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Quality Standards and Competitiveness of Star Rated Hotels in Nairobi City County, Kenya

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Abstract

Globally, the concept of competitiveness in business is widespread. In the hospitality sector, the concept of competitiveness has been applied differently in the varied operational segments and types and in most cases expanded to include the sustainability discourse. Certain business strategies for instance pricing, brand image, quality and sustainable tourism are at the core of day to day operations. Although, there has been a plethora of published research, related to quality in the last decade worldwide, very few studies have been conducted on the area of quality as an element of competitiveness in Kenya particularly in the hospitality industry. This study zeroed in on one key segment of tourism's hospitality sector; the hotel or tourist accommodation segment, to discuss further the aspect of competitiveness vis-a-vis the quality standards that are applied. The study therefore sought to determine the effect of quality standards and competitiveness of hospitality establishments in Nairobi City County, Kenya by specifically assessing the effect of classification system, branding and ecolabels on competitiveness. These study objectives were anchored on three theories; the Resource Based Theory, the brand equity theory and the dynamic capabilities theory respectively. The study used descriptive research design that included a cross-sectional survey with the study population being 54 star rated hotels currently operating in Nairobi City County, Kenya as per the data from Tourism Regulatory Authority (TRA). Out of these, 2 hotels were used for pilot testing and the remaining 52 hotels were examined. Data was gathered using self-administered questionnaires. A pre-test was performed to establish the instrument's validity and reliability. Analysis of data was by quantitative approach using SPSS Version 25. Inferential analysis (multiple regression) was utilized in the data analysis. ANOVA demonstrated independent variables statistically significantly predicted the dependent variable. The study revealed that classification provide avenue for benchmarking with competitors, help in marketing hotel locally and abroad and improve the quality of service delivery with a regression

results of ($\rho = 0.412$, $p\text{-value} = 0.043$). It was established eco labels is not significant with a regression result of ($\rho = 0.042$, $p\text{-value} < 0.080$). Classification and branding were statistically significant in hotel competitiveness from the multiple regression analysis compared with eco labels. Eco labels lower influence could be attributed to lack of eco labels by most the hotels in the survey. Also it was revealed that branding influence hotel image, hotel recognition and also customer loyalty in terms of increased attachment and had a regression result of ($\rho = 0.672$, $p\text{-value} = 0.001$). The study recommended for suppliers in the tourism and hospitality sector to familiarize and implement existing quality standards in a bid to become more competitive.

Key Words: *Quality; Standards; Competitiveness; Star rated hotels; Nairobi City County, Kenya*

1.0 Introduction

Global economic crisis, global pandemics and global terrorism remain the key threats to tourism the world over (Enright & Newton, 2004). However, despite these shocks, the industry continues to show resilience and still represents one of the fastest growing and leading segments of the economy. Evidently, the significance of tourism for most countries cannot be overstated. Its contribution to the economy is clearly evidenced in terms of job creation, increase in foreign exchange earnings as well as a country's GDP as a whole and its positive trickle-down effect.

In fact, according to the UNWTO, a UN agency charged with the advancement of sustainable and generally accessible tourism; the global tourist arrivals grew to 1.4 billion in 2018, which was a 6% growth from the previous year with a recorded 7% increase in Africa. This growth confirms that the tourism sector is today one of the key movers of economic growth and development.

Indeed, one of the thematic areas that were proposed in the 2017 international year for sustainable development is sustainable economic growth. This meant that the right environment for economic growth should be supported by investment in quality infrastructure and facilities in line with market trends hence contributing to the general attractiveness of a destination and gaining a competitive advantage. Without a doubt, in a service industry like hospitality, customer expectation for quality is constantly changing as they seek value for money. The hospitality facilities use this opportunity to charge premium prices hence increasing revenue. Hospitality industry players especially in hotels constantly pursue quality standard measures as a way to differentiate themselves from their competitors for the purpose of staying competitive in this very dynamic market space. Craig et al (2007) further explain that quality service delivery is pivotal to drive guest satisfaction in the hospitality industry. This is mainly because production and consumption of the service in the hospitality sector occur simultaneously hence it is imperative that strategies that acknowledge the significance of the consumer are integrated into the business processes in order to stay competitive.

