should encourage environmental scanning because it's the only way to lower stress levels when leading (Wanjiku & Kungu, 2022).

2.7 Summary of Gaps

The impact of every component in the relationship between planning and carrying out a strategy was not investigated in earlier research. Research on managerial participation in strategy implementation was conducted. This covered only a small portion of the variables that affected implementation, leaving room for further research by other academics. Poor leadership was shown to be the largest barrier to strategy execution in Eastern Europe by Cater and Pucko (2010) not Africa.

2.8 Conceptual Framework

According to Mugenda and Mugenda (2006), a conceptual framework is a theoretical model that specifies the model being studied and the connections between the independent and dependent variables. Research conceptualizes and visualizes the relationship between study variables through diagrams or graphics.

As shown diagrammatically in Figure 2.1, the conceptual framework of this study was predicated on four independent variables and one dependent variable. A conceptual framework was employed in the study to address the research issues. Effective strategic plan formation was characterized as relying on technology, organizational resources, management styles, and organizational culture, according to the study.

Figure 2.1

Conceptual framework

```
Independent variables                          Dependent variable

┌─────────────────────────┐
│  Stakeholders Influence  │──────┐
└─────────────────────────┘      │
                                 │
┌─────────────────────────┐      │
│   Financial Resources    │──────┤      ┌──────────────────────┐
└─────────────────────────┘      ├─────▶│  Performance of 3-star│
                                 │      │        Hotels         │
┌─────────────────────────┐      │      └──────────────────────┘
│     Leadership Styles    │──────┤
└─────────────────────────┘      │
                                 │
┌─────────────────────────┐      │
│       Communication      │──────┘
└─────────────────────────┘
```

Independent variables   **Dependent variable**
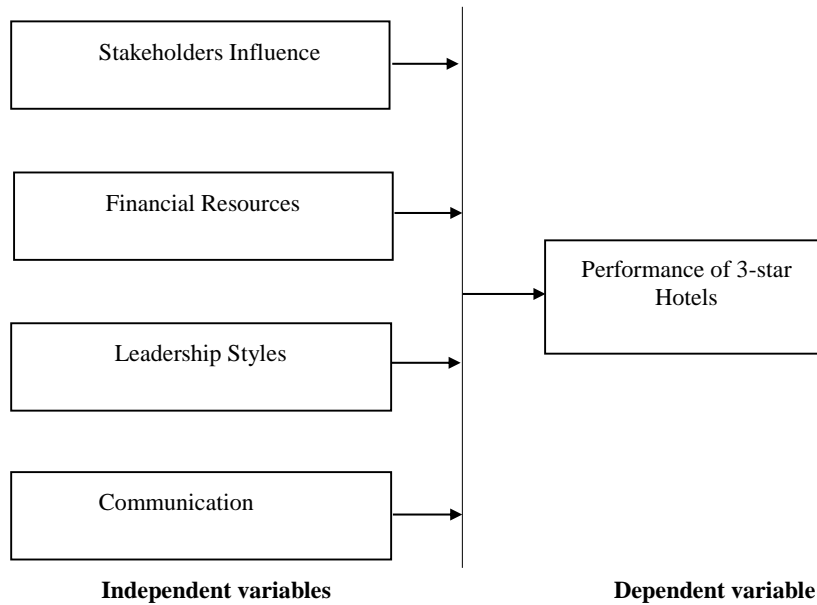
2.8.1 Description of Variables in the Conceptual Framework

This section provides the conceptual framework showing how the independent variables related with the dependent variables. The variables were arranged in the order from stakeholder's influence, financial resources, leadership styles and communication. In the context of strategic formulation among 3-star hotels in Mount Kenya East region the independent variables included stakeholders influence, financial resources, leadership styles, and communication. The break down showed how each of these variables influenced the dependent variable, which is the strategic plan formulation.

Stakeholders included individuals or groups that had an interest or influence in the hotel's operations and success. This included customers, employees, investors, local communities, and government entities. The level of influence exerted by stakeholders

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can significantly impact strategic plan formulation. For example, if there was strong support and collaboration from key stakeholders, such as local community leaders or government bodies, the strategic formulation process might be more informed and supported.

Financial resources refer to the capital, funds, and financial assets available to the 3-star hotels in Mt. Kenya East Region. The availability of financial resources could shape the scope and feasibility of strategic plans. Adequate funding enables the implementation of ambitious strategic initiatives, while limited resources may require a more conservative and focused approach. Financial constraints might also necessitate prioritization of certain strategic goals over others.

Leadership Styles: Leadership styles encompass the approaches and behaviors of hotel leaders, such as the hotel manager or executive team, in guiding and influencing the staff and organizational culture. The leadership style within the hotels could impact the strategic formulation process. A visionary and transformational leadership style might lead to innovative and ambitious strategic plans, while a more conservative or transactional leadership style might result in a focus on incremental improvements. Effective communication of the strategic vision is also critical in aligning the team toward common goals.

Communication involved the exchange of information within the organization, including how strategic goals and plans are communicated to various stakeholders. Clear and effective communication is crucial in ensuring that all stakeholders understand the strategic goals and are aligned in their efforts. Poor communication can lead to misunderstandings, resistance, and a lack of buy-in, hindering the successful formulation and implementation of strategic plans.

In summary, the independent variables of stakeholder's influence, financial resources, leadership styles, and communication play integral roles in shaping the strategic plan formulation process among 3-star hotels in Mount Kenya East region. The interplay of these variables can impact the development, acceptance, and successful execution of strategic plans within the hospitality industry.

2.9 Operational Framework

Determining how to quantify the ideas that fascinate us is the process known as operationalization. We determine how to measure something when we operationalize it. A lot of the most widely accepted ideas are abstract. Really, we can't really blame them. Rather, we must figure out how to measure them, frequently in an indirect manner. The idea being measured is the strategic plan's effective implementation. Technology, financial resources, communication, and leadership philosophies all played a role.

Figure 2.2

Operational Framework
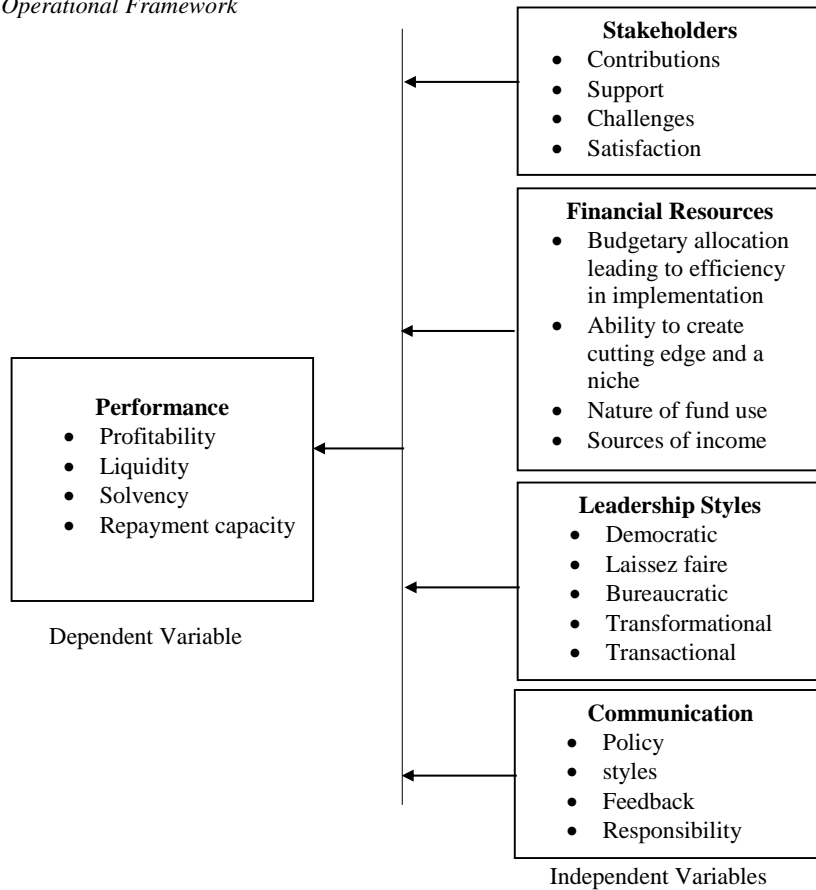
The active involvement and contributions of stakeholders, including their ideas, resources, and expertise, could positively influence the effectiveness of the strategic formulation process. Stakeholder support, especially from key influences and decision-makers, were crucial for the successful formulation and implementation of strategic plans. Identifying and addressing challenges presented by stakeholders was essential to mitigate potential obstacles in the strategic formulation process.

The availability and efficient utilization of financial resources contributed to the effectiveness of implementing the formulated strategic plan. Financial resources can enable the organization to invest in unique and innovative strategies, helping it stand out and create a competitive niche. Adequate financial resources can be directed toward enhancing the organization's capabilities, supporting the achievement of strategic objectives.

