EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

Revitalizing Performance of Three Star Hotels in Machakos County, Kenya Through the Application of Turnaround Strategies

[1]Regina Wanza Wambua & [2]Janet Muthimi, PhD
[1,2]Department of Business Administration, Kenyatta University
Corresponding Email: wambuaregina7@gmail.com

Article History

First submission received: 24th June 2024
Revised submission received: 9th July 2024
Published: 15th July 2024

How to Cite

Wambua, R. W., & Muthimi, J. (2024). Revitalizing Performance of Three Star Hotels in Machakos County, Kenya Through the Application of Turnaround Strategies. *Journal of Strategic Management, 4*(2), 32-49.

Abstract

This study sought to assess the effect of turnaround strategies on performance of selected three-star hotels in Machakos County, Kenya. The specific objectives were to determine the impact of downsizing, divestiture, price bundling, and repositioning on the performance of three-star hotels in Machakos County, Kenya. The research was grounded on the balance scorecard theory, contingency theory, institutional theory, and resource-based view theory. The study adopted a descriptive research design. A total of 454 (Finance staff, HR staff, and Marketing staff, Guests) involved in operation of three-star hotels were targeted. A stratified random sampling technique was used to select a sample size of 135 respondents. Semi-structured questionnaires were utilized to gather primary data. A pilot study was done using 10 participants who were not involved in the final data gathering to check validity and reliability of study instrument. To explore the impact of the link between the independent and dependent variables, multiple regression analysis was performed. The study findings show that coefficient of correlation was 0.789, an indication that the study variables significantly influenced performance of three-star hotels. Coefficient of adjusted determination was 0.615 which translates to 61.5%. This indicates that variations in dependent variable was explained by the independent variables (downsizing strategy, divestiture strategy, price bundling and repositioning strategy). The findings also established that P-value was 0.001 which is less than 0.05 an indication that the study variables significantly influenced performance of three-star hotels. The study concludes that turnaround strategies significantly affect the performance of selected three-star hotels in Machakos County, Kenya. The hotel administrators should come up with reliable communication channels about the reasons behind the downsizing staff and offer support services for affected employees. The three-star hotels should conduct thorough due diligence before divesting any assets. This includes a comprehensive analysis of the financial implications, potential impact on market share, and considerations of the long-term strategic goals of the organization.

Keywords: *Turnaround Strategies, Firm Performance, Divestiture, Repositioning, Price bundling, Downsizing*

1.0 Introduction

Numerous crises that have impacted people, organizations, and systems at different periods, in different countries, and with varying degrees of severity have been experienced by the global tourism and hospitality industry (Gössling et al., 2020). Among these upsetting occurrences are the novel coronavirus (COVID-19) epidemic, Middle East respiratory syndrome (MERS), terrorism and warfare, the world economic crisis, Ebola virus, swine flu, and severe acute respiratory syndrome (SARS). As travel plans are affected by crises, the hotel sector in the tourism and hospitality industry is among the least affected. According to Jiang and Wen (2020), significant revenue loss occurs in the hotel sector as restaurants close, conferences and events are canceled, and sporting activities are restricted. According to Cordiality Net (2020), German hotels experienced a 36% decrease in occupancy, while MGM group hotels in Las Vegas were forced to temporarily close. A similar report states that occupancy in Italy's hotels has dropped by 94%, putting the industry on the verge of collapse. According to Basnyat (2021), almost every café in Nepal needed to reduce its workforce, change their activities, adopt new revenue-generating activities, and, to the greatest extent feasible, take out just.

According to estimates, the tourism sector's contribution to GDP during the COVID-19 pandemic in Africa in 2020 was predicted to have been lost at a cost of 87 billion US dollars, or 51 percent of GDP. According to Emam and Elziny's (2020) research, Egypt's resorts are finding it more difficult to fulfil their financial commitments to suppliers, workers, and the government due to the COVID-19 pandemic. Additionally, it was estimated that in the event that the pandemic scenario would not improve, 105 billion dollars in GDP contribution from this industry would be lost on the continent (Sasu, 2021). In Uganda, the average rate of accommodation occupancy fell from 51.9% in 2019 to 20% in 2020. The tourism sector in Rwanda bore the brunt of the pandemic, according to Nhamo, Dube, and Chikodzi (2020), with some businesses and those related with the value chain losing up to 80% of their market value. Losses exceeded Rw 13 billion, according to Rwigema and Celestine (2020). Adopting new business models and outlooks is critical in the face of reports of losing jobs, hotel closings, and a decrease in public interest in visiting tourism destinations across the continent (Aragie, Taffesse, & Thurlow, 2021).

In spite of low occupancy and marginal growth in industry firms over the years, the number of sellable hotel rooms in the nation has been steadily increasing, indicating that demand is outstripping supply, according to a local report by Cytonn Real Estate (2017). The hotel occupancy rate in Kenya is 33%, as reported in a Kenya National Bureau of Statistics (KNBS) report from 2021. This is higher than the 65% average for European and US markets and lower than the 59% average for other African nations. Tourism revenue fell by 43.9% in 2020 compared to the previous year, from KSh163.6 billion to KSh91.7 billion, as a result of this. The tourism and hotel industries need to be reorganized to recognize their opportunities, threats, and weaknesses in addition to their strengths and weaknesses, claim Muragu, Nyadera, and Mbugua (2021). To guarantee a speedy recovery and enhance hotel turnaround strategies, the hospitality sector must implement strict regulations (Dimitrios, Christos, Loannis& Vassiliadis, 2023).

Effective performance is crucial for any business that wants to stay in operation and needs cash flow to buy more supplies and services. This is the reason it's critical to determine the strategies in place if the management of your company observes a consistent decline in sales volume, customer base, market share, and manufacturing costs (Petrenko, Aime, Ridge & Hill). The process of turning around a declining situation marked by low-performance levels and patterns is known as turnaround. Turnaround refers to the set of steps that formerly successful companies that saw a sharp decline in production over an extended period took to address their issues and return to a level of performance that was at least as high as it was before the turnaround (Santana, Valle & Galan, 2017). A turnaround needs two significant recovery and layoff strategies. Therefore, a turnaround is described as a mechanism whose recovery and retrenchment measures are essentially tailored to the reasons for the downturn.