Regionally where Kenya as a country competes with similar developing countries, there is a common understanding that tourism remains one of the strategic industries that can lead to both national and regional economic development because of its ability to successfully create jobs and income. On the other hand, with tourism becoming increasingly a globalised segment in which competition amongst the different destinations is building at a high rate and where visitors have a wider choice and can obtain greater value for money; tourism enterprises the major one being hotels, have to contend with this difficult market condition. Fortunately, even with this reality, Kenya's tourism industry remains resilient in the midst of previous challenges. This could be

attributed to the recent implementation of the tourism recovery strategy as well as other initiatives geared towards improving the general perception about the country and overall security. This however, only offers a short-term relief. There is need for a long-term relief, which this study seeks to address.

Indeed, according to the National Tourism Blueprint (2017), two of the weaknesses identified for the Kenyan; Tourism brand are a limited number of good quality hotel establishments for the middle and budget travellers around the country and that most of the beach and lodge accommodation facilities are poorly maintained and need better maintenance and upgrading. This speaks to the urgent need for a quality standards discourse. Moreover, the increased focus by hospitality facilities to meet and exceed customer needs has accorded quality a new role and perspective (Hill & Jones, 2008). Undoubtedly, quality has become a competitive and strategic tool that can be leveraged by an organization to withstand competitive pressure, attract new customers and enhance its market position (Al-Hakim & Chen, 2014).

1.1 Statement Problem

Over the last decade, tourism studies have observed many initiatives discussing the necessity to monitor competitiveness of destinations and different suggestions for describing and ascertaining the competitiveness of the tourism destination. Several interpretations have been presented in past research work on competitiveness such as quality of services. The Tourism Research Institute (TRI) confirms this in the tourism sector performance report for 2018; where an influx of international hotel brands has been evidenced with 68 global hotel brands setting up shop in Kenya. This speaks to improved quality offering and gives Kenya a competitive advantage in the region. Maintaining this position however, is a challenge every time quality is compromised. Hence, the country strives to periodically assess the quality standards of the tourism accommodation through the Tourism Regulatory Authority's Hotel Star rating criteria.

Great competitiveness has made quality a key factor in the global hospitality industry. Indeed, on 7th November 2003, Bob Cotton, in his article in the British Hospitality Association Magazine, stated that success of the hospitality industry is often measured by quality of service and that pressure to improve quality is the most important issue facing the United Kingdom (UK) hospitality industry and this can be deduced to apply to the global hospitality industry.

Enright et al. (2004), explain that a destination is termed as competitive when it exhibits the capacity to draw and fulfil the needs of potential tourists and the competitiveness evaluated based on tourism-specific factors and the factors influencing the tourism service providers. However, Dwyer, (2010) argues that the destination attractiveness is associated with its capability to provide goods and services which outperform other destinations on the features of tourism experience that is valued as significant by clients. Dwyer, (2010) also points out that comparative advantage for a tourist destination is assessed using metrics such as inherited or endowed resources for instance scenery, flora & fauna, favourable climate, while competitive advantage are tourism infrastructures such as (transport network, hotels, attractions), the quality of management, festivals, government policy and events and skills of workers.

A more recent study published in the Travel and Tourism Competitive Report of 2019 lists some general conditions that makes a destination offer an enabling environment for tourism to thrive. Tourism service infrastructure is listed as a key indicators and this is measured through the number of hotel rooms, their accessibility and overall cost of accommodation vis-a- vis their quality. The environment portrayed above, brings to the fore the importance of quality in the

management of the hotel industry. On the basis of this scenario, the competitiveness of the hotel business must focus on enhancing service quality and the search for differentiation (Claver & Pereira 2006). Although, there has been a plethora of published research, related to quality in the last decade worldwide, very few studies have been conducted on the area of quality as an element of competitiveness in Kenya and especially in the hospitality industry.

