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**EFFECT OF STRATEGIC AGILITY ON THE SURVIVAL OF STAR-RATED
HOTELS IN KENYA**

MARY CHERUTO CHERUIYOT

MBA/122852/20



**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION OF STRATHMORE UNIVERSITY**

JULY 2022

DECLARATION

This project is my original work and has not been submitted for examination in any other institution. Where previously published or written material by another person has been used due reference was made.

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Sign:

Date: 28.07.2022

Approval

This research project has been submitted for examination with my approval as the university supervisor

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Date: 25.07.22

ABSTRACT

The Covid-19 pandemic has presented numerous challenges to various sectors of the global economies. One of the most hit sectors in the hotel industry which is facing new challenges such as reduced demand for hotel services, limited occupancy, business closures, and a sector-wide scale-down in operations. Locally, most hospitality industry firms have closed down or are facing a turbulent environment that has negatively impacted their financial outcomes and survival rates. This study assessed the influence of strategic agility factors on the survival of hotel businesses in the context of the current operating environment. The study focused on the influence of team empowerment, service diversification, operational flexibility and resource fluidity on the survival of hotels in Kenya. The research applied the crisis management theory and the resource dependency theory to anchor the review of the variables. The study used a positivism philosophy which help draw relationships between the variables and generalize the results to a larger population. Further, a descriptive research design was applied to estimate the relationship between strategic agility and hotel survival using quantitative methods and techniques. The population was 83 star-rated hotels operating within Nairobi City County. The study targeted the managing director, strategy or operations director. Census sampling was used in the determination of the sample size of 83 senior managers from the star-rated hotels. Structured questionnaires alluding to the study objectives was utilized in data collection from the respondents. Quantitative analysis techniques were adopted in the study. The findings were presented using charts and tables. Responses for the research were sought from 83 hotels and the survey was able to obtain 87% (n=72) responses. Results revealed that most of the responses were from 3-star hotels (76%, n = 55), 17% (n = 12) were 4-star hotels while only 4% (n = 3) were five-star hotels. The correlation tests showed a positive effect of team empowerment, resource fluidity, service diversification and operational flexibility on business survival of the star-rated hotels in Kenya. The summary of the regression statistic indicated that holding all other factors constant strategic agility will predict 40.2% of the changes in the business survival of the star rated hotels. The study findings led to the conclusion that the survival of star rated Hotels in Kenya are positively and significantly related to the team empowerment, service diversification, operational flexibility and resource fluidity. Separately, the research concluded that service diversification, operational flexibility and resource fluidity do have a significant positive effect on survival of star rated Hotels in Kenya. The research further concluded that team empowerment had a negative and insignificant effect on the survival of star rated Hotels in Kenya. Study recommends that the hotel business should leverage on their staff by offering professional training to equip employees with adequate technical skills and people relational skills to manage employee fluctuations more effectively. Further, research and development will lead to products and services prices being competitive than other competitors due to cost leadership advantage leading to overall hotel financial performance improvement. The study also recommends channeling of necessary resources to the firm's main services offering. For a firm to be assured of sustainability, it must identify its competitive advantage and apply all the necessary available resources to the same for maximum benefit.

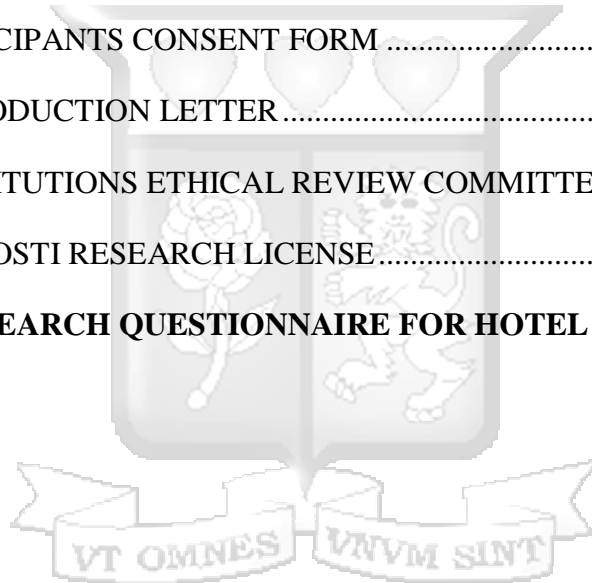
Keywords: Strategic Agility, Business Survival, Team Empowerment, Service Diversification, Operational Flexibility, Resource Fluidity

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DEFINITION OF TERMS

Agility	Agility can be defined as an organization's ability to detect and take advantage of opportunities faster than rivals; hence defines a hotel's ability to sense and react to changes in the operating environment (Lee & Lee, 2017).
Diversification	According to Arachchige (2020), diversification refers to the pursuance of growth objectives and entrance into new markets through the development of augmentation of existing products.
Operational flexibility	Idris, Ahmad, and Muhammad (2018) define operational flexibility as the capability of an organization to meet unexpected changes depending on ordinary capacities that are based on an organization's structures or objectives.
Resource fluidity	Rotich and Okello (2019) defined resource fluidity as the internal capability of organizations to reconfigure business systems and rapidly redeploy resources speedily to support the smooth execution of businesses processes.
Strategic agility	Junni, Sarala, Tarba, and Weber (2015) define strategic agility as an organization's ability to renew itself and stay flexible while retaining high levels of efficiency.
Team empowerment	This starts with employee empowerment at the individual level and involves the institution of practices that are designed with the aim of motivating a particular group toward meeting their role in an organization (Hakanen, Bakker, & Turunen, 2021).

LIST OF ABBREVIATIONS

OECD	Organization for Economic Co-operation and Development
TRA	Tourism Regulatory Authority



CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background Information

Globally, business environments are characterized by continuous change, which demands that they constantly change and operate in a dynamic manner to ensure that they are able to either acquire or retain competitiveness. This is because failure to adapt to the operating environment on time can result in a situation whereby the organization is overwhelmed and lacks adequate dynamism to deal with the changes, leading to permanent shutdowns (Elali, 2021). In 2020, many businesses around the world were hit with the unexpected consequences of a global pandemic that has forced all businesses to initiate some fundamental operational changes in order to survive (Bicer, 2021). Measures such as social distancing, mask-wearing, appropriate ventilation, constant cleaning and disinfection of surfaces and objects, and total lockdowns have been recommended and implemented to curb disease spread (Robina-Ramírez et al., 2021). The restrictions have significantly impacted the performance of associated firms such as hotels (Alalmal, 2021).

In Kenya, Nzisa, Gitahi, and Kiprop (2021), the tourism and hospitality industry has been affected by a reduction in the number of visitors, reduced tax exceptions, reduction in business turnover and profits, and reduced investment by foreign and domestic entrepreneurs, and consequent staff layoffs. Radwan and Radwan (2017) note that to cope with crises, hotels cut salaries for most employees and adopt cost-cutting strategies.

Sigala (2020) asserts that Covid 19 has had a significant negative impact on multiple firms, especially those operating in the tourism and hospitality industries, due to the damaging effects of the imposed restrictions on the operational efficiency of the firms. As aptly put by Hamel and Valikangas (2003), reinventing the business model is essential to ensuring organizations achieve superior capacity without being forced by the environment. In the modern business environment, business leaders, management consultants, and politicians are all in agreement that operational reinvention through the adoption of new operational modalities and engineering structural changes can enhance decision making, hence influencing a firm's overall performance. This strategic dimension of organizational

management leverages the challenges brought about by globalization, the fourth industrial revolution, and the Covid-19 pandemic into opportunities (Kosack et al., 2021).

For contemporary service businesses, agility is imperative for survival since the changes faced in the operating environment are more severe, unpredictable, and costly to customers, employees, and business owners (Lee & Lee, 2017). According to Yacoub and ElHajjar (2021), the hotel industry is among the most vulnerable to external shocks, especially those related to public health concerns. The study showed that crisis management measures are essential for the survival of service firms. Nzisa, Gitahi, and Kiprop (2021) opine that developing dynamic strategies would enable hotels to remain resilient and strategically ready to adapt to unexpected changes, especially during crisis periods. Nazneen, Xu, Din, and Karim (2021) demonstrated that the Covid-19 pandemic had changed consumers' risk perception, reporting that tourists assess the severity of travel risks and adaptive prevention measures prior to making in-person visits. Bicer (2021) observed that agility within organizations is essential in times of crisis due to its potential in providing firms with the ability to overcome shocks in the market, mainly since it transforms emerging industry-wide challenges into opportunities that provide a competitive advantage.

1.1.1 Strategic Agility

Strategic Agility is a concept of management that emerged in recent decades. Agility can be defined as an organization's ability to detect and take advantage of opportunities faster than rivals; hence defines a hotel's ability to sense and react to changes in the operating environment (Lee & Lee, 2017). Agility within organizations reflects the ability of the senior management to adapt, be flexible and foresee unexpected shocks within and surrounding the business and respond to them proactively, quickly, and effectively to transform any possible challenges into sources of competitive advantage (Denning, 2018; Tilman & Jacoby, 2019; Elali, 2021). According to Acmagile (2020), in recognition of the business environment, businesses are shifting from investment-oriented entities to customer-oriented entities, which adds significant value to both customers and the various firms.

According to strategist Long (2000), strategic agility entails the production of goods that meet customer expectations at the right time, in the recommended quality, and at the right price. Junni, Sarala, Tarba, and Weber (2015) define strategic agility as an organization's ability to

renew itself and stay flexible while retaining high levels of efficiency. Agility within organizations has also been hailed as key in the development of unique competencies and technical capabilities, and the organization is able to use the technicality on offer to effectively and efficiently react to shifting consumer needs. The main objective of agility is to promote satisfaction among employees and customers through the provision of quality services and to encourage a swift response to environmental changes (Junni, Sarala, Tarba, & Weber, 2015). Elali (2021) identifies strategic agility as a means of enhancing firm performance since it explains how organizations constantly adapt to the changing environment and enhance their chances of survival and competitiveness.

This study used the definition of strategic agility provided in Weber and Tarba's (2014) study. Weber and Tarba (2014) defined strategic agility as the ability of a firm to remain flexible, continuously adjust its strategic direction and develop innovative ways to create value in turbulent environments. From this definition, strategic agility encompasses the strategies that organizations implement to ensure that they remain flexible and quickly adapt to new ideas, technologies, socio-economic aspects, stakeholders' norms, and values and address the specific government regulations (Doz & Kosonen, 2010). This meaning affirms that firms have to dedicate different sets of resources to sustain high levels of flexibility and speed to be agile in competitive environments (Weber and Tarba, 2014). Strategic agility enables businesses to deliver the right products and services at the correct place, time, and at an affordable price (Phillips & Moutinho, 2018).

In the hotel industry, managers need the ability to detect, initiate, and take advantage of opportunities at a faster rate than competitors. Doz and Kosonen (2008) identified strategic sensitivity, collective commitment, and resource fluidity as key dynamic capabilities that define an organizations' level of preparedness to exploit new opportunities. Muema (2019) investigated strategic agility in hospitals using organizational innovativeness, operational dexterity, total quality management, and resource fluidity, while Shahaee and Rajabzadeh (2015) affirmed that strategic agility encompasses adjustment in institutional processes, workforce, and equipment without compromising strategic goal realization. This study incorporated measures in the study by Muema (2019) and investigate strategic agility through

the lenses of team empowerment, service diversification, operational dexterity, and resource fluidity.

Empowerment has been envisioned in various disciplines such as education, studies of social movements, psychology, community development, economics, and organizational performance, among others, making its definition a subject of the context of the beneficiary (Rappoport, 1984). Page and Czuba (1999) define it as a multidimensional, social process that increases people's ability to take more control of their own lives, both at work and at home, through the transfer of power. This study defined team empowerment as the systemic transfer of power, knowledge, and decision-making capability on issues that they perceive to be important and can improve their own lives. According to Kirkman and Rosen (1999), team empowerment predicts work engagement and promotes organizational citizenship behavior. It starts with employee empowerment at the individual level and involves the institution of practices that are designed with the aim of motivating a particular group toward meeting their role in an organization (Hakanen, Bakker, & Turunen, 2021). This study examined the role of team empowerment in the survival of star-rated hotels in Kenya.

According to Arachchige (2020), diversification refers to the pursuance of growth objectives and entrance into new markets through the development or augmentation of existing products. Diversification has been associated with increased performance in both the profit and non-profit sectors (Eckardt & Skaggs, 2018). Thirathon and Meeprom (2020) define diversity strategies as those strategies that guide an organization into new markets or introduce new products. Lei, Guo, Zhang, and Cheung (2021) carried out a cross-level study and reported that service diversification enhances the overall performance of an organization. Paul and Wachira (2021) showed a positive relationship between concentric, conglomerate horizontal, and geographical diversifications and growth of organization service in the service industry, reporting significant improvements in hotel performance with the introduction of new products and services. For service diversification to become a source of competitive advantage, the introductions resulting from diversification strategies must be unique, non-transferable, and firm-specific. This study sought to establish the effect of service differentiation on the survival of star-rated hotels.

Idris, Ahmad, and Muhammad (2018) define operational flexibility as the capability of an organization to meet unexpected changes depending on ordinary capacities that are based on an organization's structures or objectives. These capabilities have a direct effect on the cost and speed of a companies' response to operational changes. These changes are usually instituted to cater to immediate needs and are not designed to permanently change complex company dynamics. They can be done on a day-to-day basis or even on a shift-to-shift basis, depending on the severity of the need. These capabilities are important for firms that experience frequent but inconsequential challenges such as labor shortage and product volume output changes. Such capabilities increase robustness within the larger system, thus enabling the organization to remain operational even when there are unexpected changes affecting inputs and outputs. This study examined the effect of operational flexibility on the survival of star hotels in Kenya.

In a study on the relationship between resource fluidity and strategic agility, Rotich and Okello (2019) defined resource fluidity as the internal capability of organizations to reconfigure business systems and rapidly redeploy resources speedily to support the smooth execution of businesses processes through mechanisms of collaboration that promote inter-organizational connectivity. It involves the alignment of strategy, structure, business models, and other sub-systems, which can be reorganized quickly. It can be observed by assessing the management's ability to understand and predict changes, ability to ensure seamless reallocation of capital and human resources to productive and strategic goal realization, job rotation, and human resources mobility, and emphasizes knowledge sharing. Reed (2021) opined that resource fluidity had been associated with increased competency, responsiveness, reliability, and speed, thus enhancing customer experience in the hotelier industry. This study examined the effect of resource fluidity on the survival of star-rated hotels in Kenya.

1.1.2 Business Survival

In business, survival defines a state whereby the firm has adequate capability to remain operational even in harsh conditions (Asiomanokai, 2021). Ndiwa (2014) defined business survival as an organization's ability to withstand economic, social, technological and legal, and regulatory forces working against its existence. Katare, Marshall, and Valdivia (2021) assert that survival entails that the business remains in operation and does not shut its door

and operates continuously despite challenges in its internal and external setup. Survival strategies are those strategies that businesses adopt to promote their likelihood of remaining operational in extreme operating environments, such as the one characterized by the measures and recommendations taken to control a global pandemic (Fabeil, Pazim, & Langgat, 2020). According to Gandolph, Kolawole, Joshua, and Gbolahan (2021), the environment in which a business operates has a significant impact on its ability to remain operational in turbulent business environments.

The Covid-19 pandemic has shocked the global economy, and many businesses were not planning to cope with a crisis of such a scale. BFA Global (2020) reports that most businesses in countries such as South Africa, Mexico, the USA, and Kenya generally around the world only had cash reserves for about four to six months, endangering their chances of remaining operational beyond that period. Key challenges impacting survival are poor planning, financial management challenges, and customer attraction challenge, and they impact a businesses' ability to increase sales and profits, improve on existing products, develop new products, penetrate new and existing markets and diversify their services. Struggling businesses, especially during the pandemic, have been characterized by pruning of under-productive goods and services, increased layoffs, rapidly falling sales, and eventual closure.

The concept of survival needs further exploration, especially in the context of the pandemic (Zenker & Kock, 2020). Iorun (2014) argued that to survive, businesses have to adopt unique marketing strategies, distribution strategies, diversification strategies, and operational strategies that would ensure the sustainability of their operations. Another study by Anning-Dorson and Nyamekye (2020) showed that product development and innovative, operational, and marketing strategies are key to sustaining market share and competitive advantage among firms in the tours and travel sector. Lau (2020) asserts that increased uncertainty and unpredictability of the challenges associated with the pandemic have seen many firms adopt new technologies, practices, and procedures that can enhance the quality of their operations at a reasonable cost to guarantee survival and increase their presence in the market.