1.1 Problem Statement

Though Kenya seeks to become a top ten long-haul destinations globally due to its unique experiences, and diverse and high-end services on offer to the visitors, the hotel sector is still facing business obstacles that destabilize their performance, thus increasing the difficulty of business continuity (GoK, 2017). The performance of the sector is susceptible to global uncertainties because of challenges in recent years due to the negative impact of events such as terrorist attack in 2019 and the recent COVID-19 pandemic. Today, hospitality businesses operate in a constant, dynamic, and challenging environment. As a sub-sector of the service industry, it requires resilience to survive organizational and environmental forces such as Covid-19 pandemic, globalization, seasonality, terrorism, constant global and domestic competition, and new technologies (Baloch, Maher, Shah, Sheeraz, Iqbal, & Raza, 2022). Performance enhancement is crucial for hotels in developing countries that view the global marketplace as a means to provide growth, competitiveness, and survival opportunities. However, the sector was among the worst hit by the pandemic, contracting by 47.7 percent in 2020. By the third quarter of 2021, the sector recovered growing by 24.8 percent compared to a contraction of 63.4 percent in the same period in 2020 (Tourism Regulatory Authority, 2023).

According to Nzisa, Gitahi, and Kiprop (2021), there has been a significant effect of the COVID-19 pandemic on the hospitality industry. Since COVID-19, stakeholder requirements and consumer preferences have evolved, and staff is searching for new goods and services. Recommendations for shutdown and spread prevention have decreased demand for hotel services, leaving hotel lobbies, conference rooms, and rooms empty and affecting the hotels' capacity to make money. According to a Central Bank of Kenya (2020) survey, hotels in Kenya appeared to be doing well during the first two months of 2020. This was demonstrated by the monthly average bed occupancy in January 2020, which was 64%. This increased to 65% in February, but then sharply decreased in the following months: March (39%), April (7%) and May (6% and 9% in June of the same year). To survive, hotels have also sold unneeded assets, liquidated their investments, and diversified into various businesses (Nyokabi, 2019). Other hotels have amalgamated with other strategic partners. According to the study, the impact of asset restructuring on operational performance was minimal. The contextual, conceptual, and demographic underpinnings of each of the aforementioned investigations varied, as did the study results. It is therefore necessary to conduct the current study, which aims to determine the impact of turnaround strategies on the performance of particular three-star hotels in Machakos County, Kenya.

1.2 Research Objectives

1.2.1 General objective

The general objective of the study was to establish the effect of turnaround strategies on performance of selected three-star hotels in Machakos County, Kenya.

1.2.2 Specific objectives

The study was guided by the following specific objectives:

i. To determine the effect of downsizing on performance of selected three-star hotels in Machakos County, Kenya.
ii. To assess the effect of divestiture on performance of selected three-star hotels in Machakos County, Kenya
iii. To establish the effect of price bundling on performance of selected three-star hotels in Machakos County, Kenya.
iv. To determine the effect of repositioning on performance of selected three-star hotels in Machakos County, Kenya.

2.0 Literature Review

2.1 Theoretical Review

2.2.1 Resource-Based View Theory

The resource-based view (RBV) was proposed by Penrose (1959) and it describes the disparity between different companies' performance levels due to differences in competing companies' assets and capabilities. RBV considers capital as the key to the performance of superior organizations. Barney (1991), notes that RBV addresses the connection between internal redress and the actions that the business should take to gain an edge over its competitors. According to the theory, an enterprise's competitive effectiveness is largely dependent on its competencies and skills.

One of the ideas employed by current competitive businesses in planning and implementing improvement projects is the resource-based view. As per the theory, internal resources describe a durable competitive advantage (Hitt, Carnes, & Xu, 2016). The primary emphasis for failing institutions will be on the services that stand out as helping the organization to address performance declines. The theory indicates that there are special aspects of organizations that improve their capacity to cope with decline. Under RBV, the emphasis is on recognizing the resource power of the organization and exploiting it to give it the skills and resources to achieve an effective turnaround (Hoskisson, Gambeta, Green & Li, 2018). The theory was significant to the research since it guides the study in repositioning strategies on how the three-star hotels can utilize their resources in preservation and inputs of hotels which affects the overall organization performance.

2.2.2 Institutional Theory

Institutional theory was created by Scott (1987). It's a technique for comprehending how the environment of an organization influences its organizational structures (Markey, Towler, 2019). Finally, how the systems are recorded may influence how crucial information required for strategy execution is communicated and obtained. Declared policies and procedures are in charge of figuring out what needs to be done during the strategy implementation phase and how information is shared (Andrews-Speed, 2016). According to this theory, the term institution is employed in an organization to characterize the organization's distinct culture as well as regulations and procedures. Workers in organizations where they can quickly contact management through a transparent and inviting communication environment are more likely to outperform those in organizations with more difficult communication settings.

The broad and more stable features of the institutional framework are the subject of institutional theory. This takes into account the tactics used to build systems as authoritative standards for social behaviour, such as rules, norms, and routines (Williams & Shahid, 2016). Various parts of institutional theory explain how these features emerge, disperse, adopt, and change over time and space, as well as how they deteriorate and fall out of favour. Institutional theory explores how institutions and institutional change influence economic performance across time and in a given period. Because of the intricacies inherent in human connection, the restrictions meant to structure the relationship. Institutions, on the other hand, play very different roles in economic performance; some countries build institutions for growth and growth, while others build institutions for stagnation (Altayar, 2018). Institutional theory investigates how external and internal factors influence institutions over which they have no control. Institutional theory, rather than emphasizing rationality, focuses on a broader homo-economic perspective (Smith & Tracey, 2016). This enables one to analyze behaviours beyond market factors and to explore social limitations as part of behavioural analysis. This theory is significant because it describes how various people in various situations collaborate to develop the best turnaround strategies that will improve an association's general performance and decision-making.

2.2.3 Contingency Theory

Contingency Theory was proposed by an Austrian psychologist Fred Fielder (1964). He observes that there is no optimum way to plan, lead, or make business decisions. Instead, the appropriate path of action is determined by internal and external factors. As per the theory, when making decisions, managers must analyze all aspects of the current scenario and respond to those that are critical to the issue at hand. The essence of this theory is the idea that businesses have different ways of achieving optimum efficiency, which all depend on environmental conditions. The success of a firm is determined by the match between its internal resources, structure, and strategies and external environmental conditions like politics, economic, social, and technological developments among others.

Despite low capital, managers with advanced entrepreneurial skills excel more in competitive environments. Factors like its history, degree of professional management expertise, capital budgeting, and internal control strategy have to work in tandem for an organization to perform. Each organization has specific characteristics of internal and environmental, accounting, and financial systems. Such factors yield numerous financial performances that explain a firm's contextual situations. This theory was therefore applicable in this research as it explains how organizations can adopt different turnaround strategies to help improve their performance level and attain the best competitive advantage.

