STRATEGIC RESPONSE AND COMPETITIVENESS OF STAR-RATED HOTELS IN THE COASTAL REGION OF KENYA

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ABSTRACT

The purpose of the current study was to examine the effects of strategic agility on competitiveness in star-rated hotels. The study's specific objective was to evaluate the effects of strategic response on the competitiveness of star-rated hotels in Kenya's coastal region. The study was anchored on the Dynamic capability theory, contingency theory and resource based theory. The target population of the study comprised 170 respondents drawn from 34 star-rated hotels in the coastal region of Kenya with the target respondents being general and departmental managers. The study adopted stratified sampling techniques to put respondents into strata and simple sampling technique to select respondents from stratum. The study's sample size was 120 general/assistant managers, and departmental managers stratified into sales and marketing managers, operation/food and beverage managers, human resource managers and finance/procurement managers. Questionnaires were utilized to obtain data from the respondents. A pilot study was conducted from 15 general and departmental managers from three, 2 star-rated hotels not included in main study. The study employed both descriptive and inferential statistics in data analysis with aid of Statistical Package of Social Science. The findings revealed that strategic response is a key determinant of competitiveness, highlighting the need for hotels to respond swiftly to external shifts. The study, therefore, recommended that star-rated hotels should optimize resource allocation and make swift, informed decisions to foster innovative agility, enhancing their strategic responsiveness.

Key Words: Resource Fluidity, Decision Making Speed, Innovation Agility, Resource Allocation

INTRODUCTION

The landscape of the hotel industry is rapidly changing and evolving, driven by globalization, technological advancements and changing consumer preferences and needs (Wahome, Omosa & Ondari, 2023). The hotel industry is highly competitive, with customers prioritizing reliability and prompt service. The core vision of these businesses is to deliver exceptional, high-quality services to their clients, ensuring long-term success and the achievement of their goals and objectives (Murage *et al.*, 2020). The advent of Airbnb and similar online platforms has revolutionized the way travelers seek accommodation, offering a wide range of alternatives to traditional hotels (Roma, Panniello, Vasi & Nigro, 2021). The rise of peer to peer accommodation platforms has significantly altered the competitive landscape for hotels. Critics argue that these platforms create unfair competition for traditional hotels, undermine job security, evade taxes, and raise concerns regarding safety, health, and disability compliance standards (Murage *et al.*, 2020). Thus as a result hotels must devise strategies to adapt to this increased competition in a dynamic business environment.

Strategic agility has emerged as a potential solution to assist firms navigate the dynamic business environment by enhancing their competitiveness (Lungu, 2020). Lungu (2020) describes strategic agility as a company's capability to quickly respond to shifts in the business landscape, adjust accordingly, and proactively manage uncertainty through decisive actions. Strategic agility is a relatively new concept in strategic management. Its formal adoption and application in management practices can be traced back to the works of researchers at the Iacocca Institute in 1991 and 1992 in which they proposed for manufacturing agility against mass production (Kiilu, Machuki & Aosa, 2023). The concept has developed over time and is now being utilized in various fields.

There has been increased competition in the global hotel industry caused by the rise of Airbnb and other flexible online platforms and changing customers' expectations and needs. Omar (2022) in his studies on drivers and challenges on the Jordan hotel industry found out that competitiveness is a key challenge in the hotel industry and in particular for 5-star hotels. Murage *et al*. (2020) captures that there has been increased rivalry globally between peer to peer accommodation and the traditional hotel industry and that Airbnb has been identified as the most prominent peer to peer accommodation that has increased competition in the hotel sector The study highlighted that with each 10% increase in supply off Airbnb's, it results in a 0.37% decrease in monthly hotel revenue. Roma *et al*. (2021) highlighted significant declines in prices and revenues within the hotel sector following the rise of Airbnb. The study also highlighted that Airbnb's impact on Italian hotel pricing isn't only based on the hotels' quality levels but also fluctuates over time based on the core customer segment hotels aim to attract (Roma *et al*., 2021). Thus these platforms have introduced new dynamics into the hotel sector, presenting both opportunities and challenges for traditional hotel operators. Mwangi and Ngari (2022) emphasized that the global hotel sector's current competitive and volatile economic climate demands a dynamic strategic approach now more than ever.