Muriithi (2021) reported that among African countries and much of the developing world, survival entails the adoption of strategies that are aimed at reshaping and redefining customer bases, expanding business opportunities, and establishing reliable sources of funding. In

Nigeria, Adejare, Olaore, Udofia, and Adenigba (2021) associated survival with the acquisition of new clients. Magasi (2021) determined that timely selection of successors has a significant impact on supply chain relationships, thus ensuring consistent delivery of goods and services to ensure business continuity. Accordingly, Basit and Sethumadhavan (2020) argue that survival can be predicted by determining the level of entrepreneurial experience and competency. This study analysed the relationship between strategic agility and survival in Kenya's hotel industry.

Sanchez (2012) measured survival in terms of the length/duration of time that an organization has been in uninterrupted operations. Barbosa (2016) argues that survival is dependent on an organizations' ability to manage its liquidity, profitability, and diversification strategies. According to Barbosa (2016), liquidity challenges limit an organization's ability to withstand random shocks and invest in new product development. It also determines the volume of working capital which is key to settling short-term financial obligations. Barbosa (2016) also echoes the economic theory, which asserts that firms can only survive if they generate more income than they spend on operations. Cabrer-Borrás and Rico Belda (2018) associate profitability with higher resources and financial efficiency, which denotes a sign of increased market power and a precondition to longevity. Barbosa (2016) also identifies diversification as a necessity for the continued reorganization of operations and variations in earnings. The researcher identified corporate diversification involving the incorporation of new interrelated activities to complement the core operations, market diversification which entails penetrating new and existing, and product diversification, which encompasses the introduction of new products. This study analysed business survival using Barbosa's (2016) components of profitability (financial sustainability), liquidity (expansion capacity), diversification (sustained market share), and sustained operations (rate of business closure). According to Abdul (2019), these measures are key to the survival and growth of small and medium enterprises.

1.1.3 Overview of the Hotel Industry in Kenya

Hotels fall under the tourism and hospitality sector, which is governed by the Tourism Regulatory Authority (GoK, 2011). The Authority is mandated is to regulate the tourism sector based on principles of standards, codes of practice, and classification of tourism

facilities to create a conducive environment for investment. The Restaurant and Hotel Act Cap 494, which regulates the licensing of hotels and restaurants in Kenya, defines a hotel as a premise that offers accommodation and supply of food and hospitality services (Gikuhi, 2020). Kenyan hotels are classified using star ratings, and they range from one to five stars based on the standards upheld and amenities that they provide (Tourism Regulatory Authority, 2020). Nafula (2015) asserts that five-star hotels offer the highest quality of accommodation and services, provide a high degree of personal services, have luxurious furnishing and exquisite menus, and offer personalized services. Lower ranked hotels provide similar services, albeit at a lower quantity. According to the Tourism Regulatory Authority registry, Kenya has 83 star-rated hotels operating in Nairobi City County (Tourism Regulatory Authority, 2021).

The 2019 Kenya Economic Survey report showed that hotels and restaurants form the largest part of the informal sector, employing 6.7 million people. Although the performance within the industry has been largely successful, periods of struggles have plagued the sector (Muragu, Nyadera, & Mbugua, 2021), and the pandemic has exacerbated the problems. A 2020 World Bank survey revealed that over 90% of Kenyan hotels had suspended or closed shop, resulting in an 80% revenue loss over the first half of 2020. This resulted in an estimated job loss of 2 million people (Ministry of Tourism, 2020). Some of the highest-rated hotels in Kenya, such as the Serena Hotel and Fairmont Norfolk Hotel, were the first to suspend all operations. These were followed by the White Rhino Hotel, Sopa Lodges, Maiyan Hotel, Dusit D2 Nairobi, Ole Sereni Hotels, Enashipai Resort and Spa, and the Weston Hotel, which were all unable to survive due to high operational costs amid low income (Gikuhi, 2020). The Kenya Private Sector Alliance (KEPSA) revealed that a low number of travelers combined with regulations adopted by governments contributed to a loss of USD 511 million in room revenue in 2020, leading to a severe loss of revenues, pay cuts, challenges maintaining overheads, increased borrowings to sustain business operations, job losses, and without adequate application of recovery strategies, total closure.

According to Njuguna, Maingi, and Kiria (2020), strategic practices boost firm robustness and increase agility and resilience. Gikuhi's (2020) study shows that hotels are employing crisis management tactics to consolidate profit generation and assure high customer service

delivery. The strategic recovery moves adopted by hotels range from preparation and implementation of travel and tourism industry protocols, training of industry on new requirements and protocols, to up-skilling/reskilling. Others have developed new products by turning guest rooms into private offices for hire and significantly increased the integration of new technologies into their operations to increase their outreach (Standard Newspaper Kenya, 2020). Some of the hotels have also shifted their focus from international visitors and are striving to attract local hotel clientele (Muragu et al., 2021). The challenges facing even the biggest hotels in the country due to the pandemic have shown the essence of being agile enough to survive in harsh economic conditions. Promotion of these strategies facilitates timely response to the rapidly changing and unpredictable environment (Kaushal & Srivastava, 2021). This study examined the influence of strategic practices on the survival of star-rated hotel businesses in Kenya.

1.2 Statement of the Problem

The ability to respond to changes in the operating environment is essential in business and in all aspects of the business life-cycle (Vidmar, Rosiello, & Golra, 2020). This is especially so in service industries that rely heavily on human traffic to drive performance (Alalmal, 2021). Covid 19 measures have seen the suspension of business operations, and businesses realize a significant increase in challenges to their survival (Al-Ababneh, Masadeh, Al-Sabi, & Al-Badarneh, 2021). The covid pandemic has resulted in reduced consumer confidence, higher commodity prices, closure of restaurants, restriction of international and local travel, and general loss of business finances and revenues (Humagain & Singleton, 2021). Ideally, the adoption of strategic agility practices aims to improve a firm's ability to respond to changes in its operating environment, hence promoting long-term operational capacity (Lee & Lee, 2017). Ghana's Danso, Osei-Tutu, Whyte, and Ocuaye (2020) determined that hotels have to be agile and reorient their resources to increase institutional effectiveness and remain attractive. This study sought to investigate whether strategic agility practices can be employed in Kenyan star-rated hotels to improve their chances of survival.

The Organization for Economic Co-operation and Development - OECD (2021) survey shows that nearly 62% of small businesses reported lower sales in the last months, comparable to the corresponding period in 2019. The Central Bank of Kenya reports that the

accommodation and food services sector was the worst hit by the pandemic, contracting by 9.3 percent in the first quarter of 2020 and by 83.3 percent in the second quarter, leading to the temporary or permanent closure of some hotel establishments. The slow uptake of international visitors has resulted in slow recovery, and many firms are struggling to meet their financial obligations. Weber and Tarba (2014) have hailed strategic agility as the dynamic capabilities that enable firms to continuously adjust their strategic direction and develop innovative ways to create value in turbulent environments. This makes it critical to understand how hotels can leverage strategic agility to ensure continued operations.

Hotel survival depends on its ability to remain an attractive destination through exclusive product and service delivery (Robina-Ramírez et al., 2021). With the pandemic resulting in a reduced volume of business operations, strategic agility has emerged as one of the critical competencies that have facilitated the continued operations of star-rated hotels in Saudi Arabia (Alalmal, 2021). Alalmal showed that competitiveness could be achieved through establishing a unified purpose, adopting a changing culture as the normal, and formulating flexible work schedules, among other strategic agility measures. Indian hotels have increased their operational capability by maximizing the use of hotel infrastructure and shaping a supportive working environment. In Egypt, Salahat (2021) ascertained that employee empowerment and knowledge management significantly impact decision-making agility within organizations. A Nigerian study by Monyei, Okeke, and Nwosu (2021) determined that agility plays an essential role in the sustainable performance of micro-businesses.

These studies have not focused on the local hotel industry; hence, a more localized study needs to be considered. Wanjala and Awuor (2021) looked into response strategies within manufacturing firms during the pandemic and determined that strategic alliances, cost rationalization, innovation, and product diversification strategies were vital to promoting performance. Ngunjiri (2021) found that the Golf Hotel and Country Clubs had emphasized cost reduction and service diversification strategies in their restructuring plans to accommodate future customers. Ngunjiri (2021) carried out a one-firm case study. Although supporting the influence of strategic agility on firm performance, there is a limitation in the studies since they don't comprehensively examine how strategic agility affects hotel

performance post the Covid-19 pandemic. This study sought to fill this gap by exploring the effect of strategic agility on the survival of Star-Rated Hotels in Kenya.

1.3 General Objective

The main objective of the research was to analyse the effect of strategic agility on the survival of Star-Rated Hotels in Kenya.

Specifically, the research proposes to;

- i. To establish the effect of team empowerment on the survival of Star-Rated Hotels in Kenya.
- ii. To determine the influence of service diversification on the survival of Star-Rated Hotels in Kenya.
- iii. To examine the effect of operational flexibility on the survival of Star-Rated Hotels in Kenya.
- iv. To evaluate the effect of resource fluidity on the survival of Star-Rated Hotels in Kenya.

1.4 Research Questions

- i. What is the effect of team empowerment on the survival of Star-Rated Hotels in Kenya?
- ii. To what extent does service diversification influence the survival of Star-Rated Hotels in Kenya?
- iii. What is the effect of operational flexibility on the survival of Star-Rated Hotels in Kenya?
- iv. What is the effect of resource fluidity on the survival of Star-Rated Hotels in Kenya?

1.5 Scope of the Study

The research focused on how strategic agility influences the survival of star-rated hotels in Kenya. It used a positivist research philosophy guided by a descriptive research design. The strategic agility variables that were investigated was team empowerment, service diversification, operational flexibility, and resource fluidity. Geographically, due to the pandemic, the study focused on the star-rated hotels in operation within the Nairobi Metropolitan area. The research was grounded on the resource dependence theory in

examining how strategic agility is key to the survival of the hotels. The time scope of the survey was December 2021-January 2022.

1.6 Significance of the Study

1.6.1 To the Ministry of Tourism

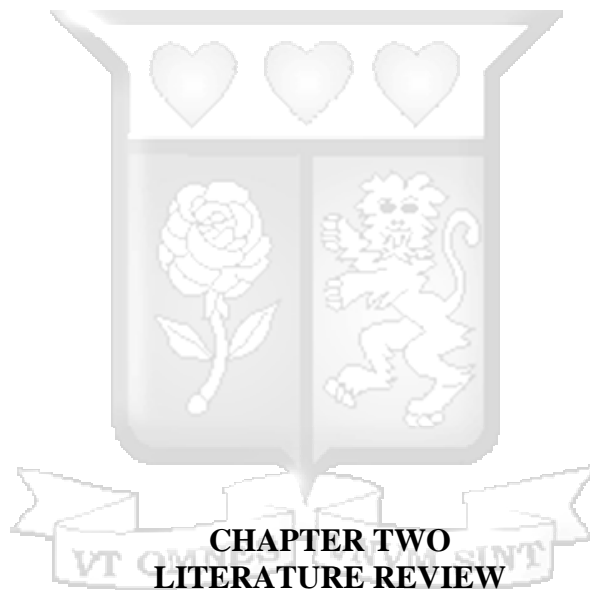
The COVID-19 pandemic is shaking the world economy, placing small businesses under colossal pressure to survive, challenging them to respond effectively to the crisis. As such, this study was critical to guiding the Ministry of Tourism and Local Hotel Associations in developing new guidelines that can be adopted locally to promote the performance of the local hotel industry. The study findings can provide the Tourism Regulatory Authority (TRA) with information on the current state of survival within the classified hotels, which can be essential to the future development of incentives and support programs to promote the resumption of hotel business in the country. The research results will also present more empirical evidence on how strategic agility can be adopted across other industries to improve survival.

1.6.2 To Star-Rated Hotels management

The study will also highlight the gaps in the current survival strategies within the hotels, thus providing the management with more practical tools to turn around their businesses from the woes of the pandemic. The study results will also enhance managerial practices within the star-rated hotels by introducing new agility dimensions incorporated into the firm's operations.

1.6.3 To Academia

The findings of the study will contribute to the theoretical implications on the impact of the resource dependency theory on strategic agility. The study will identify gaps that are yet to be investigated and as such will identify avenues that future researchers can explore. The study will also be useful as a reference material for academicians in the future.



CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature on the relationships between the study variables. It consisted of a theoretical and literature review. Further, the conceptual gap and operationalization of the research variables were captured.

2.2 Theoretical Review

The research was anchored on the Resource Dependence Theory (RDT), which assures there exists a strong relationship between resources availability in the external business environment and business operations. This theory was anchored the strategic agility variables that determine organizational response and how this affects business continuity.

2.2.1 Resource Dependency Theory

This theory was developed by Pfeffer and Salancik in 1978. According to this theory, organizations are not self-sustaining entities and instead depend on the external environment to acquire key resources that are then allocated to meet strategic goals. This theory postulates that procuring external resources is a fundamental aspect of an organization's strategic and tactical management (Drees & Heugens, 2013). The theory asserts that changes to the organization's environment can significantly change its orientation and chances of survival. Thus, it describes the effect of an organization's environment on its behavior with respect to resources access (Biermann & Harsch, 2017). Further, since companies have different goals, objectives, and directions, organizations also have varying degrees of dependence on the external environment, which is a major source of operational uncertainty. According to Zhang et al. (2013), resource dependency theory argues that organizations develop strategies whose execution can be met by the resources that it possesses to influence their market position and competitiveness. The theory stresses the importance of assessing investigation into an organization's operating environment to find out why it operates in certain ways.

Linking the organization to the external environment offers a vital framework that organizations can use to remain competitive through the acquisition of resources that are rare, value-adding, non-imitable, and non-substitutable (Abdurakhmonov, Ridge, & Hill, 2021). The resource-dependency theory has been applied to explain the impact of procurement practices and supplier relationship management on a firm's unique capabilities, thus impacting its performance (Schnittfeld & Busch, 2016), and in the examination of the influence of technology resources on operational flexibility (Xiao, Petkova, Molleman, & van der Vaart, 2019). The theory has also been used in explaining how companies use information resources to market themselves, increase innovation, and manage supplier relationships to adequately adjust their operations based on customer preferences (Jajja, Kannan, Brah, & Hassan, 2017). Bendickson, Gur, and Taylor (2018) applied this theory in examining how employee empowerment work performance systems and firm innovative performance culture. Nemati, Bhatti, Maqsal, Mansoor, and Naveed (2014) used the theory to explain strategic decisions by food and beverage firms. Tehseen and Sajilan (2016) determined that

firms can reorganize their resources through supply chain flexibility, while it was also used to explain how networking can increase operational efficiency.

In its extensive use, the theory has been criticized for exhibiting circular reasoning in its approach, with critics arguing that it ignores how internal resource generation practices can act as sources of competitive advantage (Nemati et al., 2010). Porter (2008) argues that the logic of the resource dependency theory contradicts managerial scholarship and practice. However, this study is still key to informing the effect of organizational resources access and organizational behavior. The RDT affirms that hotel sector firms can enhance their operations and service provision by channeling their resources and implementing cost leadership and customer-centric strategies that can act as a source of competitive advantage (Biscotti, Mafrolla, Del Giudice, & D'Amico, 2018). The theory also recognized the importance of having flexibility in operations as a means of creating harmony between the environment and organizational performance (Jajja, Kannan, Brah, & Hassan, 2017). It calls for firms to focus on areas that offer a source of competitive advantage and encourages stronger development of the supply chain relationships and market links. It also calls for capacity building to ensure proper resources allocation and utilization, with innovation being identified as a key driver for sustainable use of organizational resources and strategic goal realization (Liu & Chang, 2020).

This theory recognizes that firm survival is dependent on its ability to acquire and exploit resources within its reach. It explains that an organization's responses can only be as effective as the resources at its disposal. It recognizes the skills and competencies such as planning, resource control, and monitoring brought forward by the management, individual employees, and teams. Namasivayam, Miao, and Zhao (2017) observe that human capital can serve as resources for information, skills, suppliers, and buyers, among others, to ensure firm continuity and reduce uncertainty. This theory informed the relationship between resources and an organization's strategic agility as a facilitator of hotel's agility.

2.3 Empirical Review

This section focused on a review of related studies that have been previously conducted within the themes of this research. The section further highlighted the gaps that are within previously reviewed research work.

2.3.1 Team Empowerment and Survival of Hotels

A study by Baird and Baard (2021) associated teamwork empowerment aspects such as team resilience, self-management, teamwork, and team potency with increased workplace satisfaction, proactivity, customer service, team effectiveness, and organizational productivity. Al-dalahmeh, Khalaf, and Obeidat (2018) associated employee engagement with positive emotional connections within employees towards work and the respective goals and values of their organizations. Abualoush, Obeidat, Tarhini, Masa'deh, and Al-Badi (2018) reported that in the hospitality industry, engagement within work teams improves the quality-of-service delivery, which improves overall performance. Al-Dmour, Yassine, and Masa'deh (2018) reviewed the literature on team empowerment and reported that it resulted in faster responsive service, higher motivation among staff, increased labor stability and productivity, and enhanced loyalty among customers, and higher profits. Moran, Gibbs, and Mernin (2017) used the empowerment model to demonstrate the importance of empowerment in turning workplace barriers into possibilities.