The most notable studies in Kenya on are the ones undertaken by, Mitra (2001), Mugambi (2003), Mukewa (2005), Kariuki (2006), Thiong'o (2007), Inyo (2013), Angir (2012), Yator (2012), Kiveu (2013) and Watiki (2014). Mitra's study investigated strategic planning practice in Kenya's hotel and restaurant industry while Mugambi tried to establish the strategic responses of tourist hotels to environmental changes. Mukewa sought to determine the extent to which hotels use differentiation strategies; Kariuki determined the competitive strategies used by five star hotels and Thiong'o highlighted the TQM practices in the hotel industry in Kenya- A case of 3-5 Star Hotels within Nairobi.

Inyo (2013) carried out a study on service quality and operational performance of tour operators in Kenya. Angir looked at the response strategies by the heritage hotels to increase competition in Kenya's tourism industry. Yator explored the impact of service quality on customer satisfaction in hospitality sector. The results revealed that whereas both micro and small enterprises are run independently, they generally place a comparable level to service quality in order to remain competitive. Kiveu researched on determinants of performance of the tourism industry in Kenya - a case of Kakamega County. Kiveu found out that the determinants of performance of the tourism industry, include the state of roads, condition of the airport, lack of entrepreneurial skills and standard rating of hotels in the Kakamega County were impeding components to the performance of the tourism industry. Watiki carried out a study on service quality and customer satisfaction among hotels in Nairobi. His study established that service quality had a noteworthy influence on client satisfaction.

Internationally, studies have been undertaken on TQM implementation in the hotel industry, and some examples of those undertaken are; a case study of processes at Sheraton Brisbane Hotel and Towers undertaken by Saunders and Mary Anne in 1992, an empirical evaluation of quality practices and the perceptions of Valencian hospitality entities undertaken by Camison et al in 1996, a research study on quality issues in New Zealand hotels undertaken by Thomson & Thomson in 1995, and finally, challenges facing the implementation of quality in the Irish Hotel Industry undertaken by Keating and Harrington in 2003. Ladhari (2009), evaluated a conceptual model of the associations among the components of "service quality", "emotional satisfaction", and "behavioral intention" in the hospitality industry a case of travellers from Canada. Studies by Briggs et al (2007) examined whether hospitals in Scotland practiced service quality.

It is from this backdrop that this research wishes to examine the importance of quality standards as an element of competitiveness. This study undoubtedly deduce that there is a clear research gap between effect of quality standards and the product offering in order to enhance competitiveness in hotels using a long-term relief formula. Little is known on the causal effect of quality standards on star rated hotel competitiveness in Nairobi. Thus, the purpose of this research is therefore to fill this research gap by exploring the element of quality standards and its effect on competitiveness of star rated hotels in Nairobi that would keep the travelling public attracted thereby increasing the economic benefits and overall sustainable development of the country.

1.2 Specific objectives

1. To assess the effect of classification on competitiveness of star rated hotels in Nairobi City County, Kenya.
2. To evaluate the effect of branding on competitiveness of star rated hotels in Nairobi City County, Kenya.
3. To gauge the effect of eco-labels on competitiveness of star rated hotels in Nairobi City County, Kenya.

2.0 Literature Review

2.1 Classification and Competitiveness

The significance of quality in the Hospitality and Tourism sector cannot be overstated. The classification system of hotels commonly referred to as the star rating system implies quality. In today's global trade and especially in the hotel industry, quality is an important aspect from which hotel facilities stem competitiveness. Attaining quality is essential to competition in business in driving business ventures to new frontiers. Good quality services and/or products allow businesses to appeal to and keep clientele (Kim - Soon, 2012). Indeed, according to Vilimova (2014), so as to effectively ensure quality standards, one has to stress on the distinction of two vital areas in business; the strategy of products and/or services and quality control.

Whereas the classification of hotel establishments (commonly referred to as star-rating) is a universal concept, there is no single hotel rating system acceptable universally. This has stimulated countries to come up with their own rating systems (Tefera & Govender, 2015). Each scheme outlines its own concepts, such as government participation, country of origin, grading levels, participation (mandatory or voluntary) and grading unit (letters, crowns, stars or diamonds) (Tefera & Govender, 2015). Some of the more universally acknowledged schemes include the UK rating scheme, Forbes Travel Guide, American Automobile Association system, and Mobile Travel Guide (Wu, 2010).