2.2 Empirical Review

2.2.1 Downsizing strategy and organization Performance

Kazho et al. (2022) studied on effects of public sector downsizing on organizational performance within the framework of the United Nations Development Programme (UNDP) in the Kurdistan Region. The survey employed a phenomenology design. A conceptual model was created and assessed using qualitative information gathered from twenty managers of the public sector in the Iraqi Kurdistan area. Data for this study were gathered from multiple governmental agencies. According to the interviews, privatization is correlated with the performance of the public sector, which is thought to be a byproduct of downsizing. According to studies, managers in the public sector can increase the effectiveness, efficiency, and success of their organizations by implementing downsizing. Regretfully, neither the location nor the hotel business is covered by this study, which focused solely on the government sector in Iraq.

Research on the effect of downsizing on performance of commercial banks listed at NSE was carried out by Wamiti et al. (2022). Managers of risk, corporate affairs, human resources, finance and accounting, audit, and strategic planning were the main subjects of the study. The methodology embraced a descriptive survey. To find 96 respondents who fit the study's target population requirements, a census approach was employed. Primary data was gathered through self-administered structured inquiries. Using the SPSS (Version 24), all the data was gathered, sorted, arranged, and examined using both descriptive and inferential analytical techniques. To explore whether there was a relationship between the variables, correlation analysis was performed. The regression analysis outcomes revealed that the reduction strategy significantly and favorably affected organizational performance. According to the study's findings, Kenyan listed commercial banks' organizational performance is greatly impacted by downsizing measures. There was a research gap because the research was done on the Nairobi Stock Exchange in Kenya, and the current study will be done at three-star hotels in Machakos.

Mihwa (2020) studied on impact of downsizing on the strategic viability of commercial banks operating in Kakamega County, Kenya. This research focused on the population target of regional commercial bank management. The research embraced descriptive survey design. To select a representative of the people, the stratified random technique was employed. Information from the organized surveys was used at the gathering. The SPSS (V.23) was utilized for the analysis of the data to resolve the problems with descriptive data and inferential data in the study. Descriptive statistics like percentages, frequencies, and means were utilized along with regression and correlation analysis. The results also showed that the commercial banks' use of downsizing has allowed them to gain a cost advantage. As per the results, downsizing significantly affected commercial banks' ability to compete strategically in Kakamega County. The results of that study, which looked at how well commercial banks did in Kakamega County do not apply to the current three-star hotel study, so there's a difference in context.

2.2.2 Divestiture strategy and Organization Performance

Elkhayat and ElBannan (2018) used the Middle East and North Africa region as a case study to analyze the linkage between governmental divestitures and bank performance. The survey aimed to compare the efficiency, profitability, and risk of banks across the Middle East and North Africa (MENA) region in relation to state-owned bank privatization. The study included a sample of 36 privately owned and 36 privately owned banks from 11 different countries. The outcomes uncovered that banks in MENA have significantly reduced their credit risk since privatization and improved their cost-effectiveness. The report suggested that to lessen the strain on the state budget and improve management performance, bank privatization be incorporated into the overall reform programs of the MENA area. The goal of turnaround tactics is to change the course of the company as a whole. They influence firms' long-term viability. Research gap: this study looks at the hotel industry, whereas the previous study looked at the banking sector.

Kithinji, Rotich, and Kihara (2022) aimed to determine how Kenyan manufacturing enterprises' performance was affected by their divestiture plan. This occurs at a time when Kenyan manufacturing companies have been performing worse in terms of sales, profit margins, and revenue. The survey aimed to explore whether the firms have adopted divestment as one of the turnaround strategies, notwithstanding their efforts to devise various ways to salvage their performance. Real options theory served as a basis for this research. In this study, a descriptive research design was employed. A total of 708 manufacturing firms form the target population. A total of 249 businesses that were randomly chosen from each of Kenya's 14 manufacturing subsectors made up the study's sample size. A questionnaire was utilized in the data-gathering process. Inferential statistics and descriptive were utilized in the data analysis. The outcomes uncovered that the execution of largest manufacturing enterprises in Kenya was significantly influenced by the divestment plan. As per the findings, manufacturing companies can improve performance by rerouting their revenues to more profitable and productive operations and cutting expenses through divestiture. Research gap: this study looks at the hotel industry, whereas the previous study looked at the manufacturing sector.

Brauer (2020) claims that a sizable wave of divestments has recently taken place in the Kenyan oil sector, despite the fact that this phenomenon has not yet received enough attention. By examining the importance of performance in the creation of business divestiture plans and the connection between a company's performance and its divestiture strategy, this study aimed to increase the body of knowledge already available on the subject of business divestiture. A descriptive census survey was completed by 12 managers from the five major oil corporations that have left the Kenyan market, as well as the Energy Regulatory Commission. The study's conclusions show that the firm's financial performance is the best indicator of divestment because of factors such as low profit margins, declining return on investment, and high working capital needs because of upfront duty payments and safety standard compliance. The results do, however, confirm that divestment is a tool for enhancing company performance and should only be used as a last resort. Research gap; the reviewed research concentrated on the Kenyan oil business, whereas the present study would be carried out in Machakos' three-star hotels.

2.2.3 Price Bundling and Organization Performance

In Nigeria, Agbaeze, Chiemeke, and Ogbo (2020) ascertain the effect that pricing bundling has on the sustainability and performance of supermarkets in the metropolitan region of Enugu State. The polarization of consumer buying behaviour affects supermarket performance and sustainability, as well as price considerations. For this research, a questionnaire was employed. The survey design was chosen due to its high level of demographic representativeness, strong statistical significance, and ease of data gathering. A systematic questionnaire was utilized to gather the primary data. Out of the 100 supermarkets, 48 of them answered the survey. The variable relationship was performed through multiple regression analysis. The research revealed that supermarket sustainability and performance in urban Enugu are significantly improved by the implementation of value-informed pricing bundling. Research gap: Because this study only included retail chains in Nigeria, its conclusions cannot be applied to three-star hotels in Kenya.

Hähnchen and Baumgartner (2020) researched on influence of price bundling on the assessment of bundled goods. Finding out how providing a product in variously framed price packages affected consumers' perceptions of it after promotion was the study's primary goal. The study's findings suggest that when a product is offered in a price bundle, its evaluation may suffer and that this impact is contingent upon the package's framing of the price discount. Bundling is one of the most widely used marketing strategies. Selling two or more things in a single package is known as bundling. Due to the widespread practice of price bundling, consumers may also expect savings if the bundle does not include any information about discounts. Buying a bundle of extra items can save a consumer, on average, about 8%. Bundling is therefore frequently employed as a marketing strategy. Locally, Kenya's economy and GDP are significantly boosted by the tourist sector. Nonetheless, the results of the current study point to a significant decline in Kenya's tourist sector's performance.