Charles, Francis, and Zirra (2021) carried out an assessment of the effect of employee involvement in decision-making on the productivity of hotels in the UAE. The study applied simple and purposive sampling techniques, sampling 50 respondents. The analysis determined a significant positive impact on employee involvement and organizational performance. The study determined that involving employees in decision-making through collective representation increased the effectiveness of employee welfare programs and increased commitment to an organization, ensuring that hotels were able to attract and retain the best-performing employees. The study emphasized the need to develop a positive relationship between the management and employees to ensure there is free flow of information and consultation to influence how organizations respond to their environment. This study presents a contextual gap that this study addressed by investigating how other aspects of employee empowerment influence hotel profitability.

Anthonius (2021) carried out an investigation into the influence of employee empowerment and soft and hard skills on the performance of hotel employees during the Covid-19 pandemic. The study, which covered five-star hotels in Indonesia, applied a quantitative methodology that utilized Structural Equation Modeling on data collected from 100 active

employees. Although the study showed a positive influence of soft and hard skills on quality service delivery, it was determined that employee empowerment had no significant impact on employee empowerment. The study recommended professional training to equip employees with adequate technical skills and people relational skills to manage employee fluctuations more effectively. The current study expounded on this by addressing how employee empowerment affects the performance of all-star-rated hotels in Nairobi, Kenya.

Al-Ababneh, Masadeh, Al-Sabi, and Al-Badarneh (2021) carried out a Jordanian study that sought after service recovery strategies adopted in the hotel industry, emphasizing the role played by employee empowerment in motivating service innovation. The quantitative study sampled 381 staff from five-star hotels. Exploratory Factor Analysis (EFA) was applied to the collected data, and Confirmatory Factor Analysis (CFA) was used in determining construct validity. Analysis revealed that employee empowerment moderated the relationship between service innovation and service recovery, while at the same time, successful implementation of service innovation stimulates employee empowerment, hence improved recovery. The study recommended hotels involve their employees in training seminars since a high level of exposure can stimulate service innovation capabilities within an organization. This study also investigated five-star hotels, while the current study examined all rated hotels in Nairobi.

Al-Sufyani and Al-Ameri (2021) carried out a case study of the Taj Sheba Hotel in Yemen to analyze the impact that administrative empowerment has on employee organizational commitment. The descriptive study collected data using questionnaires from 100 employees. The analysis revealed that the employees at the hotel were highly motivated, empowered, and committed. The analysis also provided evidence that constructs of employee empowerment (job autonomy, motivation, communication, teamwork and training) all have a positive influence on commitment within the organization. Providing the employees with more autonomy and facilitating training sessions were determined to be the most influential empowerment strategies. This study presented findings on the basis of organizational commitment, while the current examined business survival.

Acquah and Chen (2021) did a case study of the Kingstel Hotel in Ghana to analyze the effectiveness of workplace stress management practices that the hotel had employed, and the

impact of these practices on employee performance. Data was sourced from service employees and managers to establish both parties' opinions. The study determined that the hotel had failed to institute appropriate workplace stress management practices which has a negative impact on organizational performance. Employees were unable to perform at the optimal level due to work overload, role ambiguity, job insecurity, poor resource allocation and unfriendly working conditions. The study recommended the development of supportive management and personnel development policies and increased representation and involvement of employees in decision making committees as a means of ensuring employees' voices are heard and their views represented. This study was more concerned with employee empowerment as opposed to firm continuity.

Wanjau, Mung'atu, Gichira and Wamuyu (2015) evaluated the relationship between employee empowerment in service recovery and customer loyalty in Kenya's hospitality industry. A survey approach guided by a cross-sectional research design was employed. The study determined that empowering employees to determine whether customers received service compensation was an effective strategy that stimulated loyalty among customers. The study established a need to establish communication channels with customers where customers can express their displeasure since this would enable the management to gauge the level of satisfaction among customers with the services delivered. This was also determined to be a means of enabling flexibility of operations with some guidance from the customers. This study focused on customer loyalty which is one of the determinants of survival. It does not explore other indicators of business survival.

Odunga (2021) investigated the effect of knowledge management practices on performance of tourist destinations. The study was guided by the knowledge-based view theory to determine how knowledge creation, sharing and application influences destinations' performance in Turkana County, Kenya. A mixture of descriptive and explanatory correlation research designs and stratified simple random sampling were employed. Hypothesis testing was carried out using Structural Equation Modelling (SEM). The analysis revealed that knowledge sharing and application had significant positive effects on the competitiveness of tourist destinations. However, knowledge creation has no significant effects, suggesting that it may be paramount that hotels create and apply gained knowledge to enhance their

competitive position and remain operational. This study did not exclusively focus on hotels by investigating all tourist destinations.

2.3.2 Service Diversification and Business Survival of Hotels

The main reasons for diversifying are to increase the organization's target markets, reduce business portfolio risk and build up operational capabilities (Akingbola, Rogers & Baluch, 2019). Menicucci (2018), in a study on firm characteristics, established that performance within hospitality firms was significantly impacted by the type of diversification strategies adopted. However, while most studies show a positive association between service diversification and firm performance, other studies show increased associated costs of new technologies' integration, increased managerial conflicts, and reduced frequency of diversification within large firms. Zhao and Luo (2002) report that diversification is a risk-based strategy since organizations that practice it have to acquire new knowledge, technology, and marketing to new customers.

Kim and Lin (2021) sought to assess the non-linear relationship between brand diversification and hotel owner performance. The Texas-based study utilized data reported by the hotels during the period 2000 to 2018. The analysis determined that the relationship between brand diversification and hotel owner performance is concave in nature, implying that brand diversification has a positive influence on performance, but too much diversification results in negative performance. Further analysis showed that the hotel's location and ownership structure also significantly influence the level brand diversification that hotel owners can apply. The study determined that having a portfolio with multiple chains and locating them far apart improves brand diversification which has a significant positive influence on the hotels' performance. The study presents a contextual gap as it examined diversification strategies. The current study included other aspects of management competency such as employee empowerment.

Majumdar (2021) assessed the measures that Indian hotels had adopted since the first Covid-19 case was reported in the country to restore revenues, conserve resources and attain greater operational and cost efficiencies. The study used the survey method to collect primary data in the form of interviews with finance managers in star rate hotels. The study determined that hotels in India had adopted various measures to maintain revenue generation, conserve

resources, cash outflows, and operating costs. The hotels remained attractive by offering reduced prices for certain services and reductions on list prices. Cost was cut through the closure of unused stations and other energy consumption measures. Discretionary spending, localization of supply chains, postponement of maintenance expenses, and labor cost reductions through layoffs were also strategies that most hotels affected. This study was based in India. The current study detail hotels' survival in Kenya.

Aladejebi and Oladimeji (2021) investigated the Nigerian hotel industry to examine the influence of effective business continuity management practices and the impact of disaster preparedness and readiness on hotel industry business continuity. The study, which featured guest houses, motels, and one- and two-star hotels, sourced primary data using structured questionnaires from 150 respondents. The study determined that disaster management strategies involved employee disaster training and awareness, prevention of fire, burglary, and local political instability. The study determined that disaster prevention training enables employees to be prepared for a disaster and be more assertive in their management action—training and empowering the employees on how to prevent and detect a crisis. The study also determined that carrying out vulnerability audits helped hotel managers to be alert to possible operational weaknesses and threats that may need attention in the event of a disaster. This study presents a contextual gap as it examined lower-ranked hotels. The current study focused on all star-rated hotels in Kenya.

Wambua and Yahaya (2018) investigated the tourism and hospitality sector in Kenya to determine how customer service practices affect the industry's performance. The study specifically sought after the relationship between customer care and customer relationship management practices that influence hotels' market performance. The study focused on a single chain of hotels and adopted a descriptive research design. Data analysis was done through a linear regression model. Both of the variables were determined to have a significant positive impact on the hotel's performance. Customer relations management was the most impactful implying that ensuring customer needs are met would promote hotels' performance since they enhance customer retention and market performance. This study explored aspects of customer service provision, while the current study based its findings on multiple aspects of strategic agility that influence business survival.

Mugure (2021) sought to establish the strategies that hotels in Kenya had adopted to enhance their sustainability. The study's specific objective was to determine whether the adoption of green policies such as waste management and climatic change initiatives diversity have an influence on the hotels' sustainability. The qualitative study applied stratified sampling in its analysis of all 18 5-star rated hotels in Kenya. Data were collected using in-depth surveys. The content analysis technique was employed to identify the patterns of interaction between the variables. The analysis showed that there was a strong effect of the above variables on organizational sustainability. It was concluded that through diversification, hotels were more attractive to the workforce, allowing them to retain their best employees. These strategies also enhanced group synergy, promoted productive conflict management approaches, improved creativity, and innovation, and enhances flexibility and resilience, which significantly improve 5-star rated hotels' sustainability. This study presented a contextual gap that was examined in the current research.

2.3.3 Operational Flexibility and Business Survival of Hotels

Ndubai, Mbeche, and Pokhariyal (2016) affirmed in their study that while hotels aim to ensure customer satisfaction with delivered services, the level of flexibility, effectiveness, and efficiency of services has a direct impact on long-term loyalty to an organization or brand within an organization. The ability of an organization to change from time to time is its versatility and has been recognized as an essential capability that enables firms to evolve with the demands of the operating environment, thus allowing for long-term strategic goal realization (Mwachari, 2018). Empirical studies have associated flexibility with firm strategy, communication techniques, supplier relationships, technologies, human skills, competencies, and availability (Chaudhuri, Boer, & Taran, 2018; Alcaraz, et al., 2017; Lucherini & Rapaccini, 2017). Phan, Nguyen, Nguyen, and Matsui (2019) demonstrated that just-in-time practices and total quality management practices are key drivers of operational flexibility since they call for strategic inventory management, which reduces the time and cost of acquiring and processing input and outputs.

Garrido-Moreno et al. (2021) carried out a literature review on crisis management strategies with a bit to identify the most effective drivers of hotel recovery in the face of economic or health crises like the one posed by the Covid-19 pandemic. Two hundred thirty-seven

managers from hotels in Spain were contacted, and according to the contacted managers, the key measures that hotels should consider rank from healthcare considerations, cancellation management and operational flexibility, innovative service provision, and organization and human resources management. The hotels had made significant efforts to meet standardized hygiene requirements in their facilities, promoted social distancing, initiated measures to deal with cancellations, offer loyalty bonuses and minimized employee-customer interactions and increased human resources flexibility. The study determined that offering benefits was a more effective strategy than reducing prices. However, the managers were adamant that adopting cost reduction and control measures were essential for hotels' survival, necessitating the importance of being flexible as a means of enhancing organizational resilience. This study presents a geographical gap having been conducted in Spain.

Li, Zhong, Zhang and Hua (2021) utilized content analysis in analysis of 153 textual information sources in exploring how Chinese restaurants and hotels had adjusted to ensure continuity during the Covid-19 pandemic. The study developed an innovative crisis management model which was synthesized from a micro-level perspective. The life cycle model was utilized in measuring the impact of the strategies adopted by the Chinese restaurants as they respond to the crisis. Data analysis involved the memoing technique, guided by the push and pull theories of motivation. Two main response stages were identified; the emergency reaction and precautions and prevention stages. Measures were taken to prevent the spread of the disease; a crisis response headquarters was established and all the hotel premises were constantly disinfected. Corporate social responsibility measures such as food provision to the needy and medical workers were also adopted. Operations were also changed significantly, with the hotels adopting new technologies for automation, seeking out local sources of resources and implementing mobile payment systems, and customer loyalty bonuses. The restaurants also created cheaper new sub-brands, increased collaboration with e-commerce businesses and increased collaboration with food delivery service platforms. The study determined that being operationally flexible is key to enhancing business continuity. The current study explored similar factors in the Kenyan setup.

Alalmi (2021) sought after the agility level of Saudi-Arabian five-star hotels and the impact of hotel agility on hotel's competitive advantage. The study analyzed responses from 809

employees who were randomly contacted. SPSS v.25 was used to analyze these questionnaires. The analysis determined that the hotels develop strategies with flexibility in mind and encourage innovation from all employees. Agility was achieved through increased investment in technologies, human resources development training, automation adoption, employee welfare promotion, shifting to creative and innovative service delivery, employee empowerment, facilitating virtual work, and adopting environmentally-friendly work dimensions at work. Decentralized leadership and employee empowerment were key to ensuring quick responses to changes in the business operating environment. Hotels that were more prepared to shift to contactless service delivery realized more profits than those which had to partially shut down when the pandemic ensued. This study focused on the top ranked hotels while the current examined all rated hotels in the Nairobi region.

Al-shami, Al Mamun, Ahmed and Rashid (2021) explored the use of Artificial Intelligence (AI) in hotels' operations in the UAE. A qualitative approach was utilized and data was collected through interviews. The study purposively selected managers from five 5-star hotels that had incorporated AI into service delivery. Content analysis revealed that AI had successfully transformed hotel operations such as managing booking, managing the reception service and room services. The study determined that AI efficiency could be enhanced by investing in AI infrastructure flexibility, strategic alignment, management and skills development to facilitate easier adoption of these products. AI improved hotel performance by enhancing the quality-of-service delivery, reducing costs associated with manual labor, and increasing customer satisfaction and the hotels' overall market share. This study investigated technologies' introduction and operational capacity; the current focused on all strategic agility measures to facilitate operational continuity.

Salem, Elkhwesky, and Ramkissoon (2021) adopted the Situational Crisis Communication theory (SCCT) in their exploration of the initiatives, practices, and responses initiated by the Egyptian government and chain-managed five-star hotels after the global COVID-19 struck the country. The study adopted Subjective and objective content analysis. The study examined published journals, newspapers, television reports, and online digital platforms such as Facebook and magazines to identify the initiatives and practices that were mostly employed in Egypt. The hotel websites were also investigated to develop an objective content

analysis. The study determined that the hotels had adopted unique financial policies, workforce and training policies, health and hygiene practices, domestic tourism marketing, booking flexibility, absorptive cancellation policies, community support, and outsourcing. The government, on the other hand, supported hospitality businesses by providing financial support, canceling benefits or fines, postponing payments, lowering the interest rate, providing hotels with sterilization and disinfection guidelines, providing training about precautionary and preventive practices, and launching an online marketing campaign designed to market the tourism and hospitality sector. Cost-cutting strategies implemented by the hotel, including time off with no pay, layoffs, non-renewal of contracts, salaries reduction, deducting insurance from salaries, and non-payment of benefits, were unpopular among employees but ensured the hotels' sustainability in the fragile business environment. This study based its findings on the Egyptian hotels sector. The current study examined the Kenyan experience.

Ochieng (2021) investigated the influence of strategic marketing positioning on the performance of domestic tour operators in Kenya. The descriptive study specifically examined the effect of digital transformation, pricing, and diversification strategies on the firms' performance. A stratified sampling technique was applied in the selection of 193 domestic tour operators. Questionnaires were used in the collection of primary data. Analysis showed that digital transformation strategies have a positive influence on organizational performance. The study determined that domestic tour firms have to leverage digital technologies in their marketing, communication, service delivery, and relationship management. The study determined that digital technologies' adoption increased organizational efficiency by facilitating quick service delivery and reducing the cost of operations. Digital technologies also improved brand recognition since most customers were working based on online presence. The analysis also determined that both related and unrelated diversification strategies boosted the firms' market position and built customer loyalty. This study investigated tour firms; these perform operations linked to the hotel sector; hence their findings may vary.

Ngunjiri (2021) carried out a case study focusing on the Golf Hotel and Country Clubs to examine the adaptive strategies that the hotel had instituted in response to pandemics and the

result of these operational changes on business performance. A descriptive survey design guided the study, which used stratified random sampling to examine the service development strategy, restructuring strategy, and supplier collaboration strategies adopted by the group of hotels. Primary data was sourced from 100 senior and middle-level managers. The analysis showed an increased focus on the adoption of cost reduction practices in all business operations. Correlation analysis showed that all the study variables had a strong and positive relationship with organizational performance. Customers were encouraged to provide feedback, relationships with suppliers were re-examined, and new services were developed while the structure of the organization was re-designed to minimize supervisory and administrative costs. This was a case study investigating one firms' performance. The current explored multiple hotels' performance.

2.3.4 Resource Fluidity and Business Survival of Hotels

Zayed and Alawad (2017) reported an increased propensity to innovate among firms that applied strategic fluidity practices, and such companies were associated with a larger market share. Ogunsiji, and Akanbi (2013) were also of the opinion that strategic sensitivity and resource fluidity were key determinants of organizational outcomes. Ping, Chinn, Yin, and Muthuveloo (2018) found that resource fluidity moderates the relationship between technology adoption and firm performance. Wangasa (2018) established a strong relationship between resource fluidity and bank employees' performance, while Kitur and Kinyua (2020) found a positive relationship between firm performance among firms in the tours and travel sector.