A study by Mhlanga (2023) in South Africa, found that the entrance of flexible capacity home sharing online platforms such as Airbnb have changed the landscape of traditional hotels which are characterized by fixed capacity and unpredictable customer demands. The study did find that the entry of Airbnb led to a decrease in the revenue per available room of budget hotels and its influence is usually more felt during peak demand periods thus disrupting the pricing power of hotels. The study found out that lawmakers were struggling with policy discussions about the competition that Airbnb has enacted on traditional hotels in terms of profitability and on how to properly regulate it without stifling it while at the same time giving a fair grounding for traditional hotels. The study went further to suggest that traditional hotels should rethink their methods of seasonal pricing and reduce prices during peak seasons to avoid inviting more competition from Airbnb (Mhlanga, 2023).

Wahome *et al*. (2023) study on strategic agility and performance of five star hotels in Nairobi County finds out that strategic agility has a significant and positive effect on performance of hotels in this region. The study

highlights that many businesses today are facing significant challenges due to changing customer expectations, globalization and technological advancements and suggests that organizations should utilize strategic agility and focus on flexible organizational structures to enhance resource and knowledge mobility, which will lead to sustained performance improvements over time. Additionally, fostering a responsive and cooperative environment is crucial to promoting faster decision-making and improving collaboration across departments (Wahome *et al.*, 2023).

In Kenya, the impact of star rated hotels on the economy is significant. They serve not just as places of accommodation but as centers for cultural exchange and wildlife conservation. These hotels support sustainable tourism initiatives through collaborations with local communities, creating livelihood opportunities for indigenous populations. Despite their traditional success driven by Kenya's vibrant tourism sector, these hotels now face intensified competition (Mukolwe *et al.*, 2023).

The coastal region of Kenya has the second highest number of classified hotels coming in second after the greater Nairobi region (TRA, 2024). Data from KNBS (2024) indicates that the coast region had a significantly higher number of hotel beds occupied compared to the rest of Kenya. In 2023, 3,952,423 hotel beds were occupied in the coast region, out of a national total of 8,632,600 representing 45% of the country's total. This underscores the coast region's crucial role in Kenya's hospitality industry and is the justification for focusing the study in the coastal region of Kenya.

Statement of Problem

Competitiveness is an important leverage for firms' survival and growth. However, the hotel industry in Kenya is facing unprecedented challenges due to changing customer needs and requirements, and intensified competition from disruptive online applications such as Airbnb (Murage *et al.*, 2020). Murage *et al.* (2020) highlighted that Airbnb has emerged as the leading peer to peer accommodation company and is significantly disrupting the hospitality industry. The study found out that there are 5900 active listings in Kenya. The hotel industry in the country has thus seen a consistent decline in occupancy rates. The rates dropped from 40.3% in 2011 to 36.4% in 2012, 36.1% in 2013, 31.6% in 2014, and 29.1% in 2015. There was a reported increase in 2017 and 2018, with rates at 30% and 32.5%, respectively (Ouma & Mutinda, 2022). Data from KNBS (2024) shows that bed occupancy rates increased slightly in 2019 to 34% but reduced from then to 26% in 2023. Mwangi and Ngari (2022) highlight that there have been the closures of numerous hotels in recent years from 2019 due to financial difficulties and that in response to their substantial debt burdens, many hotels in Kenya, including individual properties and hotel groups, have opted for ownership changes to avoid foreclosure. Mwachia, Kimaku and Makungu, (2023) also states that in recent years significant concerns have arisen regarding the impact of intense competition and fluctuating environmental factors on the quality and flexibility of the industries products and services. To address these significant challenges and threats, companies must quickly adjust their business models and practices by adopting strategic agility.

Strategic agility has emerged as a tool for enhancing the competitiveness of organizations. Kiilu *et al.* (2023) highlighted that strategic agility has become a powerful competitive framework that impacts performance. As a form of dynamic competence, strategic agility enables organizations to identify unexpected external developments, seize opportunities, and respond effectively to threats. However despite the acknowledged importance of strategic agility in enhancing firms' competitiveness there is inadequate understanding of the effects of strategic agility on competiveness of star-rated hotels in Kenya. The findings from other industries cannot be seamlessly applied in star-rated hotels in Kenya. Thus, the current study is worthwhile as it examined the effects of strategic agility, specifically strategic response on competitiveness of star-rated hotels in the coastal region in Kenya.

Research Objectives

The objective of this study was to examine the effects of strategic agility on competitiveness of star-rated hotels in the coastal region of Kenya. The study sought to specifically evaluate the effects of strategic response on the competitiveness of star-rated hotels in Kenya's coastal region.

LITERATURE REVIEW

Theoretical Foundation

Dynamic Capability Theory (DCT)

Dynamic Capability theory is a theory that was developed by Teece, Pisano and Shuen in the late 90s and was defined as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Bassey *et al.*, 2023). It is a theory that explores how companies respond to changes in their volatile business environments by transforming their unique competencies into new capabilities. The theory outlines the process that connects resources and product markets to competitive advantage and company survival (Bassey *et al.*, 2023). The theory further explains how firms achieve sustainable competitive advantage and endure in competitive and turbulent business environments through various strategies (Arokodare & Asikhia, 2020).