The impact of pricing bundling approach on the performance of the tourism business in Narok County, Kenya, was examined by Benjamin and Nyang'au (2022). The Ritchie and Crouch Model of Performance, Resource-Based Theory, and Unique Selling Proposition Theory all provided insights for the study. Both quantitative and explanatory methods were utilized in the survey. The target population in Narok County consisted of 351 workers as well as the management of the sales and marketing departments, which were selected from three main tourism categories. 181 employees made up the sample size that was chosen using straightforward and stratified random sampling techniques. Questionnaires were utilized in the research to gather primary data. Both content validity and face validity were evaluated. To determine the study instrument's dependability, Cronbach's Alpha was employed. The standard deviation, mean and frequency were utilized to examine quantitative data descriptively. In the case of inferential statistics, correlations between variables were examined using Pearson Product Moment correlation. The cause-effect correlations were established using multiple regressions. The results uncovered that pricing bundling technique has a substantial and favorable impact on the execution of the tourism sector. Research gap: the study used a descriptive approach, whereas the previous study used an explanatory strategy.

2.2.4 Repositioning Strategy and Organization Performance

Ebere and Onuoha (2022) looked into the relationship between the strategic repositioning and execution of SMEs in Rivers State, Nigeria. A cross-sectional survey was employed in this research. A total of 291 samples were determined. Consequently, a questionnaire was emailed to 291 managers of the selected SMEs in Rivers State. Although a systematic sampling technique was used in this study, 83% or 242 questionnaires were correctly filled out and found. To ascertain the linkage between the study factors, the data was cross-referenced by the statistical method of Pearson product-moment correlation. The outcomes uncovered a robust positive correlation between SME performance measures and the features of strategic repositioning. The research concludes that target customers view strategic rebranding favourably and that the redesigned goods and services have qualities that are either better than or equal to those of competitors in the market niche that the brand wants to enter. The present study concentrated on three-star hotels, whereas the previous survey was done on SMEs.

Oduor, Kilika, and Muchemi, (2021) researched to determine how a turnaround strategy for large Kenyan manufacturing companies affected their performance through repositioning. Thus, the study looked into how a turnaround plan's objectives may be met by using a repositioning strategy. The study addressed the bias in the body of existing research focused on consumer viewpoint in the operationalization of a repositioning strategy, as well as gaps in the literature on theoretical and conceptual dimensions. The RBV and strategic choice theories were referenced in the study, which operationalized the repositioning construct into three indicators. Functional-level managers provided the data for this descriptive survey of 107 sizable manufacturing companies in Kenya. According to the survey, the firms used the repositioning technique to varying degrees from moderate to very high. Methodological difference: 11 three-star hotels will be the subject of this study, whereas 107 manufacturing businesses were the subject of the previous one.

Oduor (2022) looked into how a repositioning strategy affected the productivity of a few major industrial companies in Nairobi City County. The survey was grounded on institutional theory, competency theory, resource-based view theory, and strategic choice theory. The survey utilized a descriptive research and explanatory approach and embraced positivism as its ideology. Nairobi City County's 107 major manufacturing companies were the intended audience. A total of 428 participants were included in the sample, with four department heads from each manufacturing company; planning, operations, marketing, and finance departments being the targets. To gather primary data, semi-structured questionnaires were utilized. Face, content, and concept validity were used to assess the study instrument's validity. Utilizing a Cronbach's Alpha (α) of 0.7, reliability was assessed. The study found that organizational skills acted as a partial mediating factor in the link between the reorientation strategy and the firm

EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

execution of manufacturing enterprises in Nairobi. The emphasis on the descriptive research design rather than the explanatory research design is the primary distinction between the current study and the prior one.

2.3 Conceptual Framework

Figure 1 shows the study's conceptual framework which shows the interrelation between the independent variable and the dependent variable.