Ngoc et al. (2021) investigated Vietnamese hotels to determine the resilience strategies the hotels had adopted to remain competitive when the pandemic was first identified. The study specifically assessed the human resource management changes that the institutions had implemented. A qualitative approach guided the exploratory study. The study determined resources diversion to ensure adequate provision of health safety products such as sanitizers, medical facemasks, and temperature scanners, as well as setting up a Covid crisis management center which was run by health-conscious, professionally trained staff. The study also showed increased flexibility in work schedules, with part-time work schedules being implemented. The study also determined that the hotel had initiated steps to promote

positive psychology to increase employees' mental resilience in the event of layoffs and income-associated troubles. The study also determined that the organizations emphasized securing internal business management factors, including resources management, organizational culture, leadership, and financial support. Determining the practicability of strategies was highlighted as an important determinant of performance success. This study was based in Vietnam, which is a different hotels industry from Kenya.

Nadeem and Danish (2019) carried out an employee-level analysis on the effect of high-performance work systems (HPWS) on employee service provision and organizational citizenship behavior. The explanatory study postulated that HPWS improves service provision and OCB and that employee resilience mediates the relationship. A cross-sectional design was employed, and data was collected by 371 front-line employees. Study findings determined a positive relationship between the study variables. Improving the resilience of employees was determined to improve the extent to which HPWS impacted service provision and OCB. The study recommended strategic human resource management to ensure employees feel empowered to make independent decisions and promote the hotels. This improved employee loyalty and enabled smooth scheduling in adjustment to customer volumes. The current study examined business survival as opposed to employee citizenship behavior.

In Portugal, Vale, Vale and Lopes (2021) explored the relationship between intellectual capital management and financial performance of hotel firms. The literature review determined a positive relationship between VAIC and hotels' financial performance. Continual human capital efficiency and capital-employed efficiency were reported as the most effective and efficient strategies that influence performance of all companies, whether big or small. Another study investigated the relationship between intellectual capital, corporate social responsibility disclosure and hotels' financial results in Indonesia. Dewi, Mimba and Sudana (2019) utilized the saturated sample in selection of 35 firms' whose financial reports had been published between 2016 and 2018. Multiple regressions were used in analysis of this data. It was determined that the level of CSR disclosure and the quality of intellectual capital available to a hotel had a significant effect on hotels' profitability. Thus, it would benefit hotels to have experienced, knowledgeable human resources that can handle

multiple roles and have the competency to make responsible executive decisions during the pandemic. Further diverting resources towards SCR activities was linked to improved corporate image, asserting that publishing these initiatives will increase profits. This study does not assess whether these financial gains have a positive influence on survivability.

An Indonesian case study by Andriyas and Sirait (2021) sought to examine the sustainable practices adopted by Cipaku Garden Hotel. The study, which involved hotel management sought after managers' perception of sustainable practices, and analyze how the anticipated outcomes impact the hotels' performance. Common size analysis was applied to the collected data which was obtained from the Cipaku Garden Hotel's financial reports. The analysis determined that waste management practices were the main sustainable practices adopted by the hotel. The managers reported that the hotel recycles organic waste into catfish food and compost which reduces operational costs by reducing the cost of acquiring compost and catfish food. These cost cutting strategies resulted in higher financial performance. The research focused on profitability within one hotel; the current study examined multiple hotels.

In Jordan, Al-Shourah and Al-Shourah (2020) focused on the influence of total quality management (TQM) practices on star rated hotels' performance. Regression and correlation analyses were applied on data collected from 59 middle and top managers, and representatives from the finance, quality and operations departments of international class hotels. The analysis determined that TQM is a comprehensive approach that five-star hotels can adequately employ to improve their competitiveness, effectiveness, and flexibility. The study determined that hotels should strive to acquire superior supplier quality management strategies, customer focus strategies, quality resources planning, top management which is committed to continuous improvement, and quality information and reporting capabilities which will ensure they remain competitive even in turbulent environments. The study emphasized planning, organizing, and understanding all functional units at each level to ensure superior performance within the hotels industry. This study explored performance outcomes while the current explored the ability to survive.

A Nigerian study by Ugwu (2021) investigated the effect of strategic planning on hotels' performance in South Eastern Nigeria. A survey research design was employed on 80 members of staff. The analysis determined that strategic planning has a significant influence

on hotel management' performance. Further, the methods of strategic planning employed determined the level of effectiveness of strategic plans, highlighting the need to prioritize appropriately, focus energy and resources to key departments, orient all stakeholders towards a common goal, establish agreement around intended results/outcomes, and increase the organization's operational flexibility to facilitate response to the changing environment. Strategic planning includes resources allocation optimization, proper definition of long-term goals and developing strategic map based on the hotel's mission statement. This study focused on management performance.

In Kenya, Marangu (2021) sought to establish the effect of quality management initiatives on star rated hotels' performance in Nairobi County. Specifically, the study investigated how continuous improvement strategies, the level of commitment of the top management to the organizational goals, focus of customers and benchmarking impact hotels' performance. A descriptive design used, while data was analyzed using a multiple regression model. The hotels were selected using a census technique. Analysis asserts that the level of management commitment, the degree of orientation towards meeting customer needs, benchmarking practices, and continuous improvement all improve five-star hotels competitive position. The study called for the management to be committed to continuous improvement which is skewed towards meeting immediate customer needs. Hotels that were more acceptable of change were determined to satisfy customers more which fostered loyalty which will lead to increased revenues.

2.4 Summary and Research Gaps

The review of available empirical literature shows that there exist some glaring gaps that should be addressed, especially since we are in the midst of a pandemic which has significantly affected the core operations and interfered with the volume of key customers of star rated hotels. Addressing these gaps is essential to providing evidence that could be used to enhance survival of star rated hotels. The studies by Charles, Francis and Zirra (2021) and Anthonius (2021) were more concerned with employee empowerment aspects and their influence on firm performance, they did not explore other strategic agility factors such as diversification and resource fluidity. Al-Sufyani and Al-Ameri (2021) also focused on administrative empowerment; however, the study involved one institution in a case study.

Other studies also utilized this approach. The study by Ngunjiri (2021) and Cipaku Garden Hotel, (2021) also focused on single institutions. This study sought to assess the influence of strategic flexibility on the survival of multiple businesses in the hotel services industry.

Kim and Lin’s (2021) study sought after the existence of a non-linear relationship between performance and brand diversification. This study focused on the causal relationship to assess effective changes and how they impact organizational sustainability. The studies by Aladejebi and Oladimeji (2021), and Li, Zhong, Zhang and Hua (2021) all examined business continuity during the pandemic, but they sourced for survival tactics of small hotels, restaurants and guesthouses. Researchers such as Odunga (2021), Intellectual capital efficiency and financial performance in the hotel sector, and Al-shami, Al Mamun, Ahmed and Rashid (2021) focused on intellectual capital and knowledge management strategies’ impact on hotel performance, this study focused on other factors such as team empowerment. Mugure (2021) study was anchored on establishing the relationship between green policy adoption and financial performance; the current study examined additional flexibility policies such as resources fluidity. The studies by Garrido-Moreno, García-Morales and Martín-Rojas (2021), and Salem, Elkhwesky and Ramkissoon (2021) were limited in their exploration since they relied on primary data. The current study incorporated secondary data in its analysis. It is also important to note that most of these studies were not based in Kenya. This study solved these gaps by examining the influence of strategic agility on star-rated hotel businesses’ survival. This study explored the influence of team empowerment, service diversification, resource fluidity and operational flexibility on business hotels’ survival. These gaps are summarized in table 2.1 below

Table 2.1: Summary of Literature and Research Gap

Author	Topic of Study	Key Findings	Knowledge Gap
Charles, Francis and Zirra (2021)	Effect of Employee Involvement in Decision Making and Organization Productivity.	Employee involvement has a significant positive influence of organizational decision making and overall productivity.	A conceptual knowledge gap exists since focus was on employee empowerment aspects and not on resource fluidity and

			diversification aspects
Al-Sufyani and Al-Ameri (2021)	Impact of Administrative Empowerment on Organizational Commitment: A Case Study of Taj Sheba Hotel in Yemen.	Providing autonomy and facilitating training improves employee empowerment which stimulates commitment.	The study deferred from the current by exploring performance within a single organization.
Kim and Lin's (2021)	The non-linear relationship between brand diversification and hotel owner performance: The roles of ownership structure and location as moderators.	Having a diverse portfolio with multiple chains and located in different regions significantly influences hotels' performance outcomes.	A conceptual knowledge gap exists since this study investigated the causal relationship between strategic agility and hotel sustainability
Zhong, Zhang and Hua (2021)	Transcending the COVID-19 crisis: Business resilience and innovation of the restaurant industry in China.	Adoption of resilient and innovation strategies influence restaurant performance	The study creates a conceptual knowledge gap because the study sough data from rated and unrated hotels.
Odunga (2021)	Effect of Knowledge Management practices by Primary stakeholders on a tourism destination's competitiveness: The case of Baringo County, Kenya.	The study concluded that the knowledge management increases productivity within an organization	The study creates a conceptual knowledge gap as it focused on intellectual capital efficiency and financial performance while the current addressed business survival.

Source: Researcher (2022)

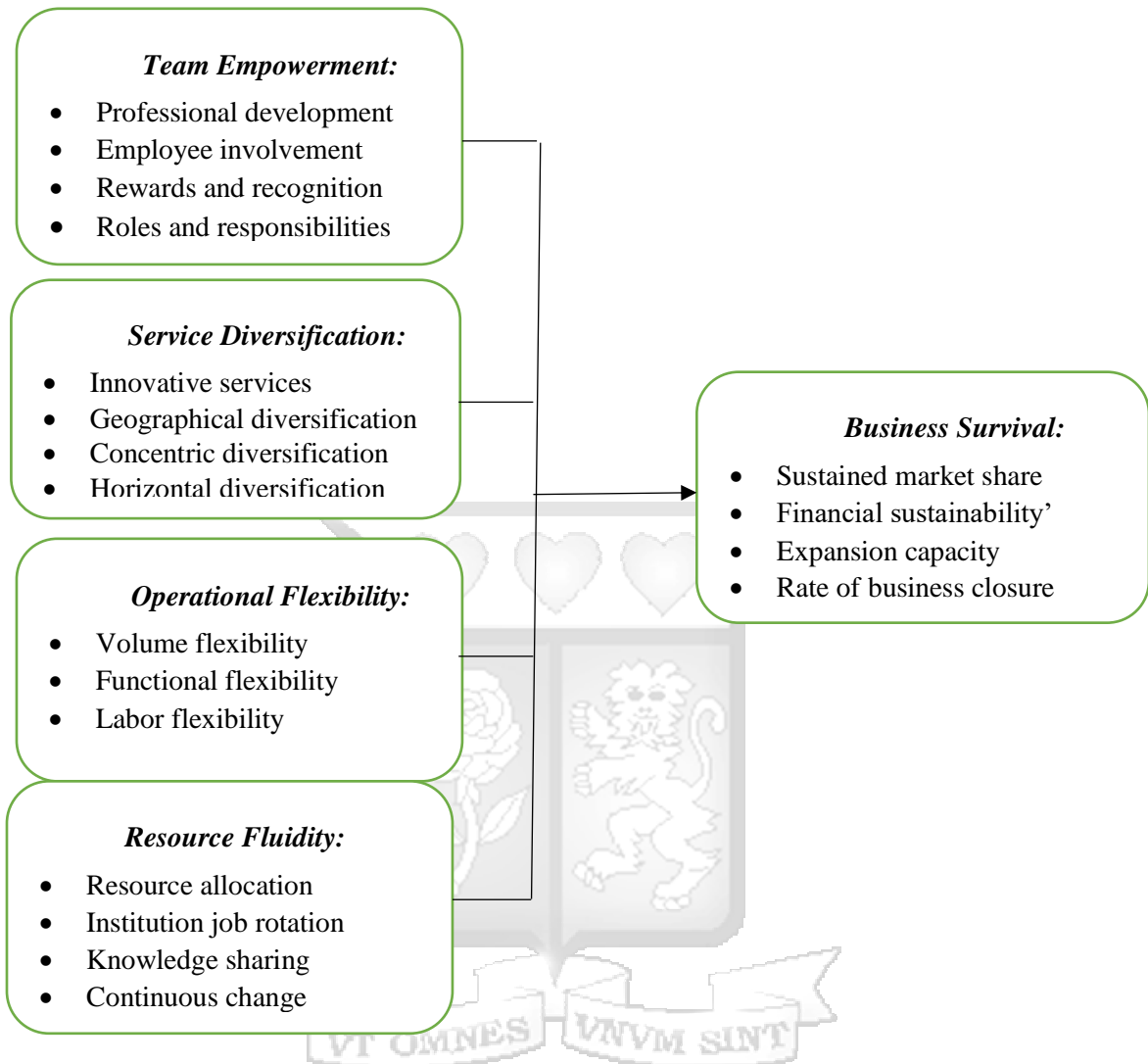
2.5 Conceptual Framework

The conceptual framework provided a diagrammatic interrelation between the study variables. The conceptual framework illustrated the direction of the relationships between the independent variables consisting of team empowerment, service diversification, operational flexibility and business fluidity, and dependent variable, which was survival. This conceptual framework was therefore presented in Figure 2.5 of this section.



Independent Variables

Dependent Variable



Source: Researcher (2022)

Figure 2.1 Conceptual Framework

Figure 2.1 depicts the interaction between the dependent and independent variables. The independent variables are the service flexibility indicators of team empowerment, service diversification, operational flexibility, and resource fluidity. The resource dependence theory asserts that firms can apply different aspects of these strategies in response to the changing environment, and this promotes organizational continuity. The conceptual framework provides visuals for the effect of multiple factors on hotels’ businesses survival.

Table 2.1 Operationalization of Study Variables

Variable	Variable Measures	Research Instrument	Data Analysis
----------	-------------------	---------------------	---------------

Team Empowerment	<ul style="list-style-type: none"> Professional development Employee involvement Rewards and recognition Roles and responsibilities 	Ordinal Scale (Likert Scale)	Descriptive statistics Correlation tests Regression tests
Service Diversification	<ul style="list-style-type: none"> Innovative services Geographical diversification Concentric diversification Horizontal diversification 	Ordinal Scale (Likert Scale)	Descriptive statistics Correlation tests Regression tests
Operational Flexibility	<ul style="list-style-type: none"> Volume flexibility Functional flexibility Labor flexibility 	Ordinal Scale (Likert Scale)	Descriptive statistics Correlation tests Regression tests
Resource Fluidity	<ul style="list-style-type: none"> Resource allocation Institution job rotation Knowledge sharing Continuous change 	Ordinal Scale (Likert Scale)	Descriptive statistics Correlation tests Regression tests
Business Survival	<ul style="list-style-type: none"> Sustained market share Financial sustainability Expansion capacity Rate of business closure 	Ordinal Scale (Likert Scale)	Descriptive statistics Correlation tests Regression tests

Source: Researcher (2022)

2.6 Chapter Summary

The second chapter of the research focused on a presenting the relevant literature in line with the study objectives. The theoretical underpinning of the study was guided by the resource dependency theory and the crisis management theory on business survival. The relevant empirical studies in line with the study objectives were reviewed and the various research gaps guiding the study

identified. Further, the chapter presents the conceptual link between the variables and how the same were measured and operationalized in the study.



CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented the methodological steps that was applied within the survey course. The chapter details included the paradigm, design to be used, the population of interest, research instruments, and the analysis techniques that was observed in the conduct of the research.

3.2 Research Philosophy

Kelly, Dowling, and Millar (2018) defined a paradigm as a worldview informed by philosophical assumptions. The assumptions are about three things; first is the ontology, i.e., the nature of social reality, which answers the question of what people believe about that nature of reality. The second assumption is epistemology, which refers to knowing, thus answering the question on how people know what they know. The axiology relates to the value systems and sometimes ethics, which helps answer what people believe is true (Klakegg, 2016).

This research was informed by the epistemology paradigm, which anchors the positivism philosophy, which opines that knowledge comes from making inquiries and determining if a relationship exists. This study sought to determine if strategic agility influences the survival of star-rated hotels in Kenya. Thus, adopting a positivism philosophy was key in drawing relationships between the variables and generalize the results to a larger population.

3.3 Research Design

Blumberg, Cooper, and Schindler (2014) postulated that descriptive research's primary concern is to ascertain the who, the what, and where and when and finally how much or how often the problem situation is. This study was guided by a descriptive research design was used in the study because it describes things and the description of the character and the state of affairs existing at a certain point in time. Further, the design allowed for the use of quantitative techniques in the examination of the study phenomena within a particular time period and limited the interference of the researcher in the course of the survey.