Just like any tourist destination, Kenya prioritizes her efforts to advance the quality standards of the services and products offered by the hospitality establishments' in a bid to secure a competitive edge in the regional as well as the global market. At present, most of the schemes that are in use in the country are guided by three key principles; quality in both product and services, environmental considerations and the impact on the community around which the facility is located.

Being a forerunner in the East African region, Kenya incorporated the classification system since 1972 (GoK, 2003). Hotel star rating has been applied in the country as a way of grouping service types and quality ranking scale of 1 to 5 star levels. Nevertheless, previous star-rating exercises faced a series of bottlenecks and arguments by hoteliers (Kivuva & Ondigi, 2016). Fortunately, as a key participant of East African Community Partner States, Kenya consented and signed up the Treaty establishing East African Community (EAC) as an economic block in 1999. The country has since incorporated the harmonized Regional Classification System and institutionalized it in the national laws as their official classification system. At present, 211 tourism catering and accommodation facilities in Kenya have been star rated under the EAC classification criteria. The national exercise is carried out every five (5) years.

Assessing the quality of services in the hotel industry using classification system also takes into consideration factors such as the quality of the physical infrastructure, the human capital as well as advancements made in terms of environmental considerations. These are vital tool as they offer important instruments that help hoteliers identify and solve problems in a bid to maintain competitiveness. Krishnamoorthy and Dlima, (2014) opine that gauging the suitable levels of expectations and consumer needs and paralleling the achieved results with perceived quality is a good way of quality assessment in the global market. Other ways of measuring quality include competitive quality control mechanisms with the support of benchmarking mechanisms as well as the identification of quality improvement activities.

A study titled ‘Comparative Analysis of Hotel Classification and Quality Mark in Hospitality’ by Foris (2015), explained that hotel classification is a coded form of a blend of the range of services and the comfort level, whereas the quality tag is a model of good actions for application and certification of the hotel services quality. Classification scheme may vary from country to country or region to region and may also be may be voluntary or compulsory whereas the quality mark in many instances is voluntary. Classification of hotels is commonly founded on the star system (one to five stars), and the quality brand is founded on awarding a quality mark symbol.

Assaf and Josiassen’s (2011) study revealed that the greatest competitive factors that affect a star-rated hospitality establishment in a destination included tourism price competitiveness, security, economic conditions, safety and health, related infrastructure, environmental sustainability, government policies, training and labour skills. Another study by Croes and Kubickova (2013) on analysing the practical relation between tourism and destination competitiveness listed tourist arrivals, national income, tourism receipts and population as the indicators of performance of a destination using causal relationships.

Another study by Hensens (2015) sought to offer an understanding of the future of hotel rating. It pointed out factors like the influence of social media platforms, data integration technologies for guest and the hotels, and how rating bodies can react to the varying environment on the selection and review of hotels. It concluded that a complete integration of online guest reviews from the different guest review platforms with conventional rating systems with would lead to better positioning opportunities for innovative hotels and greater transparency for the consumer.

A study on Quality Management Practices and Tourism Destination Branding was carried out by Dogra and Manhas (2013). It was outlined due to the ever-growing competition among the various tourism destinations especially those that offer similar products as well as the degree of tourists’ expectations with regard to their familiarity with the service quality discourse. It concluded that Quality Management Practices (QMP) should be aggressively practiced. It also concluded that the constant approach to undertake QMP lead to contented guests, which as a result could be applied by the tourism service providers to enhance the branding of the tourism destinations strategically.

Dalibor Redži undertook a study in 2018 on the importance of quality in the tourism industry indicated that star-rating of that primarily showcases quality levels. The study cited the identification of international goal markets as the main challenge faced by present day managers of the hospitality industry. The findings show that service experience that substantiates value for their money, communicative and friendly staff, comfortable accommodation with beautiful views, as well as delicious and varied foods was highly valued by customers. Other results from the research indicated that the major features for effective performance of hotel firms in the future are word of mouth of advertising, guest satisfaction and their loyalty.

A 2011 study by Muchenge on the significance of hotel grading in service delivery in Zimbabwe revealed that hotel grading on its own has less effect on service delivery but it seeks to enhance service standards. The presumption was that enhancement of service delivery begins with hotel assessment and grading in order to note the areas of improvement in a hotel establishment. The study further concludes that there is need to further improve the current grading criteria to meet the regional and international standards since some of the graded hotels were underperforming and not meeting the expectations of the international guests who can objectively compare the country hotels' offerings with those of other countries.