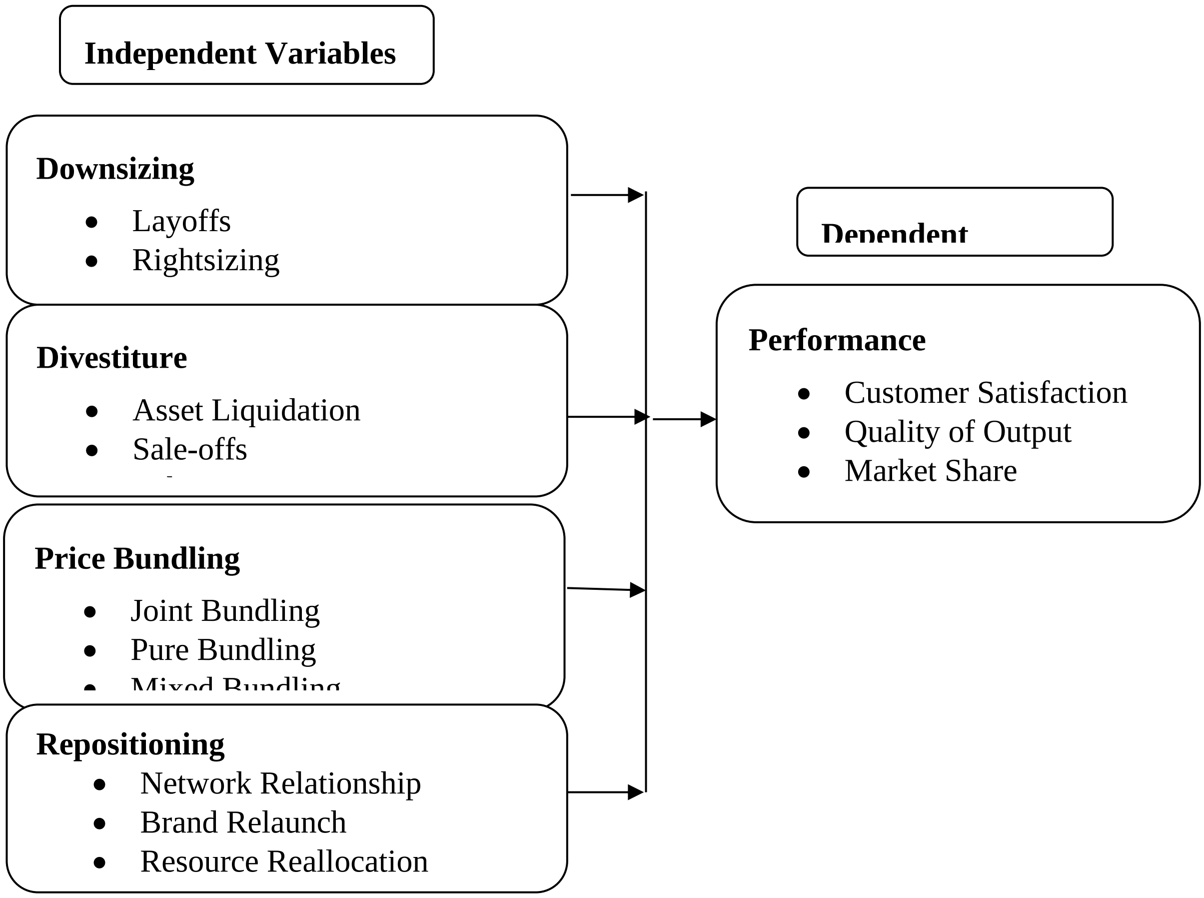

Figure 1: Conceptual Framework

3.0 Methodology

The research adopted a descriptive research design. Sixteen three-star hotels in Machakos County were involved as a target population. The study targeted two-finance staff, three-HR staff, three-Marketing staff, and ten-Guests in each Three Star Hotel, therefore, forming a total of 454 respondents. To inform the study's findings, stratified random sampling was employed in conjunction with a sample of 135 individuals, or 30% of the population. The questionnaires were utilized to gather primary data. To assess the validity of the piloted questionnaire, the researcher tested it for any biases or ambiguities in the words used. This ensured that the final version of the questionnaire was able to gather data relevant to the study topic. Furthermore, the study examined the questionnaire's content and construct its validity in this study. To verify the validity of the structured surveys, managers and supervisors were given questionnaires to complete. A pilot test data was done to find the internal consistency of the survey items to establish whether or not the instrument is reliable. After data collection was completed, the

EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

data was verified for consistency and completeness before being entered into the Statistical Package for Social Sciences (SPSS) for analysis.

4.0 Results and Discussion

4.1 Descriptive statistics

4.1.1 Downsizing Strategy

Several statements on the effect of downsizing strategy on performance of selected three star hotels were identified by the researcher. Respondents were asked to indicate the extent of their agreement with each statement in regard to downsizing strategy and how it has influenced the performance of three star hotels. A scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4 = Agree and 5 = Strongly agree was used. The findings are shown in Table.1

Table 1 Descriptive Statistics for Downsizing Strategy

Statements on Downsizing Strategy	Mean	Std. Dev
The employees were well informed in advance of the intention to reduce staff headcount	3.41	0.762
Reduction of staff count in our business was done in a humane manner	3.52	0.721
Adequate notice was given to employees who were declared redundant	3.47	0.732
The hotel reduced staff headcount to take care of reduction in business	3.29	0.678
The hotel reduced staff headcount to improve efficiency	3.36	0.681
Employees who were terminated we given commensurate send-off package	3.57	0.649
Reduction of employee numbers was aimed at improving hotel performance	3.42	0.675
Laying off of some staff was carried out in a transparent manner	3.49	0.683
Some of staff were offered an early retirement package	3.46	0.672
The responsibilities carried out by exiting employees were shared among remaining staff	3.60	0.666
Some employees voluntarily left the organization to pursue other interests	3.38	0.716
Reduction of employee headcount improved overall efficiency of the Establishment	3.48	0.724
Aggregate Scores	**3.45**	**0.697**

The results presented in Table 1 revealed that majority of the respondents agreed that the downsizing strategy affects the performance of three star hotels as indicated by aggregate mean scores of 3.45 and aggregate standard deviation of 0.697. The further results revealed that majority of the respondents agreed that employees were well informed in advance of the intention to reduce staff head count (mean = 3.4; Std. Dev = 0.762), reduction of staff count in our business was done in a humane manner (mean = 3.52; Std. Dev = 0.721), adequate notice

EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

was given to employees who were declared redundant (mean = 3.47; Std. Dev = 0.732), the hotel reduced staff head count to take care of reduction in business (mean = 3.29; Std. Dev = 0.678), the hotel reduced staff head count to improve efficiency (mean = 3.36; Std. Dev = 0.681), employees who were terminated we given commensurate send-off package (mean = 3.57; Std. Dev = 0.649) and reduction of employee numbers was aimed at improving hotel performance (mean = 3.42; Std. Dev = 0.675). The downsizing resulted in a more streamlined and focused team, potentially enhancing service delivery through increased efficiency and dedication.

Also, the respondents agreed that laying off of some staff was carried out in a transparent manner (mean = 3.49; Std. Dev = 0.683), some of staff were offered early retirement package (mean = 3.46; Std. Dev = 0.672), the responsibilities carried out by exiting employees were shared among remaining staff (mean = 3.60; Std. Dev = 0.666), some employees voluntarily left the organization to pursue other interests (mean = 3.38; Std. Dev = 0.716 and reduction of employee's headcount improved overall efficiency of the hotel (mean = 3.48; Std. Dev = 0.724). Smaller teams potentially facilitate quicker decision-making and a more responsive approach to market changes. The reduction in labor costs and other associated expenses can positively impact a hotel's financial performance. Downsizing contributes to lower overheads, reduced paperwork, easier and faster decision-making, and an eventual improvement in the company's performance rate. The findings were supported by the findings of Mihwa (2020) who established that the commercial banks' use of downsizing has allowed them to gain a cost advantage. As per the results, downsizing significantly affected commercial banks' ability to compete strategically in Kakamega County.

4.1.2 Divestiture Strategy

Several statements on the effect of divestiture strategy on performance of selected three star hotels were identified by the researcher. Respondents were asked to indicate the extent to which they agreed with each statement regarding to divestiture strategy and how it has affected the performance of three star hotels. A scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4 = Agree and 5 = Strongly agree was used. The findings are shown in Table 2.