3.4 Population and Sampling

3.4.1 Population

As defined by Saunders and Lewis (2017), the target population is all members of a hypothetical or real group of objects or people from whom results of an investigation are intended to be generated. The study was interested in the star-rated hotels in operations within Nairobi City County. The Tourism Regulatory Authority registry review showed 83 star-rated hotels in process within Nairobi City County (Tourism Regulatory Authority, 2021). The study targeted the strategy manager in the absence of which the managing director or operations manager was considered for the study. This is to make sure that only individuals who understand the strategic agility dimensions and the survival of the hotels are considered in this study.

Table 3.1 Target Population

Category	Hotels	Population
Strategy Manager/Managing Director/Operations Manager	83	83
Target Population		83

Source: (Tourism Regulatory Authority, 2021)

3.4.2 Sampling and Sample Size

Sampling is the procedure of choosing a proportion from a population as representative of the features found in the whole population (Blumberg, Cooper, & Schindler, 2014). This study employed a random sampling method to collect data. This research design ensured that all has an equal probability of being chosen (Saunders & Lewis, 2017). The study applied census sampling. This supported the equitable participation of the sampled participants in the research. The sample size for the research was 83 respondents who was randomly selected in the list of the star-rated hotels.

3.5 Data Collection Instrument

Hagan (2014) asserts that data collection commences immediately after the research problems' definition and establishment of the research design. Data collection is how the

researcher obtains information from subjects under investigation (Blumberg, Cooper, & Schindler, 2014). The study used a quantitative approach conducted using a structured research questionnaire in Appendix III. The research instrument used a 5-point Likert scale to determine the extent to which various strategic agility constructs influence the survival of star-rated hotels. The questionnaire was divided into six (6) sections and it was administered through google forms and physical data collection. The operationalization informed the development of the instrument of the variables and previous studies that have adopted similar measures.

3.6 Data Collection Procedures

The study commenced with data collection after all the necessary approvals and permits have been obtained. Being purely quantitative research, the study utilized Google forms to collect the research data. The adoption of the online tool in data collection is informed by increased containment measures due to the new Covid-19 variants, which may make in-person data collection difficult. Further, through Google forms, the study had a protected environment to store the collected responses. Where google forms were not utilized, the study reverted to either physical data collection or phone interviews with the managers. The study utilized 60 google forms and 12 physical data collection at the hotels.

3.7 Research Quality

Within the course of a study, its' imperative to review the quality of the study instruments being employed. Towards this aim, the study conducted a pretest of the instrument with 10% (n=8) of the sample participants to allow for reliability and validity testing of the questionnaire.

3.7.1 Reliability Test

A reliable instrument gives consistent results upon repeated use. A structured questionnaire was used to collect data from the respondents. In order to guarantee the reliability of the instruments, the questionnaire was pretested and measures of each of the five variables adjusted to ensure that the threshold reliability coefficients were achieved from reach variable/ construct (Heale & Twycross, 2015). The study used the Cronbach Alpha reliability coefficient to check on the consistency of the questionnaire being adopted in this study. The

threshold for the reliability score was guided by Cronbach decision rule that an alpha score of 0.7 and above is considered key to the internal consistency of the study instrument. The findings of the reliability test are shown in the Table 3.2 below;

Table 3.2 Reliability Tests

Variable	N	Items	Statistics	Verdict
Team empowerment	8	7	.757	Accepted
Service diversification	8	7	.743	Accepted
Operational flexibility	8	6	.749	Accepted
Resource fluidity	8	6	.921	Accepted
Business survival	8	8	.770	Accepted
Overall	8	34	.916	Accepted

Source: Research Data (2022)

3.7.2 Validity Test

The extend of accuracy with which data collection instrument is able to undertake planned measurement is what is referred to as validity (Heale & Twycross, 2015). Construct validity measure is used to determine the level with which the intended data, which is supposed to be collected from the instrument of data collection selected for the study, reflects the study aims (Blumberg, Cooper, & Schindler, 2014). This was upheld in the study by ensuring that the research instrument is developed in alignment with the constructs of the study variables. On the other hand, content validity looks at the adequacy and level of coverage of study questions by the measurement instrument. This was checked in the study by involving the supervisor in refining the study instrument to ensure the questions are not ambiguous and are able to meet the aims of the survey.

3.8 Data Analysis and Presentation

The research employed SPSS 25 in the data analysis process. Data was analysed using both descriptive and inferential statistics. The descriptive statistics was the frequencies, means, and standard deviation. The first set of inferential results was the Spearman rank correlation analysis, where the correlation coefficients and their associated significance (p –values) was generated and inferred to describe the nature and strength of the relationship between pairs

of variables. The second set of inferential statistics was carried out by use of multiple linear regression to estimate the magnitude of the effect of strategic agility on the survival of Star-Rated Hotels in Kenya. The analysed research data was presented using charts and tables as deemed necessary. The study conducted three main diagnostics tests; normality testing (to check for normal distribution), collinearity tests (to examine relationship between independent variables) and autocorrelation tests (to evaluate if there is serial correlation in the model estimation). The study estimated the following regression model;

$$BS = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots \dots \dots \text{Equation 3.1}$$

Where,

BS is the business survival of star-rated hotels

X_1 is the team empowerment

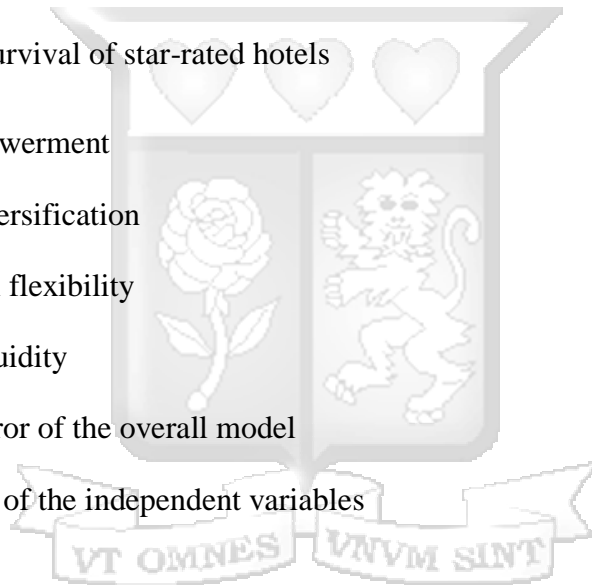
X_2 is the service diversification

X_3 is the operational flexibility

X_4 is the resource fluidity

ϵ is the estimated error of the overall model

$\beta_1 - \beta_4$ is coefficients of the independent variables



3.9 Ethical Considerations

Research ethics is aimed at enhancing research goals such as truth, knowledge, and avoidance of error. Ethical requirements in research are rigorous, leading to the final research report being an accurate product to the best of the knowledge and ability of the investigator (Blumberg, Cooper, & Schindler, 2014). The study made sure all the participants involved in the study are informed of their rights to participate and any risks they may experience as a result of the research. The study obtained clearance from the institution and other government agencies before conducting the survey. The research is expected to uphold the anonymity and confidentiality of the participants and the responses obtained in accordance with the standard practices in academic research work. Lastly, the research did ensure that all collected survey

data were safely stored and is not utilized for any other purposes and access is only for authorized personnel.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The fourth chapter presented the findings that were derived from the analysis of the research data collected. The chapter focused on the response, demographic data, the descriptive analysis and the regression findings. Lastly, a chapter summary was presented.

4.2 Response Rate

The study was interested in collecting research responses from management staff drawn from the star-rated hotels within Nairobi County. The survey was conducted using electronic data collection forms and physical questionnaires. Responses for the research were sought from 83 hotels and the survey was able to obtain 87% (n=72) responses with only 13% not responding with the study time scope. The responses were viewed favourably for utilization in the quantitative analysis.

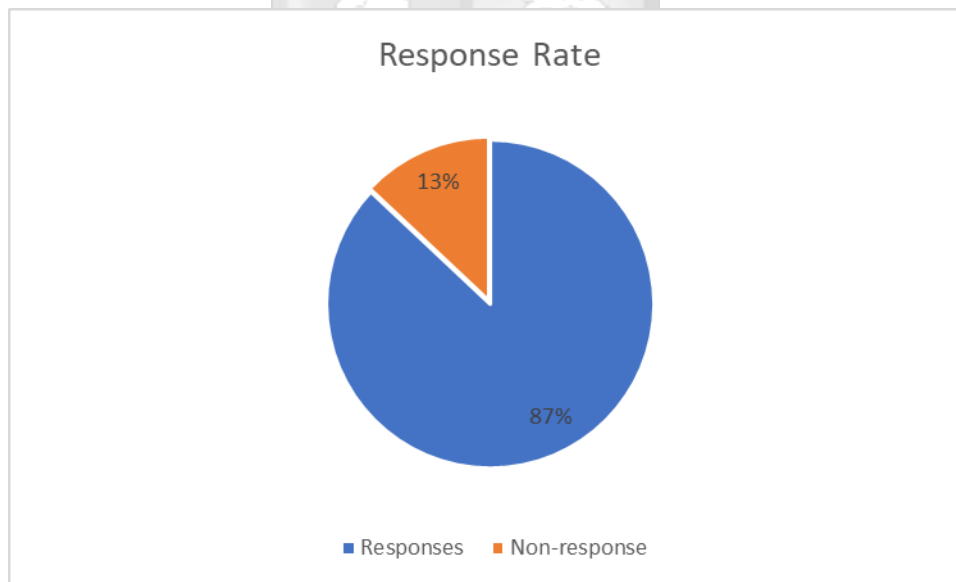


Figure 4.1 Response Rate (Source: Research Data (2022))

4.2.1 Demographic Information

The research evaluated the profile of the sampled hotels focusing on the position of the respondents, rating system, length the hotel has been star-rated and the number of staff working within the hotels.

4.2.1.1 Management Position of Respondent

The analysis focused on the role played by the respondents within the hotel establishments, and it was revealed that 65% (n=47) were operations manager, 21% (n=15) were the managing directors and 14% (n=10) were the strategy managers. The findings implied that the participants had a senior role within the hotel thus can provide required information on the strategic choices and the business survival of the establishments.

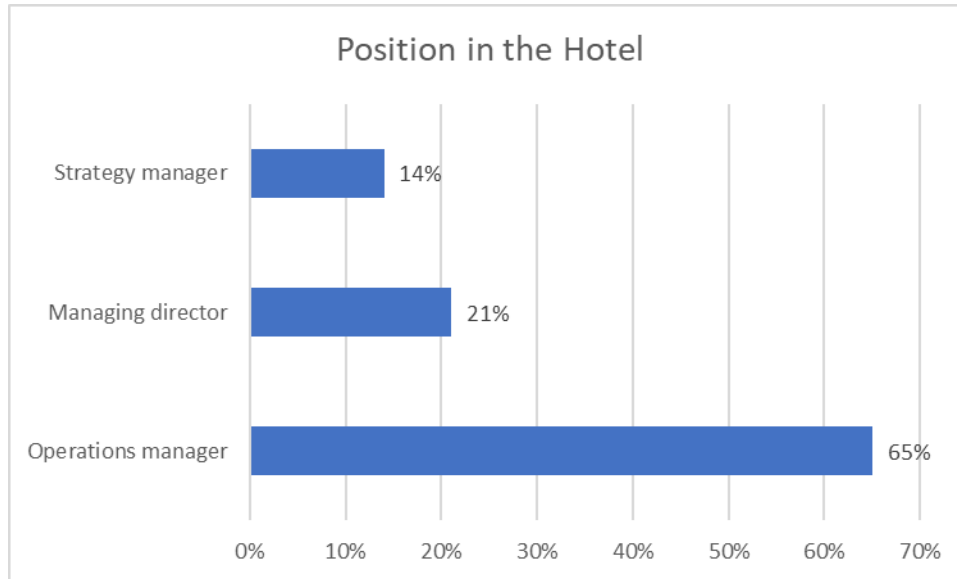


Figure 4.2 Management Position in Hotel

Source: Research Data (2022)

4.2.2.2 Star Rating of the Hotel

The study sought to identify the current rating of the establishments considered in the survey and the summary of the results are shown in Table 4.1

Table 4.1 Star Rating of Hotel

	Frequency	Percent
2 Star	2	2.8
3 Star	55	76.4
4 Star	12	16.7
5 Star	3	4.2
Total	72	100.0

Source: Research Data (2022)

Results revealed that most of the responses were from 3-star hotels (76%, n = 55), 17% (n = 12) were 4-star hotels while only 4% (n = 3) were five-star hotels. The findings signified that the study was able to obtain responses from the sampled hotels that met the criteria of star-rating as guided by the TRA.

4.2.2.3 Length of Period with Star Rating

The research reviewed how long the sampled hotels have obtained the star-rating status and it was established that 51% (n=37) had been star-rated for 8-11 years, 26% (n=19) for 16-19 years and 8% (n= 6) for 4-7 years of star rating status. The analysis showed the hotels included in the survey have achieved the star rating system for a divergent time period thus will provide results on how they have experienced strategic choices and rate of business survival in the hotel industry.

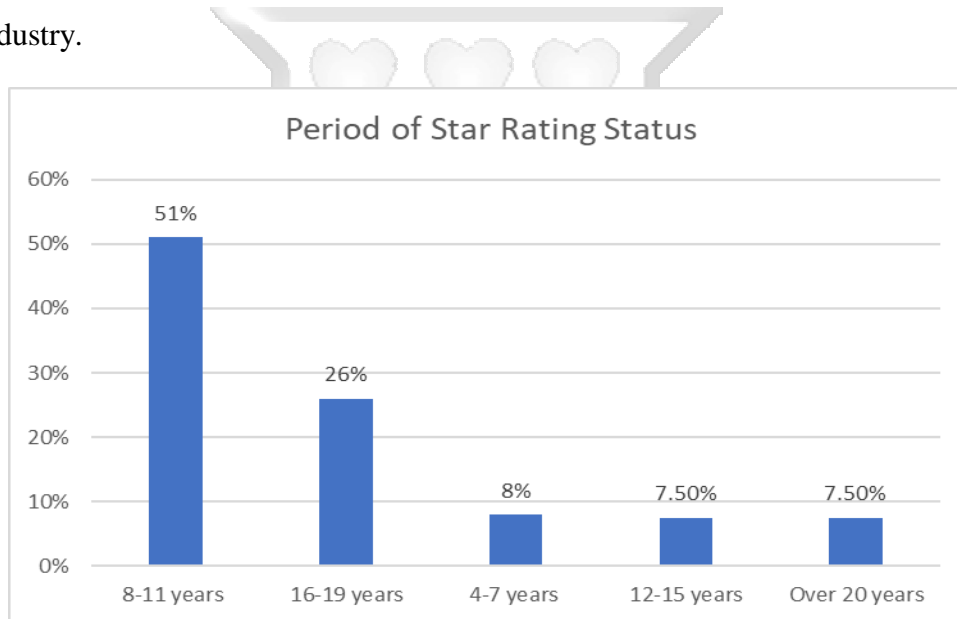


Figure 4.3 Period of Star Rating Status

Source: Research Data (2022)

4.2.2.4 Number of Staff Members

The research analysed how many employees were retained within the star-rated hotels and it was established that 43% (n = 31) of the hotels had 50-99 employees, 27% (n= 19) 11-20 employees, 19% (n= 14) had 21-49 employees with only 11% having at least 100-200 staff members. The findings showed that most of the hotels have been able to retain their workforce

despite the downturn in operations that was occasioned by the pandemic leading to scaling down of operations and close down of the industry for a period.

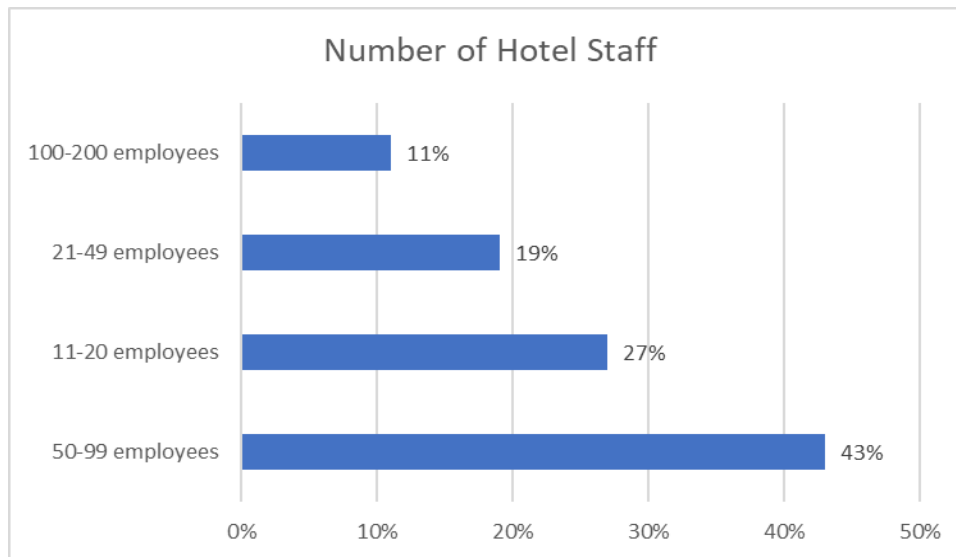


Figure 4.4 Number of Staff in Hotel

Source: Research Data (2022)

4.3 Business Survival of Star Rated Hotels

A structured questionnaire was utilized in obtaining responses from the participants and the summary of the analysis was presented using means and standard deviation. The following criterion was used in interpreting the mean values; <1.49 = strong disagreement, 1.50-2.49 = disagree, 2.50-3.49 = moderate agreement, 3.50-4.19 = agreement and > 4.20 was strong agreement.