The leadership's establishment of clear policies and procedures can guide the strategic formulation process and ensure alignment with organizational goals. Leadership involvement in the formulation process, including assigning responsibility for strategic formulation, is critical for effective planning. The level of leadership involvement in strategic discussions and decision-making impacts the depth and quality of the formulated strategic plan. Leadership styles influence how well-planned strategies aligned with the overall organizational vision and goals. Effective leadership ensured that the strategic formulation process was timely, responsive to changes, and adaptive to evolving conditions.

Clear communication of organizational policies related to strategic formulation fosters understanding and adherence to established guidelines. The way information was communicated within the organization influences how well strategic objectives were understood and embraced by the workforce. A robust feedback mechanism ensures that communication was a two-way process, allowing for adjustments and improvements in the strategic plan formulation. Clearly defined roles and responsibilities for communication within the organization prevent confusion and promote accountability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In order to fulfill the study objectives, this chapter outlined the several phases, approaches, and techniques that was used in carrying out the investigation. It sought to give context and explanation for the technique and study design. This study looked into the elements of technology, finances, communication, and leadership styles that affect the successful implementation of strategic plans in a chosen 3-star hotels in Mount Kenya east region

3.2 Research Design

A research design is a summary of the investigation's plan, framework, or approach that aims to identify or address a number of research questions. Research design is defined by (Shuttleworth, 2008) as a comprehensive plan outlining the methodology of the study. According to Donald (2006), a research design serves as the framework for the study and the "glue" that binds all the other components of the project together. A research design, according to Sileyew (2019), is a strategy for gathering and applying data in order to adequately test a hypothesis or gain required information with appropriate precision.

It is a framework that directs the gathering and examination of information. According to Cooper and Schindler (2008), a research design is an outline and framework for an investigation created to address research questions. A research design is defined by Mugenda and Mugenda (2008) as a conceptual framework that guides the conduct of research. This research used a descriptive survey design in an exploratory manner. This guaranteed that concepts related to the issue were easily understood. Survey research is

defined by Kothari (2003) as the methodical collection of data from a sample of respondents with the aim of comprehending and/or forecasting certain elements of the behavior of the population of interest.

3.3 Target Population

It characterizes a group of individuals, objects, or occurrences that have some visible characteristics in common (Mugenda & Mugenda, 2006). Cooper and Schindler (2008) define a population as the whole set of items from which inferences are to be made. When Kothari (2006) defines a population as the universe of the study, he offers a viewpoint that is comparable. The study's target population consisted of 126 comprising of 21 general managers, 21 supervisors and 84 section heads. A general manager was any person who was appointed to be in charge of the entire hotel. He or she acted as the link between the hotel staff and the owners of the hotel. A supervisor was a person in charge of departments in the hotel while a section head was any experienced person whose mandate entailed providing guidance to other staff in the same section.

Table 3.1

Target Population

No.	Hotel	General Managers	Supervisors	Section Heads	Total
1.	Paramount Hotel Meru	1	1	4	6
2.	Meru Slopes Hotel	1	1	4	6
3.	La Biela Hotel	1	1	4	6
4.	Three Steers Hotel	1	1	4	6
5.	West Wind Hotel	1	1	4	6
6.	Northen Galaxy Hotel	1	1	4	6
7.	Royal Acacia Hotel	1	1	4	6
8.	Rangeland Hotel	1	1	4	6
9.	Isiolo Landmark Hotel	1	1	4	6
10.	Silver Bells Hotel	1	1	4	6
11.	Batian Guest Hotel	1	1	4	6
12.	Kirimara Springs Hotel	1	1	4	6
13.	Lion court Lodge	1	1	4	6
14.	Breeze Hotel	1	1	4	6
15.	Hotel Taji	1	1	4	6
16.	Legacy Star Hotel	1	1	4	6
17.	Hillside Grand Hotel	1	1	4	6
18.	Transit Motel	1	1	4	6
19.	Kilimo Talii Hotel	1	1	4	6
20.	The Orient Hotel	1	1	4	6
21.	County View Hotel	1	1	4	6
	TOTAL	21	21	84	126

3.4 Sampling Technique

According to Zikmund (2003), a sample is a subset of a specific population unit. It is the result of choosing an accurate representation from the population of interest. The coefficient of variation was utilized to obtain the sample. Therefore, in this study, the entire population was selected using census method. This was a method used to ensure

that every participant had a chance of being selected since their contribution was relevant in the study. To this effect, the study noted that the population under perspective was not high hence the need to include the entire 126 participants in the study.

3.5 Data Collection Instruments

A device used to collect data is referred to as a data collection instrument (Mugenda & Mugenda, 2003). The study collected both quantitative data inform of questionnaires and secondary data from the financial report such as balance sheets and profit and loss accounts. The questionnaire had closed and open-ended questions while the secondary data was collected from a period of three financial years (2021-2023). This was to authenticate the accurate financial performance metrics such as gross profit, net profit, ROA (Return on Assets) and ROE's (Return on Equity) position over the three years.

3.6 Pilot Study

To ensure that the questionnaires and interviews are feasible, relevant, and fruitful, pre-testing was conducted. As per Marczyk et al. (2010), the initial phase of data gathering in a research study is a pilot test. Pilot studies typically involve a small sample size. The exact number depends on the research context, objectives, and available resources. A common rule of thumb is to aim for 10% of the sample size you plan for the pilot study (Mugenda & Mugenda, 2003). To identify design and instrumentation faults and provide alternative data for probability sample selection, a pilot test was conducted. A pilot test should replicate the methodologies and processes selected for data gathering and involve members of the target demographic as, suggested by Muus and Baker-Demaray (2007). A pilot study was conducted at Izaak Walton Inn, Embu County.

3.6.1 Validity

Mugenda and Mugenda (2006) define validity as the significance and correctness of conclusions drawn from the study. Gustiani (2019) praised the improvement of an instrument's content validity through expert judgment. The supervisors' recommendations and expert validity opinions were integrated into the questionnaires, and then five respondents took a pre-test; however, they were not be a part of the study sample. The questionnaire's wording and instructions were modified in response to the pilot test results.

3.6.2 Reliability

Reliability is a measure of how consistent an instrument can be after collection of responses from different respondents and at different times. Cronbach alpha reliability test was used to test reliability where the reliability test should meet the required threshold of ≥ 0.7. Reliability of the questionnaires was tested through piloting. With the help of the supervisors, the researcher assessed critically the consistency of the response on the pilot questionnaires in order to establish their reliability.

3.7 Data Collection Procedure

The process of data collection began by obtaining the authorization requirements from KeMU, ethical committee and NACOSTI. Thereafter the study recruited research assistants to collect data from various research sites. The main data that was collected was primary data gathered by means of questionnaires sent to a particular team of managers who work in the hotels in Mount Kenya East to carry out strategic plans. Following revision, the questionnaires were sent to the designated hotels following the pilot study to obtain the data and information needed for the research. Research

assistants aided in this by distributing the questionnaires to a predetermined number of hotels in Mount Kenya East, where the study was conducted, in a stratified fashion.

To ensure that the assistants were using the instruments correctly, the researcher supervised the data collection procedure and conduct certain surveys and interviews themselves. It was necessary to maintain flexibility in the data gathering process since it may yield unexpected information that aids in the interpretation and clarification of the numerical data that is gathered. A survey study design was used to enable a thorough and in-depth analysis.

3.8 Data Analysis and Presentation

The study generated quantitative information arising from individual perception on the extent to factors affecting the implementation of strategic plan   in hotels in Mount Kenya East. This kind of information was analyzed through descriptive techniques by making inferences from the most dominant response on any thematic issue (King et al., 2021). As posited by (opinions from respondents who have the same predisposition towards a stimulus are uniform and the researcher can easily make satisfactory judgment based on the expression of just a few of them.

The study used statistical methods, such as frequencies, percentage and mean, to analyze numerical data. Two academics (Son et al., 2021) have proposed using statistical software, like Excel, to improve the accuracy of data interpretation. For ease of understanding and conclusion-drawing, the examined data was presented using figures and tables. The study concerns pertaining to the regressor coefficients for each variable being equal to zero was tested using the ANOVA F-statistic. There was an analysis to ascertain the total impact of all the independent factors. The analysis incorporated all of the independent variables. Lastly, the hypothesis that all of the

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independent variables' regressor coefficients were jointly equal to zero was tested using the ANOVA F-statistic.

The regression model used was presented in the equation below.

$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$

Where:

Y=Performance

XI=Stakeholders

X2=Financial Resources

X3=Leadership Styles

X4=Communication

β_0 is the constant term

β_i is the coefficient of the independent variable X_i where $i = [1…5]$

X_i is independent variable where $i = [1…5]$

e is the error term.