Table 2 Descriptive Statistics for Divestiture Strategy

Statements on Divestiture Strategy	Mean	Std. Dev
The hotel sold off some of its shares in other businesses not related to hotel business	3.41	0.632
The hotel closed some business ventures it used to run	3.35	0.617
The hotel sold off some of its assets to finance core business activities	3.39	0.654
The hotel gave up some hotel ownership to third parties	3.46	0.647
The hotel developed other independent businesses from the Hotel establishment	3.61	0.635
The hotel went through a split from its mother organization	3.53	0.614
The hotel restructured the composition of its expenses for efficiency	3.47	0.627
The hotel discounted some of its activities prior to March 2020	3.59	0.678
The hotel closed some of its branches around the country	3.51	0.579
The hotel sold off some of its assets to help finance its operations	3.45	0.645
Aggregate scores	**3.48**	**0.634**

EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

The findings in Table 2 revealed that a large part of respondents agreed that divestiture strategy affects the performance of three star hotels as indicated by aggregate mean scores of 3.48 and aggregate standard deviation of 0.634. Also, the findings revealed that majority of the respondents moderately agreed that hotel sold off some of its shares in other businesses not related to hotel business (mean = 3.41; Std. Dev = 0.632), the hotel closed some business ventures it used to run (mean = 3.35; Std. Dev = 0.617), the hotel sold off some of its assets to finance core business activities (mean = 3.39; Std. Dev = 0.654), the hotel gave up some hotel ownership to third parties (mean = 3.46; Std. Dev = 0.647), the hotel developed other independent businesses from the main branch (mean = 3.61; Std. Dev = 0.635) and the hotel went through a split from its mother organization (mean = 3.53 and Std. Dev = 0.614). The loss of assets or business units necessitated a reassessment of operational procedures and potentially led to changes in staffing and responsibilities.

The divestiture strategy also influences the hotels' market positioning and competitive advantage. Shedding non-core assets allows for a more targeted and specialized focus, potentially enabling hotels to differentiate themselves in the market. The findings corroborate the findings of a study by Muzny and Simba (2019) who established that divestiture strategy impacted the hotels' ability to adapt to changing market dynamics and pursue future growth opportunities. While selling non-core assets may improve short-term financial performance, it is critical to ensure that the remaining assets position the hotels strategically for long-term sustainability and growth.

4.1.3 Price Bundling

Several statements on the effect of price bundling on performance of selected three star hotels were identified by the researcher. Respondents were asked to indicate the extent of their agreement with each statement regarding price bundling and how it has affected the performance of three star hotels. A scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4 = Agree and 5 = Strongly agree was used. The findings are as shown in Table 3.

Table 3: Descriptive Statistics for Price Bundling

Statements on Price Bundling	Mean	Std. Dev
The hotel combined some of its products into a package for customers	3.45	0.637
The hotel offered discounts on combined products to attract customers	3.54	0.636
The hotel came up with a new product offering to attract customers	3.49	0.621
The hotel gave discounts on certain days to attract customers	3.58	0.617
The hotel perceived bundles as a separate product from the establishment	3.52	0.634
Bundling of products helped improve the sales revenue of our hotel	3.39	0.619
Bundling of products helped our hotel reach out to more customers	3.53	0.648
Aggregate scores	**3.50**	**0.630**

The results shown in Table 4.3 revealed that most respondents agreed that price bundling affects the performance of three star hotels as indicated by aggregate mean scores of 3.50 and

EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

aggregate standard deviation of 0.630. Further, the findings established that majority of the respondents agreed that the hotel combined some of its products into a package for customers (mean = 3.45; Std. Dev = 0.637), the hotel offered discounts on combined products to attract customers (mean = 3.54; Std. Dev = 0.636), the hotel came up with new product offering to attract customers (mean = 3.49; Std. Dev = 0.621), and the hotel gave discounts on certain days to attract customers (mean = 3.58; Std. Dev = 0.617). By combining various services such as accommodation, dining, and recreational activities into a bundled package, hotels can provide a more comprehensive and attractive offering to customers.

This not only encourages guests to explore and experience more amenities within the hotel but can also lead to increased customer loyalty and positive word-of-mouth, ultimately contributing to improved performance. This is supported by Hähnchen and Baumgartner (2020) who established that due to the widespread practice of price bundling, consumers may also expect savings if the bundle does not include any information about discounts. Buying a bundle of extra items can save a consumer, on average, about 8%. Bundling is therefore frequently employed as a marketing strategy. These findings are supported by the findings of a study by Benjamin and Nyang'au (2022) who established that pricing bundling technique has a substantial and favorable impact on the execution of the tourism sector. The success of a price bundling strategy relies heavily on the hotels' ability to understand customer preferences and market demand. Offering bundles that align with the needs and preferences of the target audience is crucial.

4.1.4 Repositioning Strategy

Several statements on the effect of repositioning strategy on performance of selected three star hotels were identified by the researcher. Respondents were asked to indicate the extent of their agreement with each statement in regard to repositioning and how it has affected the performance of three star hotels. A scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4 = Agree and 5 = Strongly agree was used. The findings are shown in Table 4.

Table 4: Descriptive Statistics for Repositioning Strategy

Statements on Repositioning Strategy	Mean	Std. Dev
New position developed by the hotel has improved the effectiveness level	3.39	0.634
New position developed by the hotel has improved the efficiency level	3.51	0.643
New position developed by the hotel has improved the liquidity position	3.55	0.619
New position developed by the hotel has altered product offerings	3.46	0.627
New position developed by the hotel has improved delivery of service	3.43	0.652
The hotel has invested heavily in marketing campaigns to set a new position in the market	3.39	0.649
The hotel has used its position in the market to attract new customers	3.54	0.623
Aggregate scores	**3.47**	**0.635**

The results in Table 4 showed that majority of respondents agreed that repositioning strategy affects the performance of three star hotels as indicated by aggregate mean scores of 3.47 and aggregate standard deviation of 0.635. Further, the findings established that most respondents moderately agreed that new position developed by the hotel has improved the effectiveness level (mean = 3.39; Std. Dev = 0.634; new position developed by the hotel has improved the

EdinBurg Peer Reviewed Journals and Books Publishers
Journal of Strategic Management
Vol. 4||Issue 2||pp 32-49||July||2024
Email: info@edinburgjournals.org||ISSN: 2789-4851

efficiency level (mean = 3.51; Std. Dev = 0.643), new position developed by the hotel has improved the liquidity position (mean = 3.55; Std. Dev = 0.619) and new position developed by the hotel has altered product offerings (mean = 3.46; Std. Dev = 0.627). By redefining its brand identity and focusing on specific attributes that appeal to the target market, such as updated facilities, unique amenities, or improved customer service, the hotel can differentiate itself from competitors. This differentiation attracts new customer segments and retains existing ones, ultimately contributing to increased occupancy rates and revenue.

Also, most of respondents agreed that the new position developed by the hotel has improved delivery of service (mean = 3.43; Std. Dev = 0.652), the hotel has invested heavily in marketing campaigns to set a new position in the market (mean = 3.39; Std. Dev = 0.649) and the hotel has used its position in the market to attract new customers (mean = 3.54; Std. Dev = 0.623). The success of a repositioning strategy is closely tied to effective communication. Clear and transparent communication with both existing and potential customers is vital to convey the changes and improvements made by the hotel. This helps in building trust and managing customer expectations, preventing any negative impact on the hotel's reputation during the transition.