Table 4.2 Descriptive Analysis of Business Survival

	N	Mean	Std. Deviation
The hotel has been able to maintain the market share despite changes in the operating environment	72	3.8889	.57053
The hotel has been able to expand new market segments and widened the services offering	72	3.4722	.87165
The hotel has remained financial sustainable in the current environment	72	3.4444	.76709
The hotel has implemented new cost measures to reduce the expenses accruing in the service offering	72	4.1944	.70489
The hotel is constantly undertaking new expansions to meet the growing demand in the market	72	3.8472	.78111
The hotel is currently developing new services/product packages focused on a niche market segment	72	4.0278	.62736
The hotel has maintained its' service offering with no closure in its business ventures.	72	3.8889	.49092
The hotel has been able to maintain its services offering within all branches without any disruption.	72	3.7778	.67599

Source: Research Data (2022)

Respondents revealed agreement (mean = 4.194, dev = .704) the hotel has implemented new cost measures to reduce the expenses accruing in the service offering. Findings established agreement the hotel is currently developing new services/product packages focused on a niche market segment (mean = 4.027, dev = .627). The results showed agreement (mean = 3.888, dev = .570) the hotel has been able to maintain the market share despite changes in the operating environment. A mean of 3.777 and deviation = .675 revealed agreement with moderate deviation, the hotel has been able to maintain its services offering within all branches without any disruption. The results showed moderate agreement (mean = 3.444, dev = .767) the hotel has remained financial sustainable in the current environment.

4.4 Effect of Team Empowerment on Business Survival

Objective one of the study focused on determining the effect of team empowerment on the business survival of star-rated hotels. The analysis in this section focused on the descriptive, correlation and regression analysis.

Table 4.3 Descriptive Analysis of Team Empowerment

	N	Mean	Std. Deviation
The hotel has created an environment that reinforces productivity among our employees.	72	4.2639	.53056
The hotel continually provides resources for our employees to participate in professional development	72	3.7639	.79599
The hotel has instilled a shared sense of community that motivates employees to pursue the shared goals and values	72	3.8889	.66196
The hotel regularly involves the employees in decision making to improve on coordination	72	4.1667	.62799
The hotel provides employees with necessary welfare programs to ensure there is effectiveness within the workforce	72	4.1944	.74378
The hotel provides a competitive remuneration package which motivates the workforce	72	4.0000	.71207
The hotel has fostered an innovative environment that supports creative ideas and problem solving among our employees	72	3.8750	.71083

Source: Research Data (2022)

The mean value = 4.263, dev = .530 indicated strong agreement with minimal variation in responses the hotel has created an environment that reinforces productivity among our employees. The results revealed agreement (mean = 4.194, dev = .743) the hotel provides employees with necessary welfare programs to ensure there is effectiveness within the workforce. It was further revealed participants agreed (mean = 4.166, dev = .627) hotel regularly involves the employees in decision making to improve on coordination. The summary showed agreement among respondents the hotel continually provides resources for our employees to participate in professional development (mean = 3.763, dev = .795).

4.4.1 Correlation between Team Empowerment and Business Survival

The study relied on Spearman rank correlation tests to determine the relation between the team empowerment and business survival of star-rated hotels. Findings are shown on Table 4.4.

Table 4.4 Correlation Test for Team Empowerment and Business Survival

			Business Survival	Team Empowerment
Spearman's rho	Business Survival	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	72	
	Team Empowerment	Correlation Coefficient	.295*	1.000
		Sig. (2-tailed)	.012	.
		N	72	72
*. Correlation is significant at the 0.05 level (2-tailed).				

Source: Research Data (2022)

The analysis above confirmed there was a weak positive and significant relation between team empowerment and business survival of the star-rated hotels in Kenya ($r = .295^*$, $\text{sig} = .012 < .05$).

4.4.2 Regression between Team Empowerment and Business Survival

A simple linear regression was conducted to establish the magnitude of the effect of team empowerment on the business survival of the hotels. The summary of the regression is shown in Table 4.5

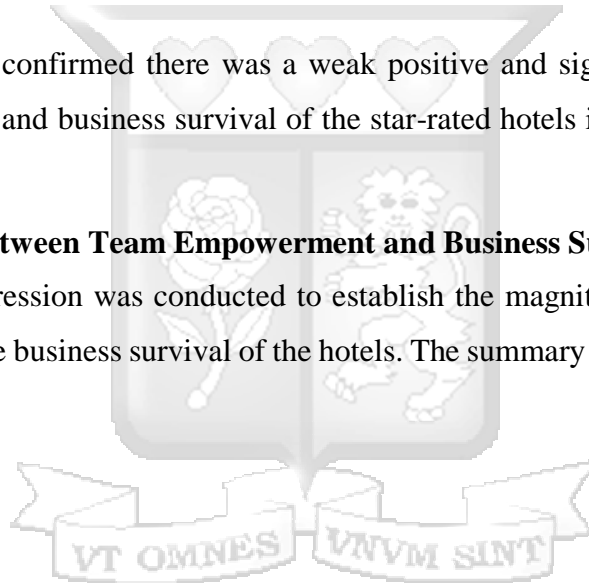


Table 4.5 Regression Summary for Team Empowerment and Business Survival

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.376 ^a	.141	.129	3.21387		
a. Predictors: (Constant), Team Empowerment						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118.848	1	118.848	11.506	.001 ^b
	Residual	723.027	70	10.329		
	Total	841.875	71			
a. Dependent Variable: Business Survival						
b. Predictors: (Constant), Team Empowerment						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.678	3.518		5.310	.000
	Team Empowerment	.421	.124	.376	3.392	.001
a. Dependent Variable: Business Survival						

Source: Research Data (2022)

The summary of the regression statistic revealed a coefficient of determination $R^2 = .141$ which showed that team empowerment was able to predict 14.1% of the changes in the business survival of the star rated hotels. The ANOVA findings revealed an f-statistic = 11.506, sig = .001 which signified there existed a positive and significant relationship between team empowerment and business survival.

$$BS = 18.678 + .421X_1 + 3.518$$

The resulting coefficient for team empowerment was positive ($B_1 = .421$, sig = .001<.05). Thus, the findings support the results that changes in team empowerment will significantly contribute to .421 variations in the business survival of the star-rated hotels.

4.5 Effect of Service Diversification on Business Survival

The second objective sought to establish the effect of service diversification on the business survival of star-rated hotels. The study adopted quantitative analysis; descriptive, correlation and regression tests.

Table 4.6 Descriptive Analysis of Service Diversification

	N	Mean	Std. Deviation
The hotel has integrated new technologies to ensure there is smooth service delivery	72	3.7917	.76798
The hotel continuously invests in research and development to ensure there is innovation in the brand of the firm	72	3.8194	.84464
The hotel supports diversification of our products and services to suit the local environment of our operations	72	4.1111	.77923
The hotel relies on concentric service offering to ensure our services are tailored to the needs of our customers	72	4.3750	.70085
The hotels utilize niche marketing to meet our geographical diversification goals	72	4.0000	.55665
The hotel continuously diversifies our products range to ensure we meet all emerging needs our clientele	72	3.9167	.57531
The hotels provide packaged product offering with other auxiliary firms to expand our brand range	72	4.3611	.61221

Source: Research Data (2022)

It was revealed the respondents strongly agreed (mean = 4.375, dev = .700) the hotel relies on concentric service offering to ensure our services are tailored to the needs of our customers. Participants strongly agreed (mean = 4.361, dev = .612) the hotels provide packaged product offering with other auxiliary firms to expand our brand range. A mean of 4.111, dev = .779 the respondents agreed the establishment supports diversification of our products and services to suit the local environment of our operations. The respondents agreed the hotel has integrated new technologies to ensure there is smooth service delivery (mean = 3.791, dev = .767).

4.5.1 Correlation between Service Diversification and Business Survival

The research employed Spearman rank correlation to establish the direction of the relation between service diversification and business survival. The results are presented in Table 4.7.

Table 4.7 Correlation Test for Service Diversification and Business Survival

			Business Survival	Service Differentiation
Spearman's rho	Business Survival	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	72	
	Service Differentiation	Correlation Coefficient	.297*	1.000
		Sig. (2-tailed)	.011	.
		N	72	72
*. Correlation is significant at the 0.05 level (2-tailed).				

Source: Research Data (2022)

The correlation tests affirmed there was a weak positive and significant relation between service diversification and business survival of the star-rated hotels in Kenya ($r = .297^*$, $\text{sig} = .011 < .05$).

4.5.2 Regression between Service Diversification and Business Survival

The research utilized a simple linear regression to establish the magnitude of the effect of service diversification on the business survival of the hotels. The summary of the regression is shown in Table 4.8

Table 4.8 Regression Summary Service Diversification and Business Survival

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.300 ^a	.090	.077	3.30786		
a. Predictors: (Constant), Service Diversification						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75.939	1	75.939	6.940	.010 ^b
	Residual	765.936	70	10.942		
	Total	841.875	71			
a. Dependent Variable: Business Survival						
b. Predictors: (Constant), Service Diversification						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.981	3.650		5.748	.000
	Service Diversification	.337	.128	.300	2.634	.010
a. Dependent Variable: Business Survival						

Source: Research Data (2022)

The summary of the regression statistic revealed a coefficient of determination $R^2 = .090$ which showed that service diversification was able to predict 9% of the changes in the business survival of the star rated hotels. The ANOVA findings revealed an f-statistic = 6.940, sig = .010 which signified there existed a positive and significant relationship between service diversification and business survival.

$$BS = 20.981 + .337X_2 + 3.650$$

The resulting coefficient for service diversification was positive ($B_2 = .337$, sig = .010 < .05). Thus, the findings support the results that changes in service diversification will significantly contribute to .337 variations in the business survival of the star-rated hotels.

4.6 Effect of Operational Flexibility and Business Survival

Objective three of the research focused on determining the effect of operational flexibility on the business survival of star-rated hotels. This section presented the results of the descriptive, correlation and regression analysis.

Table 4.9 Descriptive Analysis of Operational Flexibility

	N	Mean	Std. Deviation
The hotel has contingency plans in place that ensure a flexible operational change during volatile periods	72	4.0694	.63526
The hotel maintains a diverse workforce that can support functional flexibility in service offering regardless of operating environment	72	4.0417	.63772
The hotel regularly reviews our strategic plans to ensure they are aligned to the changing demands of the market	72	4.0278	.78672
The hotel has developed key quality management benchmarks to maintain our service offering	72	4.0139	.79599
The hotel has formulated control measures that ensure there is flexible management of our workforce to meet the market demands	72	3.8472	.68505
The hotel is able to change the volumes of our services offering with minimal disruptions in our operational efficiency	72	3.5556	1.04664

Source: Research Data (2022)

The average mean = 4.069, dev = .635, showed agreement among respondents the hotel has contingency plans in place that ensure a flexible operational change during volatile periods. The results indicated agreement among respondents the hotel maintains a diverse workforce that can support functional flexibility in service offering regardless of operating environment (mean = 4.041, dev = .637). Findings revealed agreement that the hotel has formulated control measures that ensure there is flexible management of our workforce to meet the market demands (mean = 3.847, dev = .685). It was also established respondents agreed (mean = 3.555, dev = 1.046) the hotel is able to change the volumes of our services offering with minimal disruptions in our operational efficiency.

4.6.1 Correlation between Operational Flexibility and Business Survival

The study relied on Spearman rank correlation tests in establishing the direction of the relationship between operational flexibility and business survival of star-rated hotels. The results are shown in Table 4.10

Table 4.10 Correlation Tests for Operational Flexibility and Business Survival

		Business Survival	Operational Flexibility	
Spearman's rho	Business Survival	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	72	
	Operational Flexibility	Correlation Coefficient	.470**	1.000
		Sig. (2-tailed)	.000	.
		N	72	72

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data (2022)

The correlation tests affirmed there was a moderate positive and significant relation between operational flexibility and business survival of the star-rated hotels in Kenya ($r = .470^*$, $sig = .000 < .05$).

4.6.2 Regression between Operational Flexibility and Business Survival

A simple linear regression was estimated to establish the strength of the relationship between operational flexibility and business survival. The summary of the tests is shown in Table 4.11

Table 4.11 Regression Summary for Operational Flexibility and Business Survival

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.494 ^a	.244	.233	3.01532		
a. Predictors: (Constant), Operational Flexibility						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	205.424	1	205.424	22.594	.000 ^b
	Residual	636.451	70	9.092		
	Total	841.875	71			
a. Dependent Variable: Business Survival						
b. Predictors: (Constant), Operational Flexibility						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.649	2.735		6.452	.000
	Operational Flexibility	.547	.115	.494	4.753	.000
a. Dependent Variable: Business Survival						

Source: Research Data (2022)

The summary of the regression statistic revealed a coefficient of determination $R^2 = .244$ which showed that operational flexibility accounted for 24.4% of the changes in the business survival of the star rated hotels. The ANOVA findings revealed an f-statistic = 22.594, sig = .000 which signified there existed a positive and significant relationship between operational flexibility and business survival.

$$BS = 17.649 + .547X_3 + 2.735$$

The resulting coefficient for operational flexibility was positive ($B_3 = .547$, sig = .000 < .05); hence we can affirm that a change in operational flexibility by a unit will have a positive and significant effect on business survival contributing to .547 changes.

4.7 Effect of Resource Fluidity on Business Survival

The fourth objective focused on determining the effect resource fluidity on the business survival of star-rated hotels. Quantitative analysis was conducted using descriptive, correlation and regression analysis.

Table 4.12 Descriptive Analysis of Resource Fluidity

	N	Mean	Std. Deviation
The hotel maintains and adequate provision of financial resources to sustain the operations of the firm	72	3.6528	.80770
The hotel ensures there is adequacy in our human resources to maintain the service offering with minimal disruptions	72	3.7222	1.06443
The hotel allocates adequate resources towards socially responsible activities to foster the brand image	72	3.5278	.73105
The hotel continuously conducts rotation of our workforce across various branches to improve their skills	72	3.4306	.91661
The hotel fosters knowledge sharing through a comprehensive feedback system that supports sharing of ideas within the team	72	3.3333	1.06149
The hotel ensures that employees are involved in change management to instill commitment to the firm	72	3.4306	1.00459

Source: Research Data (2022)

Findings showed agreement (mean = 3.722, dev = 1.064) the hotel ensures there is adequacy in our human resources to maintain the service offering with minimal disruptions. The mean value = 3.652, dev = .807 noted agreement the hotel maintains and adequate provision of financial resources to sustain the operations of the firm. Results confirmed a moderate

agreement the hotel ensures that employees are involved in change management to instill commitment to the firm (mean = 3.430, dev = 1.004). Analysis showed moderate agreement (mean = 3.333, dev = 1.061) the hotel fosters knowledge sharing through a comprehensive feedback system that supports sharing of ideas within the team.

4.7.1 Correlation between Resource Fluidity and Business Survival

The research adopted Spearman rank correlation tests to determine the relation between the resource fluidity and business survival of star-rated hotels. Findings are shown on Table 4.13.

Table 4.13 Correlation Tests for Resource Fluidity and Business Survival

		Business Survival	Resource Fluidity	
Spearman's rho	Business Survival	Correlation Coefficient	1.000	
		Sig. (2-tailed)	.	
		N	72	
	Resource Fluidity	Correlation Coefficient	.553**	1.000
		Sig. (2-tailed)	.000	.
		N	72	72
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Research Data (2022)

The correlation tests revealed there was a moderate positive and significant relation between resource fluidity and business survival of the star-rated hotels in Kenya ($r = .553^*$, $\text{sig} = .000 < .05$).

4.7.2 Regression between Resource Fluidity and Business Survival

A simple linear regression was estimated to establish the strength of the relationship between resource fluidity and business survival. The summary of the tests is shown in Table 4.14.