The study acknowledged that in addition to the variables under investigation, there may be additional factors influencing the successful implementation of strategic plans in particular hotels. The symbol for these factors is β_0. The "noise" or interference represented by the error component (e) suggests that there might not be a linear relationship between the independent and dependent variables. The diagnostic test conducted included normality, linearity test and multicollinearity test.

3.9 Ethical Considerations

The consent of the appropriate authority was consulted before initiating data collection. Prior to collecting any data, the university granted approval; the National Commission for Science, Technology, and Innovation (NACOSTI) sought a research permit; By scheduling appointments and making prior plans, work disruptions was prevented. To prevent keeping the responders waiting, promptness in keeping scheduled appointments was monitored.

The goal of the exercise and its significance to the respondents was clarified by the researcher. Enough information about the items in the research instrument and the level of involvement was provided to the management of the sampled library customers. In order to take part in the study, respondents were asked for their consent. The privacy and confidentiality of respondents was respected, safeguarded, and assured. Information sources used in the study was cited and referenced using the APA 7th edition guidelines.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The chapter presents the study's findings, which include the response rate, reliability, demographic information, descriptive statistics on each variable. In addition, the study provided results for inferential statistics such as Pearson correlation and multiple regression analysis like model summary, ANOVA and regression coefficients.

4.2 Response Rate

The study issued questionnaires to 21 general managers, 21supervisors and 84 section heads hence a total of 126 respondents from 3-star hotels in Mount Kenya east region, as provided in Table 4.1.

Table 4.1

Response Rate

Respondents	Sampled	Response	Percentage
General Managers	21	17	81
Supervisors	21	19	90
Section Heads	84	60	71
Total	126	96	76

Table 4.1 shows that 17(81%) general managers, 19(90%) supervisors and 60(71%) section heads responded to the study making an overall response rate of 96. This was a 76% overall response rate hence a high response proportion. Consequently, a response rate of more than 70% indicates a very suitable research outcome (Mugenda & Mugenda, 2003). The results meant that the study attracted a larger number of the respondents since the problem that had limited most hotels to achieve ways in which

could formulate their own effective strategic formulation such that they obtained their unique notch on the market enabling more sales, was lingering. Therefore, high response rate was contributed due the fact that the study's respondents took their time to explain to all respondents on the contribution that the study would bring about in revamping the performance of the hotel industry. Therefore, most respondents needed to provide the specific problems affecting their hotels which did not allow them have a competitive edge and an upper hand on the specific customer segments.

4.3 Reliability Results

A pilot study was conducted at Izaak Walton Inn, Embu County. The results are provided in Table 4.2.

Table 4.2

Reliability Results

Instrument	Cronbach's Alpha	N of Items
Stakeholders	0.926	5
Financial Resources	0.845	5
Leadership Styles	0.768	5
Effective Communication	0.835	5
Performance	0.782	5
Average	0.831	5

Table 4.2 shows that the Cronbach alpha index for stakeholders' section is 0.926; financial resources is 0.845; leadership styles is 0.768; effective communication is 0.835; and performance is 0.782. The average coefficient is 0.831 which is more than 0.7. Notably, A range of less than 0.7 showed that the instruments are unreliable, whereas a coefficient of 0.7 to 1 says that the instruments were very reliable (Taber, 2018). Consequently, the study's questionnaires were deemed reliable based on their

coefficient of 0.831. This meant that the set of questionnaires used had clear questions that addressed the segments that related to strategic formulation aspects like stakeholders, financial resources, leadership styles, and effective communication. This implied that the questionnaires could be used more than once to give similar results as those of the current study.

4.4 Background Information

The study asked background information from the respondents which required them to state their role/job position within the hotel industry, years of experience, gender and their level of education as in Table 4.3.

Table 4.3

Demographic Information of the Respondents

Job position	Frequency	Percent	Cumulative Percent
General Managers	17	18	18
Supervisors	19	20	38
Section Heads	60	62	100
Total	96	100	
Work experience in the Hotel	Frequency	Percentage	Cumulative Percent
More than 15 years	10	10	10
11 to 15years	11	12	22
6 to 10years	46	48	70
1 to 5 years	21	22	92
Less than 1 year	8	8	100
Total	96	100	
Gender	Frequency	Percentage	Cumulative percent
Male	50	52	52
Female	46	48	100
Total	96	100	
Level of Education	Frequency	Percentage	Cumulative percent
Masters	4	4	4
Undergraduate	37	39	43
Tertiary	49	51	94
Secondary Level	6	6	100
Total	96	100	

Table 4.3 indicates that 17(18%) general managers,19(20%) supervisors and 60(62%) section heads responded to the study. Additionally, Majority of the respondents

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46(48%) had worked in the hotel industry for a period of 6 to 10 years followed by 21(22%) of the respondents who had worked for 1 to five years. Notably, only 8(8%) of them had worked for less than one year in the industry.

Further, in regards to gender of the respondents, majority of them 50(52%) were male while 46(48%) were female. Additionally, 49(51%) of the respondents had acquired tertiary education, followed by 37(39%) of the respondents who had undergraduate degrees and only 4(4%) of the respondents had master's degree.

The results implied that the hotels were keen in ensuring that there was gender parity among the staff allocated supervision and management duties. Adding to that, the staff had also high level of experience and proficient acquired from both years of service in the industry and their education level. Therefore, this meant that they were well versed with how different formulated strategies that were closely linked to stakeholders, financial resources, leadership styles and effective communication, affected the performance of hotels. Notably Abdille (2021) indicated that the hotel performance required people who were resourceful in terms of formulating strategies that were realistic and time bound to gain a competitive edge in the market.

Therefore, Nguyen and Mohamed (2018) revealed that the team that managed complex projects required to be experienced and had necessary skills to formulate strategies. A good example was further demonstrated by Cahyadi et al. (2024) who indicated that the quality of management was reflected right from front office communication pattern to clients. If the management had set the necessary strategies and measures, it promoted clear, precise and engaging conversation with clients on their specific accommodation and meal needs from the hotel for sustained high performance ratings.

4.5 Diagnostic Test

Various diagnostic tests like normality, linearity and multicollinearity were conducted.

4.5.1 Normality Test

Normality test was conducted in this study in order to establish whether the data followed a normal distribution as shown in Table 4.4.

Table 4.4

Normality Test

		Financial Resources	Leadership Styles	Effective Communication	Financial Performance
N		96	96	96	96
Normal Parameters[a,b]	Mean	10.9583	10.9688	9.9896	11.4792
	Std. Deviation	2.73348	3.15712	3.18382	2.51304
Most Extreme Differences	Absolute	.110	.098	.080	.134
	Positive	.081	.098	.072	.107
	Negative	-.110	-.076	-.080	-.134
Kolmogorov-Smirnov Z		1.080	.962	.783	1.310
Asymp. Sig. (2-tailed)		.194	.314	.573	.065

a. Test distribution is Normal.
b. Calculated from data.

Table 4.4 shows that that significance value for financial resources was 0.194; leadership styles were 0.314; communication was 0.573 and financial performance was 0.65. Therefore, since the values of all variables was more than 0.05 it showed that the data in this study was normal. This meant that the questions were cohesively answered with all parts comprehensively addressed without biasness in regards to inclining one type of response.

4.5.2 Linearity Test

Linearity test was conducted in this study to examine the effect of strategic formulation on performance of 3-star hotels as provided in Table 4.5.

Table 4.5

Linearity Test

			Sum of Squares	df	Mean Square	F	Sig.
Performance * Stakeholder	Between Groups	(Combined)	111.554	10	11.155	1.941	.050
		Linearity	20.920	1	20.920	3.641	.060
		Deviation from Linearity	90.635	9	10.071	1.753	.390
	Within Groups		488.404	86	5.746		
	Total		599.958	96			
Financial Resources	Between Groups	(Combined)	71.701	13	5.515	.856	.601
		Linearity	3.235	1	3.235	.502	.481
		Deviation from Linearity	68.466	12	5.706	.886	.564
	Within Groups		528.258	83	6.442		
	Total		599.958	96			
Leadership Styles	Between Groups	(Combined)	138.659	14	9.904	1.739	.064
		Linearity	.058	1	.058	.010	.920
		Deviation from Linearity	138.601	13	10.662	1.872	.246
	Within Groups		461.299	82	5.695		
	Total		599.958	96			
Effective communication	Between Groups	(Combined)	69.415	12	5.785	.905	.546
		Linearity	.842	1	.842	.132	.718
		Deviation from Linearity	68.572	11	6.234	.975	.475
	Within Groups		530.544	84	6.392		
	Total		599.958	96			

Table 4.5 shows that significance value for stakeholder was 0.390; financial resources was 0.564; leadership styles was 0.246 and communication was 0.475. Therefore, since the significance values were more than 0.05 it meant that stakeholders, financial

resources, leadership styles and effective communication had a working relationship with determining performance of the three-star hotels. This implies that when the hotel industry would wish to improve their performance, some of the factors that needed to be considered included the stakeholders' interests, various resources that were at their dispense, the method of leadership implemented and nature of their communication system.