Per Bassey *et al.* (2023) the theory works on three key assumptions. Firstly, the ability to identify and shape opportunities. Secondly, to capitalize on those opportunities. Thirdly, to sustain competitiveness by reorganizing the company's assets. The theory also asserts that the value of a firm's resources can diminish due to rivals' substitution or imitation.

To stay competitive, firms must continuously develop new forms of competitive advantage by leveraging their adaptable capabilities (Mwachia *et al*., 2023). Per Gacau (as cited in Mwachia *et al*., 2023) dynamic capabilities are considered the highest level of capabilities, attained through systematic modification and development of operating capabilities, which are generated through continuous organizational learning. The organizational learning process establishes the foundation for developing consistent and structured routines that enable the organization to adapt to its dynamic and competitive environment (Aripin, Nawanir, Mahmud, Fauzi, Hussain & Lee, 2023).

Contingency Theory

Contingency theory is a management theory developed by many researchers with one of the main prominent figures contributing to this theory being Fred Fielder, in the 1960s. It suggests that different situations call for different leadership styles and management practices. The theory suggests there is no one best way to organize or lead a business (Shala, Prebreza & Ramosaj, 2021). The theory argues that there is no one ideal way of managing an organization and that there are various effective ways of attaining the goals and targets of an organization given the environments that they operate in. The theory asserts that the correct management decisions in a particular situation depend on key elements of that situation or the surrounding environment (Temitope & Shalom, 2023). The core premise of the contingency theory is that optimal business strategies are heavily influenced by the environment in which the organization operates. It takes into account the impact of both internal and external factors on the company's operations (Mwachia *et al*., 2023).

This theory encourages managers to adapt their strategies based on the unique circumstances that the business is facing. Managers would need to assess their business environment to determine the best strategic practices to use to achieve their business objectives and remain competitive. It is a theory that is suited to support business operating in dynamic environments that require continuous assessment of internal and external business attributes to determine a suitable course of action for the business to achieve success.

Resource based View (RBV) Theory
RBV theory came up between 1984 and the mid-1990s after significant works written by Wernerfelt (Aripin *et al*., 2023). Later works relating to the theory were done by scholars Barney, J. (Firm resources and sustained competitive advantage), Prahalad and Hamel (The Core Competence of The Corporation) and others. It is a strategic management framework that focuses on the resources and capabilities of a firm as the primary determinants of competitive advantage and performance. The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at the competitive environment for it (Aripin *et al*., 2023).

Resource-based theory aligns with the variables of strategic agility; strategic sensitivity, strategic response, core capability, and shared responsibility, by emphasizing that an organization's competitive advantage is determined by the resources it possesses. For hotels in Kenya, strategic sensitivity involves utilizing these unique resources to access the current dynamic tourism sector through market trend analysis, customer insights, environment scanning and competitor analysis to obtain information to be utilized through strategic responses. Strategic response depends on how effectively and efficiently resources are mobilized and utilized through resource fluidity, decision making speed, innovation agility and resource allocation. Core capabilities represent the hotels core resources and how suitable they are to be utilize in attaining the hotels goals and objectives. RBV suggests that hotels should look towards building and capitalizing on this core capabilities which include through employee competence, organization learning, information management capabilities and core infrastructure to remain competitive. Shared responsibility ensures that these resources are optimally utilized across teams, thus enhancing agility and contributing to sustained competitiveness in the dynamic tourism sector.
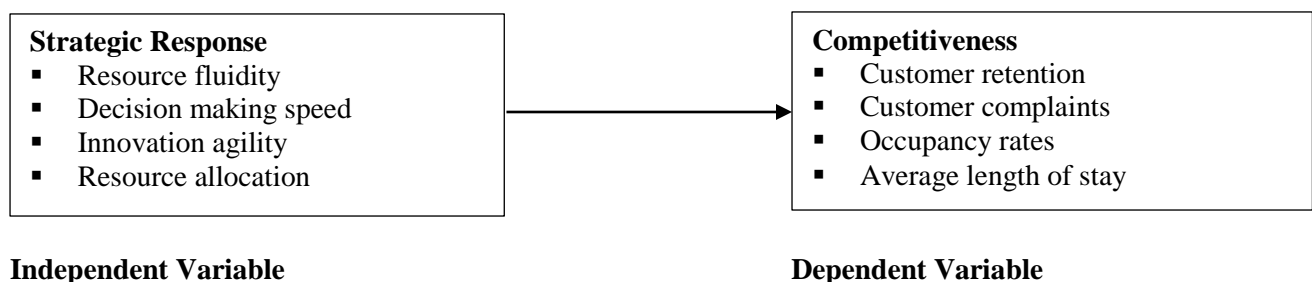
Conceptual Framework