Omondi (2019) carried out a study on hotel standardization and classification system in Kenya: A quality assurance approach. The study sought to evaluate the integral benefits of hospitality service quality standardization and classification system as well as assess the challenges facing implementation of classification system in Kenya. The findings of the study revealed that whereas attempts to standardize service quality and harmonized classification systems have been fruitless; an integrated, all-encompassing regional classification systems incorporating the corporation of both the private and public sector could offer short-term solution as evidenced in East African Community scheme and the European Union scheme.

Branding and Competitiveness

As globalization in the world continues, as well as growth in international travel, global hotel brands are becoming more predominant internationally (Cai et.al., 2004). Almost every hotel or hotel chain is identified with a logo or a name, or a combination of the two plus a slogan. The achievement of branding is essentially assessed by level of equity which has been built into the name of the brand. Whereas there isn't a common understanding as to how to determine brand equity, scholars and business owners concur that brand equity emanates from two sources: brand image and brand awareness.

Aaker (2009), explains that the worth of a brand primarily exists in the clients' mind and is grounded mostly on their perceptions of quality, brand awareness and their brand loyalty. The model of brand-value creation suggested by Keller and Lehmann (2001) shows that brands first create value for clients by helping to assure them of an even level of quality. After customers become loyal to a brand, the brand owner can capitalize on the brand's value through more rapid brand expansion, increased market share, decreased price elasticity and price premiums.

A 2015 study by Putu Chris et.al on brand name uniqueness of Star Hotels in Bali concluded that a brand name is recognized as a key feature of a brand, which characterises a product and strives to influence clients into accepting certain positive opinions about both the product and the brand. A similar study carried out for Spanish hotels Balmer and Gray, (2003) sought to analyse the relation between hotel performance and corporate brand using the resource-based theory. The study empirically showed that, corporate brand in the hotel industry is an integral resource linked with higher organizational performance (Balmer & Gray, 2003). The study's findings confirmed using the corporate brand had an advanced effect when the corporate brand is more valuable for customers on hotel profits per room (i.e., for lower quality segment), when it is harder to imitate (i.e., older corporate brands) and, finally, when it is exploited via proper organizational governance instruments (i.e., hotels are vertically integrated). Moreover, as more hotels develop their brand as a strategic intangible asset, they can jointly contribute to increase the desirability of the area for clients.

Al-Rousan et al. (2010) carried out a research on the Marriott Hotel chain in Jordan, using 322 surveys from three hotels under the chain. The results of the study confirmed that service quality is a key competitive policy to build a sustainable guest base and retain customer support with hotels trying to sway customer loyalty by offering superior quality services. Furthermore, the results showed that elements of service quality such as reliability, assurance, empathy, tangibility and responsiveness greatly affect customer loyalty.

A study done by Chabari (2013) on the determinants of inbound tourism in Kenya, specifically investigated the elements that impact on the international tourist numbers into Kenya from the major source markets. One of the outstanding factors from the study findings was that the tourism numbers were greatly attributed to varying efforts from Kenya in terms of marketing the country and the existence of other competing destinations with similar product offering. Proper branding and marketing are pointed out as main solutions for the country to remain competitive.

Ecolabels and Competitiveness

In a business sector such as tourism, where the sense of balance between environmental and economic objectives is still a challenge, it is hard for people to establish if tourism destinations are environmentally friendly, though it's what local organisations proclaim. According to Graci and Dodds, (2015), eco-labels as a mark of quality and competitiveness is seen to authenticate these claims from an impartial view point and may therefore influence guests to holiday in awarded establishments.

Eco-labelling system as a mark of quality for tourism establishments has been greatly embraced by hoteliers in the country, the region and across the globe. Increasingly eco-labels have been established with the first such labels to be advanced originally being "green labels", seek to improve the hospitality establishments' environmental management. It entails a procedure of giving documented pledge that a service, product or organization conforms to a given standard (Font et al., 2003). However, eco-labels may still vary in terms of scope, quality, credibility and popularity. Nonetheless, the overriding objective of all these schemes is to improve the establishment's image hence attract more potential tourists and thereby help them maintain a competitive edge through improved environmental performance.