4.5.3 Multicollinearity

Multicollinearity was conducted to establish unique characteristics of strategic formulation variables against each other as shown in Table 4.6.

Table 4.6

Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Stakeholders	.761	3.541
Financial Resources	.565	1.037
Leadership Styles	.881	3.622
Communication	.676	2.016

Table 4.6 shows that stakeholders had a tolerance value of 0.761 and a VIF of 3.541; financial resources had a tolerance value of 0.565 and a VIF of 1.037; leadership styles had a tolerance value of 0.881 and VIF value of 3.622 and communication had a tolerance value of 0.676 and a VIF of 2.016. Notably, since all the variables had a tolerance value above 0.2 and a VIF below 5, it shows that they all possessed different characteristics from each other that blended proficiently to either improve of decrease performance, depending on their application. Therefore, the multicollinearity problem in the variables was not detected in the study.

4.6 Descriptive Statistics of Performance of 3-star Hotels

Performance of three-star hotels was the dependent variable and it had indicators such as profitability, liquidity, solvency and repayment capacity. This variable was examined through questionnaires and secondary data as provided in Table 4.7 and 4.8.

Table 4.7

Descriptive Statistics of Performance

Statements N=96	1	2	3	4	5	Mean	Std Dev
Increased profitability as a result of various strategies formulated	8 (8%)	20 (21%)	9 (9%)	21 (22%)	38 (40%)	4.29	1.15
High liquidity levels due to repeat business	12 (12%)	8 (9%)	8 (9%)	36 (37%)	32 (33%)	4.13	1.31
Stable solvency rate	5 (5%)	16 (17%)	36 (37%)	22 (23%)	17 (18%)	3.37	1.47
Repayment capacity of loans taken	11 (11%)	6 (6%)	12 (13%)	38 (40%)	29 (30%)	4.22	.989
Strategies formulated have enabled improvement of general performance	20 (21%)	32 (33%)	10 (10%)	22 (23%)	12 (13%)	3.04	1.38

Table 4.7 reveals that 38(40%) strongly agreed and 21(22%) agreed (mean-4.29, Std Dev -1.15) that there had been increased profitability in hotels as a result of various strategies formulated. Additionally, 32(33%) strongly agreed and 36(37%) agreed on a mean-4.13, Std Dev-1.31) that hotels were able to maintain their liquidity levels high

due to repeated business. However, 20(21%) strongly disagreed, 32(33%) disagreed and 10(10%) were neutral that strategies formulated had enabled the hotels improve their general performance (mean-3.04, Std Dev-1.38).

The results implied that profitability of various hotels in Mount Kenya were on improvement plan especially after coming up with recovery plans post covid-19 era. These strategies enabled them maintain satisfactory liquidity levels since customers were willing to seek accommodation and meal in more than once. However, this improvement was not spread across all the services offered in the hotels. According to Murigu et al. (2018), most hotels got a challenge in developing realistic strategies that would enable them strike a balance on all amenities. That is, hotels were basically known for one specific kind of service related to accommodation, outside catering, meals or sports activities e.g. golf. Additionally, Mutindi et al. (2013) also discovered that the performance of most hotels in Kenyan coast was basically anchored on a major aspect through which they were well known for. This could be based on suitability of lodging services or meal provision.

4.6.1 Secondary Data on Hotel Performance

The study also collected secondary data ranging from 2021 to 2023 whereby various financial records indicating the gross profit, net profit, ROA and ROE were obtained as shown in Table 4.8.

Table 4.8

Descriptive Statistics of Secondary Results of Performance

Metrics	Mean	Std Dev
Gross Profit	4.12	1.33
Net Profit	2.84	1.50
ROA	3.78	1.44
ROE	2.02	1.81

As per Table 4.8, it was noted that the gross profit had a (mean of 4.12, Std Dev-1.33), net profit had a (mean of 2.84, Std Dev 1.50), ROA had a (mean of 3.78, Std Dev of 1.44) and ROE had a (mean of 2.02, Std Dev-1.81). The results meant that it was factual to state that hotel business was generating reliable source of revenue as shown by high gross profits. However, when expenditures and taxes were deducted, this revenue was reduced significantly, leaving meagre proportions to be shared between re-investing the profits back to the hotel's assets and owner's shareholding value. Similarly, Ndung'u and Kavinda (2019) revealed that the high cost of doing hotel business in Kenya affected their ability to get meaningful profits that could be ploughed back and as well as pay owners.

4.7 Descriptive Statistics of Stakeholders

Stakeholders was the first independent and it had indicators such as contributions, support, challenges and satisfaction. The study asked the respondents questions administered through a questionnaire as provided in Table 4.9.

Table 4.9

Descriptive Statistics of Stakeholders

Statements N=96	1	2	3	4	5	Mean	Std Dev
Contribution of ideas resources, and expertise	8 (8%)	7 (7%)	10 (10%)	33 (34%)	38 (40%)	4.36	1.16
Provision of active support	10 (10%)	8 (8%)	31 (33%)	28 (29%)	19 (20%)	3.35	1.47
Stakeholders Challenges	11 (11%)	10 (10%)	13 (14%)	25 (26%)	37 (39%	4.14	1.31
Satisfaction with the outcomes of strategic plans.	40 (42%)	28 (29%)	16 (17%)	7 (7%)	5 (5%)	2.18	1.10

Table 4.9 shows that majority of the respondents 38(40%) strongly agreed and 33(34%) agreed (mean-4.36, Std Dev-1.16) that the stakeholders actively contributed ideas, resources, and expertise to the strategic formulation process. In addition, 37(39%) of the respondents strongly agreed and 25(26%) agreed (mean-4.14, Std Dev-1.31) that stakeholders' challenges, such as conflicting interests or resistance, posed barriers to the effective formulation of strategic plans. However, 40(42%) of the respondents strongly disagreed and 28(29%) disagreed (mean-2.18, Std Dev-1.10) that the stakeholders expressed satisfaction with the outcomes of strategic plans.

The results implied that various key stakeholders played an active role towards ensuring that all the requirements in the implementation of strategic plans were provided, which encompassed ideas, resources and expertise. That notwithstanding, their contribution

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came at a cost of personal interests which conflicted with the hotel's objectives. In the long run, different stakeholders failed to be satisfied from the decisions made by the owners of the hotel. This was because the decision to formulate specific plans was mainly relied on owners of hotel rather than those different stakeholders. According to Al-Shourah and Al-Shourah (2020), the conflicting battles between satisfying the interests of different stakeholders and attaining hotel's objectives is the greatest challenge hotel management experiences. This is because making a decision on either way has a cost implication consequence. On the one hand, Heuvel (2022) noted that when the management decided to suit the interests of the stakeholders, the hotel's objective and vision were never attained. On the other hand, Nahuway and Noermijati (2018) noted that failure to heed towards stakeholder's wishes will lead to withdrawal of financial resources to support the operations of the hotel. Therefore, there is normally the need to strike a balance between the two conflicting demands to get the best out of the situation.

Further, this section had an open question whereby the respondents were required to explain the extent they thought stakeholders contributed to the formulation of the organization's strategic objectives. The respondents mentioned that different stakeholders had different purpose and intention towards the hotel. Therefore, the major contributions that were majorly provided by the respondents related to two themes which were financial and non-financial contribution. In regards financial themes, the respondents indicated that stakeholders provided money when they either used the services of the hotels such as accommodation, meals, conferences and outside catering. Additionally, they also provided finances to support various expansion projects such as infrastructural projects. In regards to non-financial contribution, the respondents revealed that at times various stakeholders also provided goods in kind and necessary

skills required to run effectively the operations of the hotel. In support of the findings, Sibanyoni et al. (2018) revealed that the running of hotel business required support in form of monetary and non-monetary perspective from various stakeholders who may require direct service or have other interests in the hotel.

4.8 Descriptive Statistics of Financial Resources

Financial resources served as the second independent variable of the study and had indicators such as budgetary allocation leading to efficiency in implementation, ability to create cutting edge and a niche, cash flow, and revenue growth. They were examined using questionnaires as provided in Table 4.10.

Table 4.10

Descriptive Statistics of Financial Resources

Statements N=96	1	2	3	4	5	Mean	Std Dev
Adequate budgetary allocation	5 (5%)	3 (3%)	40 (42%)	28 (29%)	20 (21%)	3.26	1.15
Sufficient financial resources	42 (44%)	33 (34%)	11 (12%)	4 (4%)	6 (6%)	2.31	1.32
Positive and consistent cash flow	6 (6%)	8 (8%)	14 (15%)	31 (32%)	37 (39%	4.41	1.00
Increasing revenue	10 (10%)	14 (14%)	11 (11%)	27 (28%)	34 (35%)	4.19	1.27

Table 4.10 shows that majority of the respondents 37(39%) strongly agreed and 31(32%) agreed (mean-4.41, Std Dev-1.00) that positive and consistent cash flow was critical for effective formulation and implementation of strategic plans. Further, 34(35%) strongly agreed and 27(28%) agreed (mean-4.19, Std Dev-1.27) that increasing revenue was an outcome of effective strategic formulation. However,42(44%) strongly disagreed and 33(34%) disagreed (mean-2.31, Std Dev-1.32) that sufficient financial resources enabled hotels create a cutting edge and establish a niche in the market.