Strategic Response		Competitiveness
▪ Resource fluidity ▪ Decision making speed ▪ Innovation agility ▪ Resource allocation	→	▪ Customer retention ▪ Customer complaints ▪ Occupancy rates ▪ Average length of stay

Independent Variable   Dependent Variable

Figure 1: Conceptual Framework

Discussion on study variables

Strategic Response
Strategic response refers to the organization's capability to swiftly adjust its resources and processes to react or proactively adapt to changes in the business environment (Mavengere, 2013). Per Mavengere (2013) strategic response comprises two facets: external response orientation and internal response orientation, these represent both an inward and outward perspective of organizational reactions.
External response orientation is defined as the capability to anticipate market events ahead of competitors and is further divided into proactive and reactive approaches to the business environment (Arokodare & Asikhia, 2020). Reactive responses occur in reaction to changes in the environment, while proactive responses involve initiatives to shape or lead the market. Proactive efforts entail organizational endeavors to influence the environment, such as through the introduction of new products and services (Mavengere, 2013).

Internal response orientation is the organizational capacity to efficiently and swiftly utilize its resources and procedures to re-assemble various capabilities, enabling the shaping of strategic initiatives with relative ease (Mavengere, 2013). Internal responses entails resource fluidity and business process maturity (Mavengere,

2013). Resource fluidity refers to the organization's capacity to swiftly attract, reallocate, and effectively distribute resources, complemented by the skills and expertise necessary to ensure their survival, sustain growth, and maintain a competitive edge (Hamed & Fisal, 2022). Business process rigidity refers to the efficiency, management, and reliability of the sequence of tasks within an organization (Mavengere, 2013). Thus this study will analyze strategic responses based on, Resource fluidity which would be seen as the hotels ability to reallocate and redistribute its resources to obtain a competitive edge. Decision making speed which would be seen as the speed in which the hotels management is able to make decisions based on the data obtained from strategic sensitivity process. The decision making speed would depend on the bureaucracy in the hotel and the culture of the hotel. Innovation agility which would be seen as the speed on coming up with innovative products and services tailored to meet customer needs and preferences. This can be seen as both a proactive or reactive response. Resource allocation which would be viewed as the effective and efficient distribution of hotel resources to towards specific initiatives, projects and departments in order to achieve desired goals and objectives.

Competitiveness

Competitiveness is the ability of organizations to manufacture or develop products and services that customers will ultimately value more than those offered by competitors (Murage *et al*., 2020)**.** Per Listra (2015) competitiveness is a term commonly used in both business and public discussions regarding economic units, their environments, and their capacity to achieve strategic or policy goals based on business, economic, or social objectives. When considering the concept of competition, three important points to keep in mind are: the underlying variables of competition for example price, quantity, and quality, the desired level of achievement and the competitive process, which is at least partly influenced by the strategic objectives of the participants (Listra, 2015).

Murage *et al*. (2020), states that to gain and sustain a competitive edge, a company must consistently overcome Porter's five competitive forces i.e.: industry rivalry, the threat of new entrants, the risk posed by substitute products, the bargaining power of customers, and the bargaining power of suppliers. Murage *et al*. (2020), highlighted that hotels that excel in providing better services and achieving strong financial performance focus on quality performance and meeting the needs of customers and other stakeholders. Successful companies implement quality plans with high-quality goals and specific methods for achieving them (Murage *et al*., 2020).Thus measuring the competitiveness of hotels involves evaluating various aspects that contribute to their ability to attract and retain customers through superior, flexible, well priced services, increase financial success, and maintain a strong market position. Considering this the study will thus measure competitiveness based on the sub variables of service delivery which would entail examining the quality of the services that are provided to the customers, service flexibility which would entail examining the rate the services are adjusted to suit different customer needs and wants, customer loyalty which would entail evaluating the amount of repeat customers and customer satisfaction which would entail surveying the desired level of satisfaction the customers are obtaining from the products and services on offer.

Empirical Review

Overby and Sambamurthy (as cited in Lungu, 2020) describes strategic agility as the ability of an organization to sense changes and react rapidly. Wahome *et al*. (2023) describes strategic agility as an organization's capacity to adapt its processes, personnel, and technology effectively to pursue multiple objectives concurrently. Mavengere (2013) states that strategic agility entails skillfully identifying and reacting to the business environment with ease, speed, and skillfulness.