Vertindky and Zhou (2000) argue that these ecolabels provide prospects for businesses to remain competitive, minimize government interference with private businesses as it helps the businesses self-regulate and also gives a positive country image. According to Lazić et al., (2013), the issue of quality becomes more and more significant with the ever growing competition in the tourism and hospitality sector. This is significantly influenced by emerging issues such as a conscious traveler who understands his/her consumer rights and the available regulatory framework supporting this as well as the coming up of a new breed of tourists who are willing to only pay for quality service however much it costs. With this in mind and the growing competition for tourism numbers, hoteliers have become aware of the vital need for quality which is a major aspect for growing their competitiveness.

On the global front, there are numerous tourism ecolabel certification schemes most of which are voluntary in nature with some of the bigger ones including Green Globe 21, which is a global certification and benchmarking program for tourism and travel, Green Key, which is an international eco-label aimed at leisure that operates in several countries and the BlueFlag Scheme for seaside destinations. There are four (4) ecolabel models in Kenya for hotels and accommodation establishments namely; Green Key, Travelife for hotels and accommodation,

Longrun and Ecorating by Ecotourism Kenya. The first three awards are international awards whereas the ecotourism eco-rating certification is run and managed by a private sector tourism body- Ecotourism Kenya.

The Green Key award symbolises a vow by tourism businesses to adhere to the strict regulations put in place by the FEE. Green Key represents the commitment of an establishment to ensure that its guests perceive it from an environmental and sustainability perspective. The Travelife ecolabel is an international sustainability certification programme for hotels and accommodation whose main aim is to help businesses improve their sustainability ventures while protecting the planet as well as supporting the local community around the facilities. The Longrun ecolabel on the other hand strive for the support, connection and inspiration of nature-based businesses to excel in line the highest sustainability standards. The award strives to have the businesses encompass Conservation, Culture, Community, and Commerce (4Cs) and collectively influence others to undertake best practices for a sustainable future globally. It began in 2009 and by 2015, their Global Ecosphere Retreats (GER) Standard was approved by the Global Sustainable Tourism Council (GSTC).

Ecotourism Kenya, a private organization has embraced a goal in enhancing industry standards and best practices through their eco-labelling programme (www.ecotourismkenya.org). Through this programme they not only award quality excellence but also grow attention to and share information on quality tourism sites, products and services. The evaluation seeks to identify best practices in conservation, business, community and cultural performance among accommodation facilities and award qualifying candidates with a Bronze, Gold and Silver Eco-Rating Certification. The organization has certified over one hundred tourism accommodation facilities across the country. Other significant marks of quality in use in the hotel industry in Kenya include tthe International Standards Organization (ISO) with a number of standards applicable to the hospitality and hotel industry as well as food safety standards (HACCP).

A study was carried out by Jarvis et al., (2010) on the challenges and benefits of certification of sustainable tourism, the case of the green tourism business scheme in the West of England. It revealed that sustainable business remains the centre of significant academic interest and practical importance. The related benefits of the ecolabel schemes included positive impacts on the environment, marketing opportunities for the eco-rated establishments, brand recognition and company image among others. Challenges included lack of proper knowledge by the hoteliers on the sustainable tourism concept, lack of work involved in compliance as well as perceived expense in applying for membership to such organizations that administer the ecolabel scheme.

In spite of years of study, there remains limited unanimity amongst researchers on the success of ecolabels in improving the environmental conditions as they are primarily meant to do. For instance, a study by Pencarelli et al. in 2016 sought to analyse the conduct of Italian local authorities in joining the ecolabel programme. The study established that the programme leaned more on issues of destination image rather than issues of environmental concern. Also, as debated by Cagilaba and Rennie (2005), the eco-label programme is mostly seen as a tool for promotion in the positive growth of tourism in a certain area by making it competitive enough to remain profitable.