The meant that the advantage of financial resources was paramount towards ensuring that the formulated strategic plans were executed fervently. Therefore, when solid strategic plans were formulated and implemented, it had an advantage towards increasing the revenue level of the institution. That notwithstanding, having a solid financial plan was not just enough since despite having established a hotel with all amenities, it required other strategies to attract customers. According to Abdille (2021), these strategies related to quality services, reliability, efficiency in sorting out customer complaints, and reduced turnaround time on communication with diverse stakeholders. In further support of the findings, Vrontis et al. (2022) noted that the reason as to why giant hotels were not well performing was neglecting the contribution made by quality services and how the community around perceived the hotel to offer solution to their accommodation and meal needs.

4.8.2 Financial Resources Contribution to the Achievement of the Organization's Strategic Objectives

The respondents were required to state to what extent financial resources contributed to the achievement of organizations strategic objectives did. Table 4.11 provides the results.

Table 4.11

Contribution to Achievement of Organizations Strategic Objectives

Respondents	Sampled	Percentage	Cumulative Percent
Very high	39	41	41
High	32	33	74
Moderate	18	19	93
Low	7	7	100
Total	96	100	

Table 4.11 shows that majority of the respondents 39(41%) indicated that financial resources had a very high extent at which it contributed to achievement of strategic objectives. This was closely followed by 32(33%) of the respondents who reported that financial resources had a high extent contribution towards strategic objective. However, only 7(7%) of the respondents indicated that financial resources had a low influence on the achievement of strategic objective.

The results places major significance of financial resources towards the establishment of key infrastructural development and as well as keeping the hotels running their operations. This was because, money was required towards buying of various food item that would be cooked to serve the clients, payment of workers, payment of security and general repair and maintenance of hotel's infrastructure. As also noted by Farmaki (2019) the presence of financial resources spoke volumes as far as how much a hotel would achieve towards service provision and infrastructural developments.

4.9 Descriptive Statistics of Leadership Styles

Leadership styles comprised of the third independent variable with indicators such as democratic, laissez faire, bureaucratic, transformational and transactional styles. The study asked the respondents to fill in the questionnaires where they were to identify which management level in the organization handled the majority of the management and controlled the strategic implementation process. Table 4.12 shows the results.

Table 4.12

Management Levels

Respondents	Sampled	Percentage	Cumulative Percent
Top Level	48	50	50
Middle Level	27	28	78
Functional Level	15	16	94
All/Uniform	4	4	98
Impossible to tell	2	2	100
Total	96	100	

Table 4.12 shows that 48(50%) of the respondents indicated that most of the management and control of the strategic implementation process of 3-star hotels occurred at top level management. This was followed by 27(28%) of the respondents who indicated that management and control of strategic implementation process occurred at middle level. Notably, only 2(2%) of the study participants had no idea of where management and control occurred in 3-star hotels.

The results therefore meant that most of key strategic decisions were mainly done at top and middle level management teams. These senior management team were effective

and experienced on resources allocation and assessment of strategic risk management to ensure that the process of formulation and implementation is well informed. Notably Gagné (2018) also established that the reason why senior management was able to formulate strategies was due to their rich leadership experience and interconnection aspects on which added significant value to the hotel's sustainability. In the same line of though Kurian and Nafukho (2022) indicated that through consistent informed decision making by the senior management, the reliability of operations going on for foreseeable duration of time was evidently attainable.

4.9.2 Effective Leadership Styles

The study required the respondents to state the leadership style that led to the most effective formulation of the business plan by the hotels. The Table had a Likert scale of 1 to 4 where 1=very high,2=High, 3=Moderate and 4=Low.

Table 4.13

Descriptive Statistics of Leadership Styles

Statements N=96	1	2	3	4	Mean	Std Dev
Democratic	6 (6%)	8 (8%)	30 (32%)	52 (54%)	2.23	1.84
Laissez faire	11 (12%)	33 (34%)	48 (50%)	4 (4%)	3.15	1.24
Bureaucratic	47 (50%)	35 (36%)	3 (3%)	5 (5%)	4.39	1.10
Transformational	10 (10%)	35 (37%)	45 (47%)	6 (6%)	3.26	1.65
Transactional	40 (42%)	28 (29%)	8 (8%)	6 (6%)	4.12	1.23

Table 4.13 shows that majority of the respondents who were 40(42%), indicated 'very high' and 28(29%) indicated 'high' that transactional leadership style was used (mean-4.12, Std Dev-1.23). Additionally, 47(50%) indicated that there was 'very high' and 35(34%) indicated that there was 'high' use of bureaucratic type of leadership (mean-4.39, Std Dev-1.10). However, 52(54%) and 30(32%) of the respondents indicated that democratic leadership style was lowly and moderately used (Mean-2.23, Std Dev 1.84).

The results implied that most hotel management teams allowed professional interaction with their juniors so that there would be exchange of skills, knowledge and resources. Additionally, there was a reliable chain of command that allowed flow of reliable information on the formulated strategies awaiting to be executed in the implementation stage. That notwithstanding, it was undebatable once a strategy was formulated to be re-evaluated as a result of an opinion from the hotel employees. They were never

allowed to critique the strategic decisions made by the management. According to Mariño-Romero et al. (2020), non-involvement of the staff was due to their low experiences in providing sound strategic decisions that had been tested over a period of time to be distinguished as working.

However, Nahuway and Noermijati (2018) noted that some junior employees possessed higher qualification in terms of experience and academic levels as compared to the management. Therefore, making a general conclusion that they were not fit to provide strategic advice was ill-informed. Notably, Murimi and Wadongo (2021) brought in the aspect about accountability into the discussion by indicating that the opinions provided by junior employees were not fit since they had less accountability in regards to the operations of the hotel and the implementation of a misguided strategic opinion from the junior employees would only be liable to the management in general.

4.10 Descriptive Statistics of Effective Communication

Communication was the fourth independent variable and it had indicators such as policy, style, feedback and responsibility. The study assessed the flow of communication in 3-star hotels through the use of questionnaires. Table 4.14 provides the results.

Table 4.14

Flow of Communication

Respondents	Frequency	Percentage
Top- Down	80	83
Multi-Directional	9	10
Bottom-Up	7	7
Total	96	100

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Table 4.14 shows that majority of the respondents 80(83%) indicated that communication system in their hotel was through top-down approach. Only 7(7%) of the respondents indicated that their organization used bottom-up approach. The results mean that most hotels provided an informative communication structure that came from the management to junior staff. This was to reduce misinformation from different sources with incomplete or wrong details about a phenomenon. Therefore, the junior staff were required to act on only the information coming from the management and not any other sources. However, this trajectory had its share of weaknesses since in cases of emergency, the process of waiting for the management to communicate exposed the hotel assets into danger of theft and destruction.

As noted by Sibanyoni et al. (2018) the communication structure from the management had both advantages and disadvantages. In consideration of its advantage, the risk that information communicated from the management, is well known and standby mitigation measures provided. In consideration to its disadvantage, it is clear that relaying of information could be costly in the long run exposing the hotel assets to eminent loss (Solomon & Theiss, 2022).

4.10.2 Descriptive Statistics of Effective Communication

The study used a Likert scale questionnaire to establish how effective communication influenced the effective formulation of strategic plans in the hotel industry in Mount Kenya East as provided in Tables 4.15.

Table 4.15

Descriptive Statistics of Effective Communication

Statements N=96	1	2	3	4	5	Mean	Std Dev
Communication of policies	9 (9%)	6 (6%)	11 (11%)	28 (30%)	42 (44%)	4.25	1.20
Style of communication	5 (5%)	8 (8%)	14 (15%)	30 (31%)	39 (41%)	4.19	1.33
Robust feedback mechanism	41 (43%)	27 (28%)	15 (16%)	6 (6%)	7 (7%	2.14	1.94
Clearly defined roles and responsibilities	8 (8%)	5 (5%)	38 (40%)	36 (38%)	9 (9%)	3.51	1.58

Table 4.15 indicates that majority of the respondents 42(44%) strongly agreed and 28(30%) agreed (mean-4.25, Std Dev-1.20) that clear communication of organizational policies related to strategic formulation fostered understanding and adherence to established guidelines. Additionally, 39(41%) strongly agreed and 30(31%) agreed (mean of 4.19, Std Dev-1.33) that the way information was communicated within the organization influenced how well strategic objectives were understood and embraced by the workforce. However, 41(43%) strongly disagreed and 27(28%) disagreed (mean-2.14, Std Dev 1.98) that robust feedback mechanism ensured that communication was a two-way process, allowing for adjustments and improvements in the strategic plan formulation.