4.1.5 Performance of Three-Star Hotels

The study aimed to determine the performance of Three Star Hotels. The participants were requested to indicate their agreement level with parameters related to performance of Three Star Hotels on a Likert Scale where 5- strongly agree, 4- agree, 3- moderately agree, 2-disagree, and 1-strongly disagree. The mean and standard deviation were derived. Table 5 displays the findings on performance of Three Star Hotels.

Table 5: Descriptive statistics for performance of Three Star Hotels

Statements on performance of Three Star Hotels	**Mean**	**Std. Dev**
Divestiture has improved overall profitability of the Establishment	3.46	0.643
Divestiture has improved the level of Customer satisfaction in the Establishment	3.61	0.639
Divestiture has improved the sales revenue of the Establishment	3.54	0.616
Downsizing efforts have improved overall profitability of the Establishment	3.49	0.613
Downsizing efforts have improved the level of Customer satisfaction in the Establishment	3.57	0.607
Downsizing efforts have improved the sales revenue of the Establishment	3.47	0.654
Product bundling has improved overall profitability of the Establishment	3.43	0.642
Product bundling has improved the level of Customer satisfaction in the Establishment	3.55	0.637
Product bundling has improved the sales revenue of the Establishment	3.59	0.629
Repositioning has improved overall profitability of the Establishment	3.53	0.624
Repositioning has improved the level of Customer satisfaction in the Establishment	3.48	0.618
Repositioning has improved the sales revenue of the Establishment	3.42	0.625
Aggregate Scores	**3.52**	**0.629**

The results presented in Table 5 revealed that majority of the respondents agreed that turnaround strategies affect the performance of three star hotels as indicated by aggregate mean scores of 3.52 and aggregate standard deviation of 0.629. Also, the findings revealed that most participants agreed that divestiture has improved overall profitability of the establishment (mean = 3.46; Std. Dev =0.643), divestiture has improved the level of customer satisfaction in the establishment (mean = 3.61; Std. Dev = 0.639), divestiture has improved the sales revenue of the establishment (mean = 3.54; Std. Dev = 0.616), downsizing efforts have improved overall profitability of the establishment (mean = 3.49; Std. Dev = 0.613), downsizing efforts have improved the level of Customer satisfaction in the establishment (mean = 3.57; Std. Dev = 0.607), downsizing efforts have improved the sales revenue of the establishment (mean = 3.47; Std. Dev = 0.654) and product bundling has improved overall profitability of the establishment (mean = 3.43; Std. Dev = 0.642). A targeted financial turnaround strategy helps a struggling three-star hotel regain its economic stability. This involves cost-cutting measures, renegotiating contracts with suppliers, optimizing operational efficiency, and implementing revenue management techniques.

By addressing financial constraints and improving profitability, the hotel secured its long-term sustainability and reinvested in essential areas like infrastructure, technology, and employee training. The findings concur with the findings of a study by Atikiya (2015) who established that updating facilities and amenities and adapting services to align with changing consumer preferences. By enhancing the overall guest experience and distinguishing the hotel from competitors, a successful repositioning can contribute to increased occupancy rates and revenue generation.

Turnaround strategies have a transformative effect on the performance of selected three-star hotels by addressing financial challenges, repositioning in the market, and investing in personnel development. Additionally, careful planning, strategic implementation, and effective communication are essential components to ensure the success of these strategies and pave the way for sustained growth and competitiveness in the hospitality industry. The results agree with the findings of a study by Muchemi (2014) who established that the overall goal of the turnaround strategy is to return an underperforming or distressed company to normal in terms of acceptable levels of profitability, solvency, liquidity, and cash flow.

5.0 Conclusions

The study concludes that the downsizing strategy significantly affects the performance of selected three star hotels in Machakos County, Kenya. Downsizing strategies had a distinct effect on the performance of three-star hotels. The implementation of a downsizing strategy, such as reducing staff and operational costs, contributed to enhanced operational efficiency and cost-effectiveness.

The divestiture strategies played a significant role in influencing the performance of three-star hotels. Divesting non-core assets and focusing on the core business areas resulted in improved financial stability and resource allocation. The divestiture strategies led to streamlined operations and a more concentrated effort on key competencies, positively impacting overall hotel performance.

The study also concluded that price bundling had a positive correlation on the performance of three-star hotels. Implementing bundled offerings, such as room packages with additional amenities, attracted more customers and positively influenced revenue streams. Price bundling helps hotels manage and optimize their capacity more effectively by encouraging guests to utilize various services, even during off-peak times. This leads to increased overall revenue collection hence optimal overall performance.

The repositioning strategies were found to be influential in reshaping the market perception and performance of three-star hotels. Repositioning efforts, such as refurbishments, brand reimagining, and targeted marketing, played a pivotal role in attracting new customer segments and enhancing the overall brand image. Repositioning often optimizes internal processes and operations. This led to increased efficiency, cost savings, and improved overall financial performance for three-star hotels.

6.0 Recommendations

Based on staff downsizing strategy, the hotel administrators should come up with reliable communication channels about the reasons behind the downsizing staff and offer support services for affected employees. Additionally, hotels should carefully assess the optimal level of downsizing to balance cost reduction with the preservation of essential skills and service quality. The findings show that divestiture allows three-star hotels to streamline their operations and focus on their core competencies. However, the hotel management should conduct thorough due diligence before divesting any assets. This includes a comprehensive analysis of the financial implications, potential impact on market share, and considerations of the long-term strategic goals of the organization. Continuous monitoring of market trends and adaptability to changing circumstances are essential for successful divestiture strategies.

Further, the study recommends a dynamic approach to package offerings. Regularly reassessing the preferences and behaviours of target customers can enable hotels to tailor bundled services to changing market demands. Additionally, pricing strategies should strike a balance between offering attractive discounts through bundling and ensuring the profitability of the overall package. The results show that repositioning strategy changes the hotel's positioning, target market, or overall image to better align with market demands, enhance competitiveness, or improve financial performance. The management of hotels should conduct a comprehensive analysis of their target market and competitors before initiating any repositioning efforts. Clear communication of the changes to customers, coupled with strategic marketing initiatives, will help build a positive perception of the repositioned hotel brand.

References

Agbaeze, E., Chiemeke, M. N., Ogbo, A., & Ukpere, W. I. (2020). Impact of pricing practice management on performance and sustainability of supermarkets in the urban area of Enugu State, Nigeria. *Sustainability*, *12*(15), 6019.