3.0 Research Methodology

This study’s research design was descriptive survey research design. It was suitable since it entailed collecting data so as to answer questions on current state of subject of the study. It allowed the investigator to describe, record, analyze and report facts as they are at that given time. This survey intends to use the qualitative paradigm. Jwan and Ong’ondo (2011) assert qualitative research focuses on naturalistic search in meaning, in-depth and flexible study. Creswell (2010) argues that it is the use of text and image data. The qualitative research takes place in real world, context focused, interactive, emergent, humanistic and mostly interpretative (Marshall & Rossman, 2011). It is applied where the investigator purposes to describe and analyze specific and collective social beliefs, activities perceptions and thoughts and interpret them with respect to the phenomenon being tested (McMillan & Schumacher, 2006). Since the study strives to establish the effect of quality in the competitiveness of tourist facilities, the qualitative design is seen as appropriate. The study’s target population was the star rated hotels in Nairobi City County, Kenya which are 54 in total (TRA, 2020).

4.0 Results and Discussion

Response Rate

52 questionnaires were issued to all the star rated hotels with Nairobi City County ranging from two star to five star except the 2 facilities which were used for pilot study. 50% response rate is standard, 60% is above standard and above 70% is very good as expressed by Mugenda (2012). This study attained 100% response on the census carried out.

Regression Analysis

The research established the fit of the regression equation by means of the coefficient of determination to develop the strength of the effect amid the dependent and independent variables.

Table 1 Model Summary

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.74	0.548	0.505	0.672

a Predictors:(Constant), Eco labels, Branding, Classification

As displayed in the above results, adjusted R² was 0.505, suggesting a variation of 50.5% on hotel competitiveness due to classification, branding and ecolabels at a confidence level of 95%. R is the correlation coefficient which illustrates the association between the study variables, and from the results presented in the table 1, there was a positive association between the study variables as shown by 0.74.

ANOVA Results

ANOVA is used to determine the degree of difference or similarity in data groups. This helps to assess whether the regression model is well suited to the data.

Table 2 ANOVA

Model	Sum Squares	of df	Mean Square	F	Sig.
Regression	16.982	3	5.661	12.545	.000b
Residual	13.989	31	0.451		
Total	30.971	34			

a Dependent Variable: Competitiveness

b Predictors: (Constant), Eco labels, Branding, Classification

Table 2 summarizes the observed means for each dependent variable across experimental state and the related F ratios and p values attained from the one-way ANOVAs done for the primary analyses. From the results, the p-value was 0.00 which is less than 0.05 and therefore the model is good at predicting how the three independent variables (Classification, Branding and eco labels) influence hotel competitiveness. Additionally, the F-calculated (12.545) was more than the F-critical (2.53). This demonstrates that the model was effective at predicting the influence of the independent variables on the dependent variable. If t calculated is larger than t critical, the null hypothesis is rejected.

Regression Coefficient

Multiple regression analysis was carried out to establish the association between hotel competitiveness and the independent variables; classification, branding and Eco labels.

Table 3 Coefficient of Correlation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.751	0.778		0.965	0.342
Classification	0.412	0.196	0.292	2.105	0.043
Branding	0.672	0.173	0.533	3.871	0.001
Eco labels	0.042	0.069	0.076	0.608	0.080

Table 3 provides the coefficients which give guidance in forming the regression line. The above table provides the coefficients of individual variables vis-à-vis the degree with which it impacts the dependent variable, hotel competitiveness in this case. Additionally, it contains the level of significance of individual variables of the study.

The regression equation

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \text{ now becomes } Y = 0.751 + 0.412X_1 + 0.672X_2 + 0.042X_3$$

Hotel competitiveness = 0.751 + 0.412 Classification (X₁) + 0.672 Branding (X₂) + 0.042 Eco labels (X₃). The beta indicates the strength or the magnitude individual dependent variable. It illustrates the degree to which a unit increment in the independent variables will change the dependent variable. From the above regression model, holding classification, branding and eco labels, hotel competitiveness would be 0.751.