The result meant that the management had established well secure and informed system that were used to convey information that adhered to hotel policies. This enabled the

staff adhere to the instructions effectively to attain organizational goals. However, the study noted that the management never acted on any information coming from the staff to the management. This left the staff confused on the requests made to the management regarding strategies formulated. According to Turyahebwa et al. (2022), failure to get feedback from the management was determinant of high job turn over by the staff in the hotel industry. Comparatively, Wanjiku and Kungu (2022) defended the non-communication from the management on the basis on providing accurate and concise information that did not have to be defended to its junior staff, so as to avoid spread of rumors that may derail the process of service delivery in Nairobian five-star hotels.

The study had an open-ended question where the respondents were asked to explain what needed to be done so as to improve communication on strategic objectives. The respondents mentioned that there was need for more involvement of staff by the management through direct calls, emails and memos. This would brief them on various changes or formulation of strategic objectives. Further, the respondents also indicated that there was training needs to the staff to enable them get the communication skills that would create any meaningful conversation with the management.

4.11 Correlation Analysis to Test Hypothesis

The study's research hypothesis indicated that formulation strategies variables had no influence on the Performance of 3-star Hotels. Table 4.16 provides the results.

Table 4.16

Correlation Analysis

		Performance	Stakeholder	Financial Resources	Leadership Styles	Effective Communication
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	96				
Stakeholder	Pearson Correlation	.473	1			
	Sig. (2-tailed)	.009				
	N	96	96			
Financial Resources	Pearson Correlation	.887	.169	1		
	Sig. (2-tailed)	.007	.002			
	N	96	96	96		
Leadership Styles	Pearson Correlation	.910	.396	.327	1	
	Sig. (2-tailed)	.024	.053	.094		
	N	96	96	96	96	
Effective Communication	Pearson Correlation	.737	.009	.091	.068	1
	Sig. (2-tailed)	.017	.034	.080	.130	
	N	96	96	96	96	96

Table 4.16 indicates that the correlation coefficients for stakeholders was 0.887; financial resources was 0.473; leadership styles was 0.910 and communication was 0. 737.Therefore, this is an indication that leadership styles and financial resources had strongest influence while stakeholder had the least influence on performance in 3-star hotels.

The correlation coefficient of stakeholder r=0.473 at $\alpha < 0.009$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p- value was less

than 0.05, the study rejected the null hypothesis. Notably, Khatter et al. (2021) explored how Australian hotel industry was able to maintain environmental sustainability through the help of stakeholders. The study used secondary data inform of past literature and interview sessions with the managers from sixty hotels. The study noted that stakeholders such as shareholders carried the day as far as sustainability of investments was concerned with other secondary stakeholders such as guests having a minimal influence. The most notable thing was stakeholders in a hotel industry signified a major part on its sustainability and formulation of strategic plans to improve its performance.

Mwenje and Basera (2021) examined how Zimbabwean hotels were able to adopt systems that ensured quality management through the help of external stakeholders and business models. Nine hotels were included where hotel managers, staff and key stakeholders were interviewed and taken through focus group discussions respectively. Their responses were analyzed through content analysis method to reveal that the hotel industry in the area of jurisdiction did not adhere to internationally acknowledged business models. Therefore, the contribution o stakeholders such as banking institution, tourists, and others enabled these hotels slowly adopt to the business models that would spur growth in their operations.

The correlation coefficient of financial resources r=0.887 at $\alpha < 0.007$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected the null hypothesis. Rotich and Deya (2021) explored how Nairobi County hotels performance was influenced by change management practices. The study adopted a descriptive research design that involved forty-four hotels that were used as the target population. Notably, the sample size was selected using census method. Further the study collected both primary and secondary

data. In addition, the study issued questionnaires to one hundred and twenty respondents and got a response rate of eighty six percent. The results of this study revealed that sufficient allocation of finances in hotel industry enhances good performance. Rotich and Deya (2021) also found out that financial resources had a positive correlation with performance of star rated hotels in Nairobi.

Aden et al. (2024) conducted a case study of a few chosen three-star hotels in Garissa, Kenya, examining the impact of working capital management techniques on hotel financial performance. Descriptive research design was used in the study. Notably, one hundred and twenty respondents were used as a sample size that was drawn from a total of one hundred and seventy respondents. Further, Aden et al. (2024) the study gathered data using questionnaires. The study found that the performance of Garissa's three-star hotels was positively impacted by financial resources. Furthermore, the findings suggest that improving the hotel's financial resources led to improved financial performance.

The correlation coefficient of leadership styles r=0.910 at α < 0.024 and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected the null hypothesis. Turyahebwa et al. (2022) explore Uganda's hotel business, employee performance, leadership styles, and talent management. Notably, a qualitative research design was used where a total of one hundred and forty-four hotels were used as the target population. Further, the study issued questionnaires to one hundred and ten respondents. Turyahebwa et al. (2022) found out that leadership styles had a higher influence on performance of hotels in Uganda. In addition, the study revealed that transformational style of leadership had a significant impact on commitment of employees within their hotels.

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Wanjiku and Kungu (2022) explored performance of Nairobi's Five-star hotels and their leadership styles. The study adopted a descriptive research design, census method was used where data was collected using questionnaires from one hundred and four senior managers. According to the findings of this study, leadership had a positive impact on performance of hotels in Nairobi County. Notaby, Wanjiku and Kungu (2022) discovered that a good leadership style enhances proper management and work performance among the staff. There was a positive correlation between leadership and performance.

The correlation coefficient of effective communication r=0.737at $\alpha < 0.017$ and 99% significance level. Therefore, since the correlation coefficient was less than 1 and p-value was less than 0.05, the study rejected the null hypothesis. In Indonesia, Sitari et al. (2023) conducted an examination of the impact of communication on work satisfaction and employee performance as intervening factors in Tabanan's three-star hotels. The study involved fifty-five employees from various hotels and issued questionnaires to all the study respondents. Sitari et al. (2023) found out that organizational communication enhances performance of hotels. The study also found that a company does well in terms of profitability when the upper management establishes a platform where there is a channel of communication inside the organization.

Achieng and Pepela (2023) explored a case study of categorized hotels along the Kenyan Coastal Tourism Hub demonstrates the impact of interpersonal communication on hotel performance. The study employed a descriptive research approach, with fifteen hotels in Mombasa serving as the target population. Furthermore, the research collected data from three hundred and eight four customers by questionnaire and interview. Achieng and Pepela (2023) found out that there was a positive relation between

communication and performance of hotels. Notably, the study revealed that clear communication of organization policies within the hotel industry enhanced performance.

4.12 Multiple Regression

Multiple regression analysis was conducted in this study in order to examine the effects of strategic formulation drivers on Performance of 3-star Hotels. This analysis was important to examine the percentage influence of combined strategy drivers, answer the study's purpose and the model. The analysis performed were; model summary, ANOVA and regression.

4.12.1 Model Summary

To determine the percentage impact of strategic formulation on the performance of three-star hotels, the study carried out a model summary. Table 4.17 presents the findings.

Table 4.17

Model Summary of Strategic Formulation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.678a	.460	0.457	2.51640

a. Predictors: (Constant), Effective Communication, Leadership Styles, Financial Resources, Stakeholders
b. Dependent Variable: Performance

Table 4.17 illustrates that R is 0.678 and R Square is 0.460 implying that 46% of the performance of 3-star hotels was influenced by strategic formulation. Other factors not taken into account in the study made up the remaining 54%. Therefore, the results meant that when various aspects such as stakeholders, financial resources, leadership

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styles and effective communication structures promoted the ability of the hotel to improve its performance. Past studies such as Achieng and Pepela (2023) found out strategic formulation indicators such as communication had a 63.1% influence; other studies such as Chebil and Kaplelach (2019) noted that driver of performance such as hotel owners, structure of the organization and others dictated a 62.1%. Wanjiku and Kungu (2022) found a 71.4% influence of various leadership styles on performance of hotels.

4.12.2 ANOVA Analysis

The study also used ANOVA analysis to determine and answer the general purpose of examining the effect of strategic formulation on the performance of 3-star hotels in Mount Kenya East Region, Kenya. Table 4.18 provides the results.