Ashraf, B. N. (2020). Economic impact of government interventions during the COVID-19 pandemic: International evidence from financial markets. *Journal of Behavioural and Experimental Finance*, *27*, 100371.

Benjamin, M. F., & Nyang'au, N. (2022) Effect of Pricing Strategy on Performance of

Capability on marketing performance: The mediating role of price value offerings.*Accounting*, 7(5), 1101-1108.

Chacha, S. J. (2019). *The Impact of Turnaround Strategies on Business Performance at Kenya Airways* (Doctoral dissertation, United States International University-Africa).

Chan, L. L., & Idris, N. (2017). Validity and reliability of the instrument using exploratory factor analysis and Cronbach's alpha. *International Journal of Academic Research in Business and Social Sciences*, *7*(10), 400-410.

Dahabreh, I. J., & Hernán, M. A. (2019). Extending inferences from a randomized trial to a target population. *European Journal of Epidemiology*, *34*(8), 719-722.

Ebere, D., & Onuoha, B. C. (2022). Repositioning Strategy and Performance of Small and

Elkhayat, N., & ElBannan, M. A. (2018). State divestitures and bank performance: Empirical evidence from the Middle East and north AAfrica region. *Asian Economic and Financial Review*, *8*(2), 145.

Endres, A., & Heinzel, J. (2019). *The Impact of Product Qualities on Downstream Bundling in a Distribution Channel* (No. 124). Paderborn University, CIE Center for International Economics.

Etikan, I., & Bala, K. (2017). Sampling and sampling methods. *Biometrics & Biostatistics International Journal*, *5*(6), 00149.

Fatima, T., & Elbanna, S. (2020). Balanced scorecard in the hospitality and tourism industry: Past, present and future. *International Journal of Hospitality Management*, *91*, 102656. Findings from a Content Analysis. Sustainability, 14(5), 2989. https://doi.org/10.3390/su14052989

Hoskisson, R. E., Gambeta, E., Green, C. D., & Li, T. X. (2018). Is my firm-specific investment protected? Overcoming the stakeholder investment dilemma in the resource-based view. *Academy of Management Review*, *43*(2), 284-306.

Kalyankar, M. M. D. (2020). Impact of Covid-19 Pandemic on the Tourism Sector. *Purakala with ISSN 0971-2143 is an UGC CARE Journal*, *31*(8), 611-617.

Kazho, S. A., & Atan, T. (2022). Public sector downsizing and public sector performance: findings From a content analysis. *Sustainability*, *14*(5), 2989.

Komen, L. B. (2014). *Effect of turnaround strategies on performance of public corporations in Kenya* (Doctoral dissertation, Egerton University).

Makheti, R., & Nyakweba, O. B. (2016). Assessment of Turnaround Strategy on Organizational Performance: A Case of Kenya Industrial Estates, Kenya.

Markey-Towler, B. (2019). The competition and evolution of ideas in the public sphere: A new foundation for institutional theory. *Journal of Institutional Economics*, *15*(1), 27-48.

Mburu, E. W. (2016). *Challenges of implementation of turnaround strategies and performance of Postal Corporation of Kenya* (Doctoral dissertation, University of Nairobi).

Mihwa, A. N., & Malenya, A. (2020). Effect of organization restructuring on strategic

Mohamud, A. A. (2018). *Strategic Responses and Performance in Postal Corporation of Kenya in Mandera County, Kenya* (Doctoral dissertation, Kenyatta University).

Mungai, B. W., & Bula, H. O. (2018). Turnaround strategies and performance of Kenya Airways. *The University Journal*, *1*(2), 1-16.

Oduor, B. A., Kilika, J. M., & Muchemi, A. W. (2021). Accomplishing Organisational

On Performance and Sustainability of Supermarkets in the Urban Area of Enugu State, Nigeria. *Sustainability*. 2020; 12(15):6019.

Patel, P. K., Sharma, J., Kharoliwal, S., & Khemariya, P. (2020). The Effects of Nobel Corona Virus (Covid-19) on the Tourism Industry in India.

Petrenko, O. V., Aime, F., Ridge, J., & Hill, A. (2016). Corporate social responsibility or CEO narcissism? CSR motivations and organizational performance. *Strategic Management Journal*, *37*(2), 262-279.

Quesado, P. R. (2022). The Balanced Scorecard and Competitiveness in the Hospitality Industry. In *Sustainability and Competitiveness in the Hospitality Industry* (pp. 67-94). IGI Global.

Rahi, S. (2017). Research design and methods: A systematic review of research paradigms, sampling issues, and instruments development. *International Journal of Economics & Management Sciences*, *6*(2), 1-5.

Ranasinghe, R., Karunarathna, C., & Pradeepamali, J. (2020). After Corona (Covid-19) Impacts on Global Poverty and Recovery of Tourism Based Service Economies: An Appraisal. *Available at SSRN 3591259*.

Sainaghi, R., Phillips, P., & d'Angella, F. (2019). The balanced scorecard of a new destination product: Implications for lodging and skiing firms. *International Journal of Hospitality Management*, *76*, 216-230.

Santana, M., Valle, R., & Galan, J. L. (2017). Turnaround strategies for companies in crisis: Watch out for the causes of decline before firing people. *BRQ Business Research Quarterly*, *20*(3), 206-211.

Shanker, R., Bhanugopan, R., Van der Heijden, B. I., & Farrell, M. (2017). Organizational climate for innovation and organizational performance: The mediating effect of innovative work behavior. *Journal of Vocational Behavior*, *100*, 67-77.

Sikayena, Isaiah & Amoah, Armstrong & Ankomah, Kwadwo. (2016). Effects of Downsizing on Employee and Organizational Performance in Ghana. The International Journal Of Business & Management (ISSN 2321–8916).

Stan, M., & Puranam, P. (2017). Organizational adaptation to interdependence shifts: The role of integrator structures. *Strategic Management Journal*, *38*(5), 1041-1061.

Suganda, B. (2019). Divestiture and Company's Financial Performance: An Empirical Study on Companies Listed on Indonesia Stock Exchange. In *2019 International Conference on Organizational Innovation (ICOI 19)*. Atlantis Press.

Truong, D. D., Nguyen, H., & Duong, T. Q. L. (2020). Factors influencing balanced scorecard application in evaluating the performance of tourist firms. *The Journal of Asian Finance, Economics and Business (JAFEB)*, *7*(5), 217-224.

Upadhyay, H., Gupta, A. K., & Joshi, A. (2019). Employee Downsizing in Globalized Business Environment: A Study of Public Sector Banks with Special Reference to State Bank of India. *Management Insight*, *15*(2), 43-51.