Table 4.14 Regression Summary for Resource Fluidity and Business Survival

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.579 ^a	.335	.326	2.82795		
a. Predictors: (Constant), Resource Fluidity						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	282.064	1	282.064	35.270	.000 ^b
	Residual	559.811	70	7.997		
	Total	841.875	71			
a. Dependent Variable: Business Survival						
b. Predictors: (Constant), Resource Fluidity						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.728	1.521		14.286	.000
	Resource Fluidity	.418	.070	.579	5.939	.000
a. Dependent Variable: Business Survival						

Source: Research Data (2022)

The summary of the regression statistic revealed a coefficient of determination $R^2 = .335$ which showed that resource fluidity accounted for 33.5% of the changes in the business survival of the star rated hotels. The ANOVA findings revealed an f-statistic = 35.270, sig = .000 which signified there existed a positive and significant relationship between operational flexibility and business survival.

$$BS = 21.728 + .418X_4 + 1.521$$

The resulting coefficient for operational flexibility was positive ($B_4 = .418$, sig = .000<.05); hence we can affirm that a change in resource fluidity by a unit will have a positive and significant effect on business survival contributing to .418 changes.

4.8 Regression Strategic Agility and Business Survival

The research utilized multiple linear regression to estimate the joint effect of the strategic agility components and business survival. A regression summary is shown below.

Table 4.15 Regression between Strategic Agility and Business Survival

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.634 ^a	.402	.367	2.74065	1.862	
a. Predictors: (Constant), Resource Fluidity, Service Diversification, Team Empowerment, Operational Flexibility						
b. Dependent Variable: Business Survival						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	338.626	4	84.657	11.271	.000 ^b
	Residual	503.249	67	7.511		
	Total	841.875	71			
a. Dependent Variable: Business Survival						
b. Predictors: (Constant), Resource Fluidity, Service Diversification, Team Empowerment, Operational Flexibility						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.689	3.828		4.099	.000
	Team Empowerment	-.159	.153	-.142	-1.039	.302
	Service Diversification	.314	.118	.280	2.664	.010
	Operational Flexibility	.056	.018	.050	3.112	.000
	Resource Fluidity	.432	.118	.599	3.655	.001
a. Dependent Variable: Business Survival						

Source: Research Data (2022)

The summary of the regression statistic revealed a coefficient of determination $R^2 = .402$ which showed that holding all other factors constant strategic agility will predict 40.2% of the changes in the business survival of the star rated hotels. This shows other factors not incorporated in the model account for 59.8% of the business survival. The ANOVA findings revealed an f-statistic = 11.721, sig = .000 which signified there existed a positive and significant relationship between strategic agility and business survival.

The overall regression model estimated is plotted as;

$$BS = 15.689 + -.159X_1 + .314X_2 + .056X_3 + .432X_4 + 3.828$$

The above results showed that team empowerment had a coefficient (-.159) with a sig = .302 > .05 which established there was a negative and insignificant effect of team empowerment on the business survival. The second objective analysis revealed that service diversification had a positive coefficient (.314) with a corresponding sig = .010 < .05 thus establishing service diversification has a positive and significant effect on business survival. A change in service diversification will contribute to a .314 (31.4%) effect on the business survival of the star-rated hotels.

The findings on the third objective revealed that operational flexibility had a positive coefficient (.056) with a corresponding sig = .000 < .05 thus establishing operational flexibility has a positive and significant effect on business survival. A change in operational flexibility will contribute to a .056 (5.6%) effect on the business survival of the star-rated hotels. Analysis of the fourth objective revealed that resource fluidity had a positive coefficient (.432) with a corresponding sig = .001 < .05 thus establishing resource fluidity has a positive and significant effect on business survival. A change in resource fluidity will contribute to a .432 (43.2%) effect on the business survival of the star-rated hotels.

4.9 Chapter Summary

The fourth chapter focused on the presentation of the various findings drawn from analysis of the collected study data. The results showed an 87% response rate from the star-rated hotels with majority of the responses obtained from 3-star rated hotels. The correlation tests showed a weak positive effect of team empowerment and service diversification on business survival while the other two variables; resource fluidity and operational flexibility had a moderate positive effect. The overall regression revealed that 40.2% of the changes in the business survival of the star rated hotels can be predicted by the strategic agility (team empowerment, service diversification, resource fluidity and operational flexibility).

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The fifth chapter of the study focused on presenting the summary of the findings in line with the objectives of the research. The chapter presented the conclusions and recommendations of the study as guided by the results. Lastly, areas for further research work were presented.

5.2 Discussion of Findings

This section presents a discussion of the findings. The findings are presented in line with the objectives of the study. The study had sought to investigate the relationship between strategic agility and business survival of star rated hotels. The study analysis revealed that 3 objectives service diversification, operational flexibility and resources fluidity had a positive and significant effect on business survival while team empowerment showed a negative and insignificant effect.

5.2.1 Team Empowerment and Business Survival

The study investigated the relationship between team empowerment and the survival of a business specifically Star-Rated Hotels in Kenya and established that team empowerment had a negative and insignificant effect on business survival. According to the resource dependency theory as applied by Bendickson, Gur, and Taylor (2018) it examines how various resources are utilized for employee empowerment to enhance performance systems and the firm innovative performance culture. The theory through Tehseen and Sajilan (2016) further determined that firms can reorganize their resources through supply chain flexibility, while it was also used to explain how networking can increase operational efficiency.

The study findings were supported by Anthonius (2021) who carried out an investigation into the influence of employee empowerment and soft and hard skills on the performance of hotel employees during the Covid-19 pandemic and determined that employee empowerment had no significant impact on employee performance. In Africa, Acquah and Chen (2021) did a case study of the Kingstel Hotel in Ghana to analyze the effectiveness of workplace stress management practices that the hotel had employed, and the impact of these practices on employee performance and determined that these management practices had a negative impact on organizational performance.

These study findings were however countered by Baird and Baard (2021) who associated teamwork empowerment aspects such as team resilience, self-management, teamwork, and team potency with increased workplace satisfaction, proactivity, customer service, team effectiveness, and organizational productivity and Al-dalahmeh, Khalaf, and Obeidat (2018) associated employee engagement with positive emotional connections within employees towards work and the respective goals and values of their organizations. Al-Dmour, Yassine, and Masa'deh (2018) further reviewed the literature on team empowerment and reported that it resulted in faster responsive service, higher motivation among staff, increased labor stability and productivity, and enhanced loyalty among customers, and higher profits.

The study findings were further disagreed by Charles, Francis, and Zirra (2021) who carried out an assessment of the effect of employee involvement in decision-making on the productivity of hotels in the UAE and determined a significant positive impact on employee involvement and organizational performance. Al-Ababneh, Masadeh, Al-Sabi, and Al-Badarneh (2021) carried out a Jordanian study that sought after service recovery strategies adopted in the hotel industry, emphasizing the role played by employee empowerment in motivating service innovation and revealed that employee empowerment moderated a positive relationship between service innovation and service recovery. Al-Sufyani and Al-Ameri (2021) carried out a case study of the Taj Sheba Hotel in Yemen to analyze the impact that administrative empowerment has on employee organizational commitment and provided evidence that constructs of employee empowerment (job autonomy, motivation, communication, teamwork and training) all have a positive influence on commitment within the organization.

Studies in Kenya by Wanjau, Mung'atu, Gichira and Wamuyu (2015) evaluated the relationship between employee empowerment in service recovery and customer loyalty in Kenya's hospitality industry and determined that empowering employees to determine whether customers received service compensation was an effective strategy that stimulated loyalty among customers.

5.2.2 Service Diversification and Business Survival

The study sought to investigate the relationship between service diversification and the survival of Star-Rated Hotels in Kenya. The study established that service diversification had a positive and significant effect on survival of a business. These findings were further supported by the resource dependency theory which posited that hotel sector firms can enhance their operations and service provision by channeling their resources and implementing cost leadership and customer-centric strategies that can act as a source of competitive advantage (Biscotti, Mafrolla, Del Giudice, & D'Amico, 2018). The theory calls for firms to focus on areas that offer a source of competitive advantage and encourages stronger development of the supply chain relationships and market links.

Findings on the second objective were supported by Menicucci (2018) in a study on firm characteristics who established that performance within hospitality firms was significantly impacted by the type of diversification strategies adopted. Kim and Lin (2021) sought to assess the non-linear relationship between brand diversification and hotel owner performance and determined that the relationship between brand diversification and hotel owner performance is concave in nature, implying that brand diversification has a positive influence on performance, but too much diversification results in negative performance. Further analysis showed that the hotel's location and ownership structure also significantly influence the level brand diversification that hotel owners can apply. Majumdar (2021) assessed the measures that Indian hotels had adopted since the first Covid-19 case was reported in the country to restore revenues, conserve resources and attain greater operational and cost efficiencies and determined that hotels in India had adopted various measures to maintain revenue generation, conserve resources, cash outflows, and operating costs such as diversifying in products and services offering, reducing prices for certain services and reductions on list prices, closure of unused stations, Discretionary spending, localization of supply chains, postponement of maintenance expenses, and labor cost reductions through layoffs were also strategies that most hotels effected.

Aladejebi and Oladimeji (2021) investigated the Nigerian hotel industry to examine the influence of effective business continuity management practices and the impact of disaster preparedness and readiness on hotel industry business continuity. The study determined that

disaster prevention training enables employees to be prepared for a disaster and be more assertive in their management action—training and empowering the employees on how to prevent and detect a crisis leading to increases chances of survival after a disaster.

Wambua and Yahaya (2018) investigated the tourism and hospitality sector in Kenya to determine how customer service practices affect the industry's performance. Both of the variables, customer care and customer relationship management practices were determined to have a significant positive impact on the hotel's performance. Mugure (2021) sought to establish the strategies that hotels in Kenya had adopted to enhance their sustainability and analysis showed that there was a strong effect of the above variables on organizational sustainability. It was concluded that through diversification, hotels were more attractive to the workforce, allowing them to retain their best employees, enhance the group synergy, promote productive conflict management approaches, improve creativity, and innovation, and enhances flexibility and resilience, which significantly improve 5-star rated hotels' sustainability.

5.2.3 Operational Flexibility and Business Survival

The study then explored the effect of operational flexibility on survival of star rated hotels in Kenya and determined that operational flexibility had a positive and significant effect on business survival. Mwachari's (2018) study associated operational flexibility with firm strategy, communication techniques, supplier relationships, technologies, human skills, competencies, and availability. The resource dependency theory as interpreted by Jajja, Kannan, Brah, & Hassan, (2017) also recognized the importance of having flexibility in operations as a means of creating harmony between the environment and organizational performance. The theory calls for capacity building to ensure proper resources allocation and utilization, with innovation being identified as a key driver for sustainable use of organizational resources and strategic goal realization (Liu & Chang, 2020).

The study results were affirmed by Ndubai, Mbeche, and Pokhariyal (2016) whose study determined that the level of flexibility among other factors including effectiveness, and efficiency of services have a direct impact on long-term loyalty to an organization or brand within an organization. Garrido-Moreno et al. (2021) carried out a literature review on crisis management strategies with a bit to identify the most effective drivers of hotel recovery in

the face of economic or health crises like the one posed by the Covid-19 pandemic. The study determined that adopting cost reduction and control measures were essential for hotels' survival, necessitating the importance of being flexible as a means of enhancing organizational resilience. Li, Zhong, Zhang and Hua (2021) utilized content analysis in analysis of 153 textual information sources in exploring how Chinese restaurants and hotels had adjusted to ensure continuity during the Covid-19 pandemic. The study found out that hotel operations changed significantly, with the hotels adopting new technologies for automation, seeking out local sources of resources and implementing mobile payment systems, and customer loyalty bonuses. The restaurants also created cheaper new sub-brands, increased collaboration with e-commerce businesses and increased collaboration with food delivery service platforms thereby affirming that being operationally flexible is key to enhancing business continuity.

The study findings were further collaborated by Alalmal (2021) who sought after the agility level of Saudi-Arabian five-star hotels and the impact of hotel agility on hotel's competitive advantage and determined that the hotels develop strategies with flexibility in mind and encourage innovation from all employees. Hotels that were more prepared to shift to contactless service delivery realized more profits than those which had to partially shut down when the pandemic ensued. Al-shami, Al Mamun, Ahmed and Rashid (2021) explored the use of Artificial Intelligence (AI) in hotels' operations in the UAE with analysis revealing that AI had successfully transformed hotel operations such as managing booking, managing the reception service and room services. Salem, Elkhwesky, and Ramkissoon (2021) adopted the Situational Crisis Communication theory (SCCT) in their exploration of the initiatives, practices, and responses initiated by the Egyptian government and chain-managed five-star hotels after the global COVID-19 struck the country. The study determined that the hotels had adopted unique financial policies, workforce and training policies, health and hygiene practices, domestic tourism marketing, booking flexibility, absorptive cancellation policies, community support, and outsourcing.

In Kenya, Ochieng (2021) investigated the influence of strategic marketing positioning on the performance of domestic tour operators in Kenya specifically focusing on the effect of digital transformation, pricing, and diversification strategies on the firms' performance.

Analysis showed that digital transformation strategies have a positive influence on organizational performance. The analysis also determined that both related and unrelated diversification strategies boosted the firms' market position and built customer loyalty. Ngunjiri (2021) carried out a case study focusing on the Golf Hotel and Country Clubs to examine the adaptive strategies that the hotel had instituted in response to pandemics and the result of these operational changes on business performance. The analysis showed an increased focus on the adoption of cost reduction practices in all business operations with all the study variables positing a strong and positive relationship with organizational performance.

5.2.4 Resource Fluidity and Business Survival

The final objective sought to find out the effect of resource fluidity on survival of star rated hotels in Kenya and established that resource fluidity had a positive and significant effect on business survival. According to the resource dependency theory, firm survival is dependent on its ability to acquire and exploit resources within its reach. The theory further explains that an organization's responses can only be as effective as the resources at its disposal. It recognizes the skills and competencies such as planning, resource control, and monitoring brought forward by the management, individual employees, and teams.

Studies from the final objective were collaborated by Ogunsiji, and Akanbi (2013) who were of the opinion that strategic sensitivity and resource fluidity were key determinants of organizational outcomes. Ping, Chinn, Yin, and Muthuveloo (2018) found that resource fluidity moderates the relationship between technology adoption and firm performance while Wangasa (2018) established a strong relationship between resource fluidity and bank employees' performance, with Kitur and Kinyua (2020) establishing a positive relationship between firm performance among firms in the tours and travel sector. Ngoc et al. (2021) investigated Vietnamese hotels to determine the resilience strategies the hotels had adopted to remain competitive when the pandemic was first identified. The study determined that resources diversion is essential to ensure adequate provision of health safety products such as sanitizers, medical facemasks, and temperature scanners, as well as setting up a Covid crisis management center which was run by health-conscious, professionally trained staff. Nadeem and Danish (2019) carried out an employee-level analysis on the effect of high-performance

work systems (HPWS) on employee service provision and organizational citizenship behavior. Study findings determined a positive relationship between the study variables and improving the resilience of employees was determined to improve the extent to which HPWS impacted service provision. In Portugal, Vale, Vale and Lopes (2021) explored the relationship between intellectual capital management and financial performance of hotel firms and determined a positive relationship between capital management and hotels' financial performance. Dewi, Mimba and Sudana (2019) also determined that the level of CSR disclosure and the quality of intellectual capital available to a hotel had a significant effect on hotels' profitability.

An Indonesian case study by Andriyas and Sirait (2021) sought to examine the sustainable practices adopted by Cipaku Garden Hotel. The study, which involved hotel management sought after managers' perception of sustainable practices, and analyze how the anticipated outcomes impact the hotels' performance determined that waste management practices were the main sustainable practices adopted by the hotel with these cost cutting strategies resulting in higher financial performance. In Jordan, Al-Shourah and Al-Shourah (2020) focused on the influence of total quality management (TQM) practices on star rated hotels' performance and determined that hotels should strive to acquire superior supplier quality management strategies, customer focus strategies, quality resources planning, top management which is committed to continuous improvement, and quality information and reporting capabilities which will ensure they remain competitive even in turbulent environments.

In Africa, A Nigerian study by Ugwu (2021) investigated the effect of strategic planning on hotels' performance in South Eastern Nigeria and determined that strategic planning has a significant influence on hotel management' performance. Further, the methods of strategic planning employed determined the level of effectiveness of strategic plans, highlighting the need to prioritize appropriately, focus energy and resources to key departments, orient all stakeholders towards a common goal, establish agreement around intended results/outcomes, and increase the organization's operational flexibility to facilitate response to the changing environment. In Kenya, Marangu (2021) sought to establish the effect of quality management initiatives on star rated hotels' performance in Nairobi County. Specifically, the study investigated how continuous improvement strategies, the level of commitment of the top

management to the organizational goals, focus of customers and benchmarking impact hotels' performance. Analysis asserts that the level of management commitment, the degree of orientation towards meeting customer needs, benchmarking practices, and continuous improvement all improve five-star hotels competitive position.