Regression results ($\rho = 0.412$, $p\text{-value} = 0.042$) indicate a significant positive relationship between hotel competitiveness and classification in Nairobi City County. It's established that a unit increment in classification, would result in an increment in hotel competitiveness by 0.412. Classification provides avenue for benchmarking with competitors, helps in marketing hotel locally and abroad, improves the quality of service delivery, and assists in managing client's expectations. Moreover, classification of hotels foster competitiveness in the region, enhances continuous improvement of the hotel, provides insights in improving the infrastructure to enhance guest satisfaction, assists in improving safety and security structure of the hotel and contributes to the hotel online rating. It is also argued that classification improves visitor numbers to the facility resulting into high occupancy, helps streamline the price offering and provides insights into sustainability practices to ensure future profitability, increases sales and revenue hence profitability, increase market share, encourages social responsibility and improves employee welfare in terms of remuneration and training. This is in concurrence with the RBV Theory as explained by Wernerfelt (1984) who proposed that in order to achieve competitiveness, one has to innovatively offer higher value to clients in a way that they deem appropriate, and in this case classification offers additional value.

The regression result ($\rho = 0.672$, $p\text{-value} = 0.001$) indicate a significant positive relationship between hotel competitiveness and branding in Nairobi City County. A unit increment in branding would result in an increment in hotel competitiveness by 0.672. Branding; influences hotel image, hotel recognition, and also customer loyalty in terms of increased attachment. Additionally, branding creates trust within the market place, creates hotel awareness in terms of recognisability and influences hotel visibility; influences perceived quality, supports advertising and influences increase in business value as shown; influences generation of new customers and also influences prices and satisfaction. This result concurs with Putu Chris et.al (2015) on brand name uniqueness of Star Hotels in Bali who concluded that a brand name characterises a product and strives to influence clients into accepting certain positive opinions about both the product and the brand.

The regression results ($\rho = 0.243$, $p\text{-value} < 0.080$) indicating a positive but an insignificant relationship between eco labels and hotel competitiveness. A unit increment in eco labels would result in an increment in hotel competitiveness by 0.042 though it is insignificant. Eco labels; improves hotel image, attracts customers, improves market share and affects operational fitness. Eco-labelling also leads to minimal influence on price premiums, productivity of employee and creation of new markets. The weak relationship is concurred by Graci and Dodds (2015) who concluded that as the hotel industry has diverse sizes and is comprised of small and medium sized facilities of different star ratings, the business case for going green is not readily shared or evident among the industry.

This evidently displays that there is a positive association between classification, branding, eco labels and hotel competitiveness. The study additionally exposed that the p-values of classification and branding variables were $< 5\%$, implying statistical significance while eco label had a p-value $> 5\%$ and thus not significant.

5.0 Conclusion

On the effect of classification on competitiveness of star rated hotels in Nairobi, the study concludes that classification; provide avenue for benchmarking with competitors, help in marketing hotel locally and abroad, improve the quality of service delivery, and assist in managing client's expectations.

The second objective of the study was to evaluate the effect of branding on competitiveness of Star rated hotels in Nairobi. The study concludes that branding; influence hotel image, hotel recognition, and customer loyalty in terms of increased attachment and create trust within the market place.

The third objective of the study was to gauge the effect of eco-labels on competitiveness of star rated hotels in Nairobi City County, Kenya. The study concludes that eco labels does not have a significant effect on hotel competitiveness.

6.0 Recommendations

Concerning objective one of the research which was to assess classification's effect on competitiveness of star rated hotels in Nairobi, the study revealed that classification provides avenue for benchmarking with competitors, helps in marketing the hotel both locally and abroad and improves the quality of service delivery. Thus, study acts as an eye opener to the suppliers in the tourism and hospitality sector on the existing quality standards and provide them with a basis for improving their existing quality of products. The study recommends for adoption of classification by players in the hospitality industry in a bid to increase their competitiveness.

In addition, the study revealed that branding influences hotel image, hotel recognition and increases customer loyalty in terms of increased attachment and creating trust within the market place. The study recommends for hotel branding in a bid to increase their competitiveness in the market. Academicians and scholars would use this research to carry out further studies in hotel branding in the tourism and hospitality industry.

From the study findings on Government and Non-Governmental Organizations involvement in creating awareness, the study recommend that such entities should do more in creating awareness in a bid to increase competitiveness. The findings of this study shall be used by the quality standards setters to improve on the current quality standards to reflect the current and emerging needs of tourists.

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