Table 4.18

ANOVA Results of Strategic Formulation

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	276.234	4	5.931	74.248	.006[b]
1	Residual	323.724	91	6.332		
	Total	599.958	95			

a. Dependent Variable: Performance

b. Predictors: (Constant), Effective Communication, Leadership Styles, Financial Resources, Stakeholders,

Table 4.18 shows that the p-value is 0.006, which is less than 0.05. This demonstrated that strategy formulation had a positive effect on performance. This meant that the performance of the hotels was closely determined by how the strategic formulation phase was carried out; the contribution that each stakeholder played; financial resources

deployed to cater for the expenditures of formulating and implementing the strategic plans; the communication pattern adopted to formulate strategies and leadership styles used by the management in the entire process. Positive influence of strategic formulation on performance of hotel industry was also derived by Abdille (2021), Al-Shourah and Al-Shourah (2020), Bryson (2018) and Monye and Ibegbulem (2018). Therefore, the results implied that the performance of hotels was keenly contributed by strategies formulated by the management to be executed by the operations staff.

4.12.3 Regression Coefficient Analysis

The study had a model whereby, $y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + e$. Where Y=Performance, βi = Coefficients to be estimated, $\beta0$ = Constant, XI = Stakeholders, X2= Financial Resources, X3= Leadership Style, X4=Effective Communication, and ε = Error term. Therefore, the regression Coefficient is presented in Table 4.19.

Table 4.19

Regression Coefficient of Strategic Formulation

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	8.652	1.855		4.663	.000
	Stakeholders	.507	.082	.008	.080	.007
1	Financial Resources	.453	.195	.058	.557	.001
	Leadership Styles	.575	.129	.183	1.771	.013
	Effective Communication	.025	.082	.031	.302	.020

a. Dependent Variable: Performance

Table 4.19 indicates that Constant is 8.652, stakeholders is 0.507, financial resources is 0.453, leadership styles is 0.575, and effective communication is 0.025. Therefore,

when equated into the equation $Y=8.652c+0.507X_1+0.453X_2+0.575X_3+0.025X_4$. Therefore, this meant that a unit of stakeholders, financial resources, leadership styles, and effective communication increased performance by $8.652+0.507+0.453+0.575+0.025$.

The results revealed that individually, all the strategic formulation factors were significant but when combined financial resources and leadership styles were significant. That meant that the two were able to predict articulately the outcome. This meant that if hotel management need an improved performance, there was the need to evaluate the administration of financial resources. This could be in terms of developing strategic systems that allow budgetary allocation leading to efficiency in implementation, have the ability to create cutting edge and a niche, stabilize their cash flow, and revenue growth through offering diverse services to clients (Vrontis et al., 2022). This could go to an extent of providing customized services such as room service, Sauna, establishing bands that play specific songs requested at a fee by clients.

In regards to leadership, the study noted that since it had the capacity to enhance performance of the hotel, there was the need for the management to practice balance on when each style applies. The management should ensure that when firm decisions need to be done, they should apply bureaucratic (Kurian & Nafukho, 2022). However, they also need to ensure that they allow democracy to be effective in scenarios that touch directly the operational changes of the staff and in which they foresee it will have a financial and psychological impact (Rigii et al., 2019). This could relate to changing the bank where the staff receive their salaries, and a deduction of allowances among others (Nahuway & Noermijati, 2018). The management should also practice transformational leadership so as to encourage the staff to be motivated in their daily

responsibilities. This is because, the management needs the staff to do their operational jobs for the hotel to improve its performance (Qiong, 2022). They could also engage the juniors in transactional leadership whereby they give them time to express themselves so that each of the party can learn a thing or two from each other.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study adopted an investigative approach using a descriptive survey design with census sampling. The target population were general manager, supervisor and section heads from 21 selected three-star hotels in Mt. Kenya Region, Kenya thus a total of 126 hotel staff. Data, both quantitative and qualitative to get information from respondents, the scholar employed a structured questionnaire. Descriptive approaches were employed to examine qualitative data, drawing conclusions from the most prevalent response about any given theme. A pilot study at the Izaak Walton hotel Embu County was conducted to establish validity and reliability. The study used statistical methods, such as averages, variances, and percentages, to analyze numerical data.

5.2 Summary of Results

A summary of the findings is provided in section 5.11 to 5.15 based on each objective.

5.2.1 Performance

The questionnaire results revealed that that there had been increased profitability in hotels as a result of various strategies formulated. Additionally, hotels were able to maintain their liquidity levels high due to repeated business. However, strategies formulated had partially enabled the hotels improve their general performance.

5.2.2 Stakeholders

The questionnaire findings revealed that the stakeholders actively contributed ideas, resources, and expertise to the strategic formulation process. In addition, the stakeholders' challenges, such as conflicting interests or resistance, posed barriers to

the effective formulation of strategic plans. However, the stakeholders expressed dissatisfaction with the outcomes of strategic plans.

5.2.3 Financial Resources

The questionnaire findings revealed that positive and consistent cash flow was critical for effective formulation and implementation of strategic plans. Further, increasing revenue was an outcome of effective strategic formulation. However, there was insufficient financial resources hence not enabling hotels create a cutting edge and establish a niche in the market. Additionally, financial resources had a very high extent at which it contributed to achievement of strategic objectives. It was also noted that financial resources had a high extent contribution towards strategic objective. However, financial resources had a low influence on the achievement of strategic objective.

5.2.4 Leadership Styles

The questionnaire findings revealed that the management had control of the strategic implementation process of 3-star hotels occurred at top level management. Further, this was followed by respondents indicating that strategic implementation process occurred at middle level. There were also participants who had no idea of where management and control occurred in 3-star hotels. Additionally, 'high' that transactional leadership style, 'high' use of bureaucratic type of leadership were used. However, democratic leadership style was lowly and moderately used.

5.2.5 Communication

The questionnaire findings revealed that there was a clear communication of organizational policies related to strategic formulation fostered understanding and adherence to established guidelines. Additionally, the way information was communicated within the organization influenced how well strategic objectives were

understood and embraced by the workforce. However, there was no robust feedback mechanism ensured that communication was a two-way process, allowing for adjustments and improvements in the strategic plan formulation. Additionally, hotel's communication system was through top-down approach.

5.3 Conclusions of the Study

The study concluded that stakeholders had a positive influence towards improving hotel's performance. Their contribution was immense and ensured that as the strategic plans were formulated, they provided resources, ideas and expertise. However, the management had a rough time trying to satisfy all stakeholder's interests. This brought about conflict of interests since the shareholder's interests had to be considered over other type of stakeholders such as suppliers and customers among others. Therefore, in the long-run most of stakeholders withdrew their support exposing the hotel operations to financial and management risks.

On financial resources, it was concluded that it also had a positive influence towards improving hotel's performance. Therefore, the availability of financial resources enabled the process of formulating strategies easier since the hotels had financial capability to even suggest more challenging strategies that would be implemented with less strain. However, it was observed that the hotels that relied solely on financial resources, it still got challenges of improving the number of customers.

On leadership styles, it was concluded that it had a positive influence towards improving hotel's performance. This showed that the management has ensured that the leadership provided enabled the hotels improve performance in regards to quality of services, utilization of shareholder's resources, and general management of people working under them. That notwithstanding, it was noted that most hotels practiced

mostly bureaucratic leadership style that did not take into considerations the opinion of the workers on how formulated strategies could be improved. This brought about demotivation to the staff which encouraged high job turnover affecting the performance of the hotels.

On effective communication, it was concluded that it had a positive influence towards improving hotel's performance. It was noted that there was a secure, accurate and precise communication system that allowed flow of information from the management to the hotel staff effortlessly. The main medium used included phone calls, text messages, emails and memos. However, the chain of communication was one way whereby it was the management that sent information to the staff for action but not from the staff to the management. This led to break of communication flow that resulted to resistance to implement the formulated strategies or excessive mistakes since the staff were not given a chance to ask questions related to changes needed on the operations by the management.

5.4 Recommendations of the Study

The recommendations made on stakeholders are that the management should consider using recent business models that could enable them combine various proposal into a more suitable strategy suitable for all stakeholders. The management should also continue engaging with more stakeholders that can not only provide ideas but provide expertise and resources towards implementing their proposals. Stakeholders such as the shareholders should allow the management to consider including other shareholder's opinion into practice for sustainable business venture. The study also recommends that the management should undergo continuous training on the best suitable way they could

combine different input from stakeholders to make meaningful and profitable business decisions.

On financial resources, the hotels shareholders should ensure that they widely consult financial experts on the best strategies they could apply to enable the hotels have a cutting edge and a niche in the market. The management should also consider applying book keeping models that ensured that financial resources are fully accounted for stable budgetary control. The management should also ensure they invest in more strategies related to marketing as a way of letting the public know what they offer and the inclusive charges to improve on their numbers.

On leadership styles, the management should attend leadership courses to learn on other critical leadership styles that can be applied to include junior staff into decision making. The staff should also show interest in understanding how various strategies are formulated through close interaction with the managers. This would enable them acquire invaluable knowledge and skills on the reasoning behind specific formulated strategies. The management should also develop institutional policies that encourages a staff representative into the board meetings to enable the opinion of the staff be heard in an organized and respectful manner.