5.3 Conclusions

Findings on the first objective formed the basis for the conclusion that team empowerment has an insignificant and negative contribution to the survival of star rated Hotels in Kenya. The study revealed that lack of an environment that reinforces productivity among employees has led to minimal business survival in Kenya. The study further revealed that the absence of provision of necessary resources to employees including welfare programs and professional development has had a negative impact on survival of businesses in Kenya. The workforce in star rated hotels is not motivated enough to ensure business survival mainly due to a below par remuneration package, lack of a shared sense of community in these firms and absence of an innovative environment that supports creative ideas and problem solving among the employees.

The research further concluded that diversification of services will lead to an improved business performance and eventually elongated survival of the business. The study concluded that diversification of the hotel's products and services range to suit the local environment and the specific needs of the consumers led to sustained business survival. It was further established that investing in new technology especially at the research and development stage is essential to ensure continuous innovation in the firm and thus smooth and effective service delivery. Survival of a business can also be attributed to efficient utilization of niche marketing and providing auxiliary firms with various product packages to achieve specific goals and expand the brand.

The study findings on the third objective led to the conclusion that operational flexibility possesses a significant positive effect on survival of star rated Hotels in Kenya. The study further established that maintaining the necessary resources to support operational flexibility is vital to ensure the success of the process and eventually business survival. The key resources include a diverse workforce who can flexibly operate in any environment and ability to change the volumes of services offered with minimal disruptions. It is also vital for

a business to put in place contingency plans which will ensure flexible operational change especially during highly volatile periods. With the changing market demands, hotels regularly review the set strategic plans and formulate control measures to ensure the key quality benchmarks are maintained to ensure eventual business survival.

The study findings on the final objective established the conclusion that availability of resource fluidity has a positive significant effect on survival of star rated Hotels in Kenya. These findings further established that a basic fundamental such as maintaining adequate financial and human resources provisions is essential in sustaining the firm operations and the survival of the firm. Maintain adequate resources is useless without proper allocation. The efficient allocation of the available financial and human resources towards various activities is also essentials in sustaining operations of the firm. The rotation of the human resource across various workspaces and ensuring they are involved in change management also proves beneficial to the firm.

The results of the multiple regression supported the overall conclusion that the survival of star rated Hotels in Kenya can be positively predicted by the level of strategic agility. The findings showed that the selected variables team empowerment, service diversification, operational flexibility, and resource fluidity have a positive and significant joint relationship with the business survival of the hotels.

5.4 Recommendations

The study concluded that strategic agility is key to the survival of star rated Hotels in Kenya. With this conclusion, the study recommends that the firm executes strategic planning which will ensure that strategic plans are well analyzed, highlighting the need for effective prioritization, focus energy and resources to key departments, orient all stakeholders towards a common goal, establish agreement around intended results/outcomes, and increase the organization's operational flexibility to facilitate response to the changing environment. The study research concluded that team empowerment showed an insignificant effect on business survival. In this regard, the study recommends the business leverage this by offering professional training to equip employees with adequate technical skills and people relational skills to manage employee fluctuations more effectively. This will ensure that in addition to empowerment, the employees are also skilled enough for efficient work management. The

study also recommends that business leadership should actively involve the employees in tasks that will impact opportunities such as engaging in project development, product development with main aim of achieving organization objectives. Team empowerment should also be utilized as a tool to improve employer-employee relationship by creating confidence and enabling the employees to contribute fully in the organization.

Findings concluded that diversification of service or products offering is an important factor in ensuring survival of a business. In this line, the study recommended that the business conduct research and development on available diversification strategies that will suit the current market demand. The business should set to achieve objectives such as being able to focus target clients much more effectively which will lead to customer satisfaction, customer retention and market share. The research and development will lead to products and services prices being competitive than other competitors due to cost leadership advantage leading to overall hotel financial performance improvement, been able to differentiate better products and thus retaining customers due to the strategic capabilities and effectively anticipating market performance.

Research indicated that operation flexibility was essential to the survival of a business. The study therefore recommends that there should be proper management of change management whenever new systems are introduced since the more the operational processes are automated the more flexible, they are, thereby saving time translating to better performance. Have more flexible processes helps to improve customer service, automate all critical processes to achieve efficiency, reliability and have better control of process. The business should also ensure that they develop sufficient in-house capacity to handle operations effectively, put in place systems policies and procedures that attempt to retain staff while ensuring high levels of efficiency in the integration stage, ensure that backup plans are well designed, tested and implemented.

Resources fluidity was determined as an important aspect to ensure business survival. The study therefore recommends that hotels should strive to set aside adequate resources to acquire superior quality management strategies, customer focus strategies, quality resources planning frameworks, top management which is committed to continuous improvement, and quality information and reporting capabilities which will ensure businesses remain

competitive even in turbulent environments. The study also recommends channeling of necessary resources to the firm's main services offering. For a firm to be assured of sustainability, it must identify its competitive advantage and apply all the necessary available resources to the same for maximum benefit.

5.5 Limitations of Study

The research was severely limited by a number of factors that were beyond the control of the researcher. Hotels during this post – covid period have put in place various measures to curb the disease spread and various tests and vaccination status were required before access to the hotel and the respondents was granted. This caused a delay in collecting data by several weeks. This was mitigated by including electronic data collection approaches during the research.

5.6 Suggestions for further research

The study only focused on the star rated hotels in the hospitality industry. After the emergence of COVID-19, the hotel industry was among a host of other industries which were severely impacted. This impact threatened the survival of most businesses in the industry and in some cases the whole industry collapse. Further studies should be conducted on these various industries to investigate the aspects that affect their survival. The study also only considered strategic agility in the review hence more study work should be considered evaluating various other aspects that affect the survival of a business. Lastly, this study only employed a few methodologies of data interpretation and analysis; therefore, further studies should adopt different methods from those adopted in this study, as this will be vital for verifying this study's findings.

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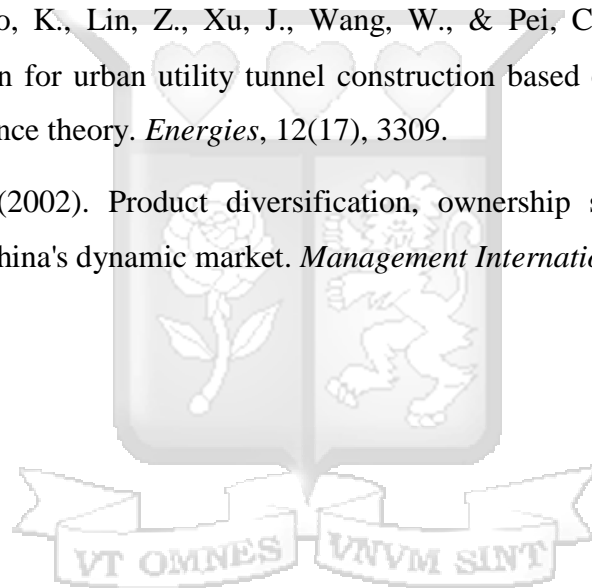
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APPENDICES

APPENDIX I: PARTICIPANTS CONSENT FORM

Title of the Proposed Study: Effect of Strategic Agility on The Business Survival of Star-Rated Hotels Post-Covid in Kenya

Section I:

Investigator: **MARY CHERUTO CHERUIYOT**

Institutional Affiliation: **Strathmore Business School (SBS)**

Section II: Information Sheet–The Study

2.1: Why is this study being carried out?

The research is being undertaken as a partial requirement for the academic award of Masters of Business Administration Degree. The intent of the research was purely for the academic purposes and no research data sought was utilized beyond that parameter.

2.2: Do I have to take part?

No, your participation in the study was upon your own willingness. Even upon consent to take part in the study, the respondent can decline to take part in the study at any point within the course of the exercise.

2.3: Who is eligible to take part in this study?

The study will consider the selected managers in the star-rated hotels to participate in the survey.

2.4: Who is not eligible to take part in this study?

This research study is not open to participants who do not work within the star-rated hotels that are purposely targeted in this survey.

2.5: What will taking part in this study involve for me?

Participation in the study was of importance in designing policies geared towards enhancing the survival of star-rated hotels in Kenya.

2.6: Are there any risks or dangers in taking part in this study?

The study poses no risk whatsoever to the respondents.

2.7: Are there any benefits of taking part in this study?

Yes the findings of the research are expected to likely support better policy formulation in the industry, improve managerial practice as well as act as basis for future reference.

2.8: What will happen to me if I refuse to take part in this study?

Participation in the study is entirely voluntary.

2.9: Who will have access to my information during this research?

All the accessed research data was treated with utmost confidentiality and will not be disclosed to any person who is not party to the research process.

2.10: Who can I contact in case I have further questions?

Any query can be directed to me **Mary Cheruto Cheruiyot** on +254 729 241120. Any further information can be sought from my Research Supervisor **Dr. EVERLYNE MAKHANU** through the Strathmore Business School Office.

If you want to ask someone independent anything about this research please contact:

The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu Tel number: +254 703 034 375

I, _____, have had the study explained to me. I have understood all that I have read and have had explained to me and had my questions answered satisfactorily. I understand that I can change my mind at any stage.

Please tick the boxes that apply to you;

Participation in the research study

I AGREE to be part of the research ()

I DO NOT AGREE to be part of the research ()

Storage of information on the completed questionnaire

I AGREE to have my completed questionnaire stored for future data analysis ()

I DON'T AGREE to have my completed questionnaire stored for future data analysis ()

Participants Name:

Participants Signature: Date:

I, _____ (Name of person taking consent) certify that I have followed the SOP for this study and have explained the study information to the study participant named above, and that s/he has understood the nature and the purpose of the study and consents to the participation in the study.

Signature:

Date:

.....

Name: **Mary Cheruto**

APPENDIX II: INTRODUCTION LETTER

To the Managing Director

.....

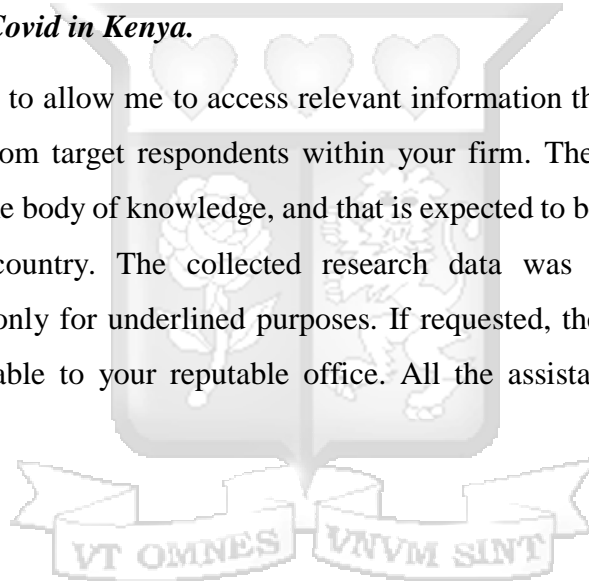
Dear Sir/Madam

Ref: **Request to Collect Research Data from your Organization**

Greetings, I am Mary Cheruto, an MBA student at Strathmore University. As part of partial requirements for the award of my degree, I am undertaking a study that filled a knowledge gap and enhance professional practice within the Hotel industry in the country. I am currently undertaking a study on the *‘Effect of Strategic Agility on The Business Survival of Star-Rated Hotels Post-Covid in Kenya.*

I kindly request you to allow me to access relevant information that did help in solving the research problem from target respondents within your firm. The findings of the research helped to enhance the body of knowledge, and that is expected to be of practical assistance to all hotels in the country. The collected research data was treated with the utmost confidentiality and only for underlined purposes. If requested, the findings of the research will be made available to your reputable office. All the assistance rendered was highly appreciated.

With Regards,



APPENDIX III: INSTITUTIONS ETHICAL REVIEW COMMITTEE APPROVAL



24th May 2022

Ms Cheruiyot Mary,
mary.cheruiyot@strathmore.edu

Dear Ms Cheruiyot,

RE: Effect of Strategic Agility on The Survival of Star-Rated Hotels in Kenya

This is to inform you that SU-IERC has reviewed and **approved** your above **SU Masters'** research proposal. Your application reference number is **SU-IERC1354/22**. The approval period is **24th May 2022 to 23rd May 2023**.

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 SU-IERC.
- 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 SU-IERC within 48 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 SU-IERC within 48 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 SU-IERC.

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


Yours sincerely,

for: **Dr Ben Ngoye,**
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC




APPENDIX IV: NACOSTI RESEARCH LICENSE


REPUBLIC OF KENYA

Ref No: **670113**


RESEARCH LICENSE




This is to Certify that Ms. Mary Cheruto-Cheruiyot of Strathmore University, has been licensed to conduct research in Nairobi on the topic: Effect of strategic Agility on the Business Survival of Star-Rated Hotels in Kenya for the period ending : 04/April/2023.

License No: **NACOSTI/P/22/16565**

Applicant Identification Number **670113**


Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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APPENDIX VI: RESEARCH QUESTIONNAIRE FOR HOTEL MANAGERS

Kindly respond to the following question to the best of your ability. Your participation in the study is highly appreciated.

PART A: DEMOGRAPHIC INFORMATION

1. Which management level do you hold within the organization?

- Managing Director ()
 Strategy Manager ()
 Operations Manager ()

2. What is the current star rating of your establishment?

- 1 star () 2 star ()
 3 star () 4 star ()
 5 star ()

3. How long has your organization been a star-rated hotel?

- 0-3 years () 4-7 years ()
 8-11 years () 12-15 years ()
 16 – 19 years () Over 20 years ()

4. How many staff members are working within the hotel?

- 0-10 staff () 11-20 staff ()
 21-49 staff () 50-99 staff ()
 100- 200 staff () Over 200 staff ()

PART B: TEAM EMPOWERMENT

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

	Team Empowerment	1	2	3	4	5
5.	The hotel has created an environment that reinforces productivity among our employees.					
6.	The hotel continually provides resources for our employees to participate in professional development					
7.	The hotel has instilled a shared sense of community that motivates employees to pursue the shared goals and values					
8.	The hotel regularly involves the employees in decision making to improve on coordination					

9.	The hotel provides employees with necessary welfare programs to ensure there is effectiveness within the workforce					
10.	The hotel provides a competitive remuneration package which motivates the workforce					
11.	The hotel has fostered an innovative environment that supports creative ideas and problem solving among our employees					

PART C: SERVICE DIVERSIFICATION

Please tick the level of agreement of the following statements. **5= strongly Agree**
4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

	Service Diversification	1	2	3	4	5
12.	The hotel has integrated new technologies to ensure there is smooth service delivery					
13.	The hotel continuously invests in research and development to ensure there is innovation in the brand of the firm					
14.	The hotel supports diversification of our products and services to suit the local environment of our operations					
15.	The hotel relies on concentric service offering to ensure our services are tailored to the needs of our customers					
16.	The hotels utilize niche marketing to meet our geographical diversification goals					
17.	The hotel continuously diversifies our products range to ensure we meet all emerging needs our clientele					
18.	The hotels provide packaged product offering with other auxiliary firms to expand our brand range					

PART D: OPERATIONAL FLEXIBILITY

Please tick the level of agreement of the following statements.
5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

	Operational Flexibility	1	2	3	4	5
19.	The hotel has contingency plans in place that ensure a flexible operational change during volatile periods					

20.	The hotel maintains a diverse workforce that can support functional flexibility in service offering regardless of operating environment					
21.	The hotel regularly reviews our strategic plans to ensure they are aligned to the changing demands of the market					
22.	The hotel has developed key quality management benchmarks to maintain our service offering					
23.	The hotel has formulated control measures that ensure there is flexible management of our workforce to meet the market demands					
24.	The hotel is able to change the volumes of our services offering with minimal disruptions in our operational efficiency					

PART E: RESOURCE FLUIDITY

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

	Resource Fluidity	1	2	3	4	5
25.	The hotel maintains and adequate provision of financial resources to sustain the operations of the firm					
26.	The hotel ensures there is adequacy in our human resources to maintain the service offering with minimal disruptions					
27.	The hotel allocates adequate resources towards socially responsible activities to foster the brand image					
28.	The hotel continuously conducts rotation of our workforce across various branches to improve their skills					
29.	The hotel fosters knowledge sharing through a comprehensive feedback system that supports sharing of ideas within the team					
30.	The hotel ensures that employees are involved in change management to instill commitment to the firm					

PART F: BUSINESS SURVIVAL

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

Business Survival		1	2	3	4	5
Sustained market share						
31.	The hotel has been able to maintain the market share despite changes in the operating environment					
32.	The hotel has been able to expand new market segments and widened the services offering					
Financial sustainability'						
33.	The hotel has remained financial sustainable in the current environment					
34.	The hotel has implemented new cost measures to reduce the expenses accruing in the service offering					
Expansion capacity						
35.	The hotel is constantly undertaking new expansions to meet the growing demand in the market					
36.	The hotel is currently developing new services/product packages focused on a niche market segment					
Business Closure						
37.	The hotel has maintained its' service offering with no closure in its business ventures.					
38.	The hotel has been able to maintain its services offering within all branches without any disruption.					

Thank you for your Participation