On effective communication, the study recommends that the management should strengthen a two-way communication policy framework to enable efficient communication pattern between the workers and the management. This would motivate the staff to understand that the management takes them as part of the key players contributing towards the success of the hotel operations. The staff should consider joining labor unions that defends them in a case whereby the formulated strategic decisions suppress their working rights or do not allow work-life balance.

5.5 Suggestion for Future Studies

The study was conducted in 3-star hotels in Mount Kenya East hence future studies should consider other types of hotels in Kenya. Notably, the main strategic practice explored was the strategic formulation hence other studies should explore other strategic practices like implementation, monitoring and evaluation. The respondents included general managers, supervisors, and section heads who answered questionnaires. Future studies should consider including the operational staff and also expound more by allowing some the respondents to be interviewed so as to get the accurate opinion on why strategic formulated did not culminate into improved performance.

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APPENDICES

Appendix I: Questionnaire

This questionnaire seeks to investigate the effects of strategic formulation drivers on performance of 3-star Hotels in Mount Kenya East. This study is an academic study and the information obtained through this questionnaire will be treated confidentially and will not be used for any other purpose other than academic research.

SECTION A: BIO DATA
1. Name of the organization: _____
2. Please specify your role within the hotel industry:
    i.   General Manager   ( )
    ii. Supervisors   ( )
    iii. Section Heads   ( )

3. How many years of experience do you have in the hotel industry in Mount Kenya East?

    i.   Less than 1 year   ( )
    ii. 1-5 years   ( )
    iii. 6-10 years   ( )
    iv. 11-15 years   ( )
    v.   More than 15 years   ( )

4. Gender:
        Male [____]   Female [____]

5. What is your highest level of education?
    i.   Masters   ( )
    ii. Bachelor's Degree   ( )
    iii. Diploma   ( )
    iv. Secondary Level   ( )

SECTION B: STAKEHOLDER

1. A five-point Likert scale questionnaire designed to explore the influence of stakeholders on the effective formulation of strategic plans in the hotel industry in Mount Kenya East, Kenya. Respondents are asked to indicate their level of agreement or disagreement with each statement on a scale of 1 to 5, where:1: Strongly Disagree,2: Disagree,3: Neutral,4: Agree,5: Strongly Agree.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Stakeholders actively contribute ideas,					

resources, and expertise to the strategic formulation process in Mount Kenya East				
Stakeholders provide active support for the strategic plans' formulation by hotels in Mount Kenya East.				
Stakeholders' challenges, such as conflicting interests or resistance, pose barriers to the effective formulation of strategic plans in Mount Kenya East hotels.				
Stakeholders in Mount Kenya East hotels express satisfaction with the outcomes of strategic plans.				

2. To what extent do you think stakeholders contribute to the formulation of the organization's strategic objectives?

……………………………………………………………………………………
……………………………………………………………………………………
…………………………………………………………………………………….

SECTION C: FINANCIAL RESOURCES

1. A five -point Likert scale questionnaire designed to investigate how financial resources influence the effective formulation of strategic plans by hotel industries in Mt. Kenya East Region, Kenya. Respondents are asked to what extent has your financial resources helped achieve the following indicate their level of agreement or disagreement with each statement on a scale of 1 to 5, where: 1=Not at All; 2=Little Extent; 3=Moderate 4=Large Extent; 5=Very Large Extent.

Statements	Not at all	Little extent	Moderate	Large extent	Very large extent
Adequate budgetary allocation enhances efficiency in the implementation of strategic plans in Mount Kenya East hotels.					
Sufficient financial resources enable hotels in Mount Kenya East to					

create a cutting edge and establish a niche in the market					
Positive and consistent cash flow is critical for effective formulation and implementation of strategic plans in Mount Kenya East hotels.					
Increasing revenue is an outcome of effective strategic formulation in Mount Kenya East hotels.					

2. To what extent do you think financial resources contribute to the achievement of the organization's strategic objectives?

    i.   Very High   ( )
   ii.   High   ( )
  iii.   Moderate   ( )
  iv.   Low   ( )
   v.   None   ( )

SECTION D: LEADERSHIP STYLES

1. In which management level in your organization does most of the management and control of the strategic implementation process occur (or seem to occur)?

    i.   Top Level   ( )
   ii.   Middle Level   ( )
  iii.   Functional Level   ( )
  iv.   All/Uniform   ( )
   v.   Impossible to tell ( )

2. In your opinion to what extent does the following leadership style leads to the most effective formulation of the business plan by your organization?

Leadership Style	Very high	High	Moderate	Low
Democratic				
Laissez faire				
Bureaucratic				
Transformational				
Transactional				

SECTION E: COMMUNICATION

1. How would you describe the flow of communication in your organization?

    Top-Down ☐   Bottom-Up ☐   Multi-Directional ☐

2. A Likert scale questionnaire designed to establish how effective communication influences the effective formulation of strategic plans in the hotel industry in Mount

Kenya East, Kenya. Respondents are asked to indicate their level of agreement or disagreement with each statement on a scale of 1 to 5, where:1: Strongly Disagree, 2: Disagree,3: Neutral,4: Agree,5: Strongly Agree.

Aspect	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Clear communication of organizational policies related to strategic formulation fosters understanding and adherence to established guidelines.					
The way information is communicated within the organization influences how well strategic objectives are understood and embraced by the workforce.					
robust feedback mechanism ensures that communication is a two-way process, allowing for adjustments and improvements in the strategic plan formulation.					
Clearly defined roles and responsibilities for communication within the organization prevent confusion and promote accountability.					

3. In your opinion what do you think needs to be done to improve communication on strategic objectives?

……………………………………………………………………………………
……………………………………………………………………………………
……………………………………………………………………………………
………………………………………………………………

SECTION F: PERFORMANCE

A five -point Likert scale questionnaire designed to investigate the performance of hotel industries in Mt. Kenya East Region, Kenya. Respondents are asked to indicate their opinion of the following statements which have a scale of 1 to 5, where: 1=Strongly disagree; 2=Disagree; 3=Neutral 4=Agree; 5=Strongly agree.

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There has been increased profitability as a result of various strategies formulated in this hotel					
The hotel is able to maintain it liquidity levels high due to repeated business					
The solvency of the hotel is stable due to the fact that strategies are formulated by experienced management					
In a case where the hotel takes a loan, the repayment capacity enables it to pay within the required timeframe.					
Strategies formulated have enabled this hotel improve its general performance					

Appendix IV: Secondary Data Collection Form

Performance Metrics	2021	2022	2023
Gross Profit			
Net Profit			
ROA			
ROE			

Appendix IV: Introduction Letter from KeMU Postgraduate

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya   Fax: 254-64-30162
Tel: 254-064-30301/31229/30367/31171   Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

Our Ref: KeMU/NACOSTI/BUS/23/2024   May 30, 2024

Commission Secretary
National Commission for Science, Technology and Innovations
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: ANNJOY MUKIRI NG'OLUA (REG. NO. BUS-3-6168-1/2014)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's Degree in Business Administration. She is conducting research on: "Effects of Strategic Formulation on Performance of Selected Three Star Hotels in Mount Kenya East Region".

We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a research license to enable her collect data.

Any assistance accorded to her will be highly appreciated.

Yours sincerely,

Dr. John M. Muchiri (PhD)
Dean, Postgraduate Studies

Cc: Dean, KeBS
CoD, Business Administration
Postgraduate Coordinator - BA
Supervisors

Appendix V: Ethical Clearance

KENYA METHODIST UNIVERSITY

P. O. BOX 267 MERU - 60200, KENYA   FAX: 254-64-30162

TEL: 254-064-30301/31229/30367/31171   EMAIL: info@kemu.ac.ke

Our Ref: KeMU/ISERC/BUS/23/2024   May 30, 2024

ANNJOY MUKIRI NG'OLUA

BUS-3-6168-1/2014

Dear Annjoy,

SUBJECT: EFFECTS OF STRATEGIC FORMULATION ON PERFORMANCE OF SELECTED THREE STAR HOTELS IN MOUNT KENYA EAST REGION

This is to inform you that Kenya Methodist University Institutional Scientific Ethics and Review Committee has reviewed and approved your research proposal. Your application approval number is KeMU/ISERC/BUS/23/2024. The approval period is 30th May, 2024–30th May, 2025.

This approval is subject to compliance with the following requirements:-

I.   Only approved documents including (informed consents, study instruments, MTA) will be used.

II.   All changes including (amendments, deviations, and violations) are submitted for review and approval by Kenya Methodist University Institutional Scientific Ethics and Review Committee.

III.   Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to KeMU ISERC within 72 hours of notification.

IV.   Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to KeMU ISERC within 72 hours.

V.   Clearance for export of biological specimens must be obtained from relevant institutions.

VI.   Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.

VII.   Submission of an executive summary report within 90 days upon completion of the study to KeMU ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://oris.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely

MR. HERBERT AYIEGE
CHAIR (ISERC)

Appendix VI: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **534522**

Date of Issue: **18/June/2024**

RESEARCH LICENSE

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