Ouma and Mutinda (2022), state that over the past thirty years, nearly all industries have experienced a significant increase in competitiveness. Adopting the optimal competitive strategy introduces flexibility and the ability to adapt to unpredictable, turbulent, and complex business environment (Ouma & Mutinda, 2022). Ouma and Mutinda (2022) find that every business needs a strategy to expand its clientele and customer base.

The study finds that in the highly competitive Kenyan hotel industry, hotels must formulate sustainable competitive strategies, quickly capitalize on opportunities, respond to challenges, and outmaneuver their competitors to thrive and succeed (Ouma & Mutinda, 2022). This is where strategic agility comes in as a basis for maintaining the competitiveness of organization and in particular for hotels at the coastal region of Kenya.

Lungu (2020) states that the business environment is becoming increasingly dynamic, with factors like technology, innovation, industry trends, and heightened competition driving the need for organizations to secure a competitive edge. Strategic agility has emerged as a key tool for achieving this competitive advantage. The author discusses the impact of market conditions such as technological advancements, sustainability, and competition. To remain competitive, organizations must be responsive to industry dynamics, and the author suggests that strategic agility offers an opportunity to build and sustain competitive advantage (Lungu, 2020). The study finds that strategic agility has a significant impact on the performance of IT organizations in Romania and that the transformation of the organizations is positively related to strategic agility (Lungu, 2020).

METHODOLOGY

The study adopted cross sectional descriptive research design. The target population for this study comprised 170 hotel managers from 34 star-rated hotels located in the coastal region of Kenya. These hotels were selected based on an official list of rated establishments in the region. The list was obtained from the TRA website as it is the organization that is responsible for the classification and grading of tourism enterprises across the country in accordance with the Tourism Act and the Tourism Regulatory Authority Regulations of 2014 (TRA, 2024). The sampling list was obtained from TRA website list of classified hotels.

The study constituents were 170 respondents stratified into general/assistant managers (34), departmental managers (136) stratified into sales and marketing managers, operation/food and beverage managers, human resource managers and finance/procurement managers.

The study adopted a stratified sampling techniques to put respondents into strata and simple sampling technique to select respondents from stratum. The study employed Yamane formula to determine sample size as the sample frame is known and the target population is finite. The sample size of the study was 120 respondents for equal distribution of 24 respondents per strata. The sample size was 70.6 % of target population which is considered adequate.

The study utilized questionnaires to collect data as they standardize the data collection process, enhancing the comparability of responses (Taherdoost, 2022). This allowed for faster and more accurate data collection while also simplifying data processing.

A pilot study was conducted among 2 star-rated hotels not included in the main study. The study collected data from general/assistant managers and departmental managers, stratified into sales and marketing managers, operation/food and beverage managers, human resource managers and finance/procurement managers. The pilot study involved distributing 5 questionnaires to each of three separate 2-star hotels, resulting in a total pilot study sample size of 15 respondents. Thus representing 12.5% of the sample size. Out of 15 targeted respondents, 12 respondents completed the questionnaire achieving a response rate of 80%.

The study utilized Cronbach's alpha scores in determining the reliability of the questionnaire. The study utilized both construct and content validity. The study checked for content validity which involved reviewing the connection between the test items and the relevant subject matter. To ensure this is achieved the research instrument was reviewed by my supervisors. The research instrument was then changed where necessary. To establish construct validity, the questionnaire was structured into distinct sections, each tailored to capture information relevant to specific objectives within the conceptual framework.

The study utilized both descriptive and inferential statistics with aid of SPSS software. Descriptive statistics assisted in summarizing sample characteristics (mean, frequencies standard deviation).

FINDINGS AND DISCUSSIONS

Response Rate

Table 1 shows the response rate of the questionnaires.

Table 1: Response Rate

No. of questionnaires Issued	No. of questionnaires Returned	Response Rate (%)
120	84	70

The high questionnaire response rate (70%) shown in Table 1 resulted from the method of administration of the instrument, which was in this case self-administered. According to Mugenda and Mugenda (2003) a response rate of 50% is considered sufficient for analysis and reporting, while 60% is regarded as good, and 70% or higher is deemed excellent. Given this standard, the response rate in this study was classified as excellent. This method also ensured that the respondents' queries concerning clarity were addressed at the point of data collection; however, caution was exercised so as not to introduce bias in the process. The other questionnaires were not returned by the respondents, hence, they were not included in the study.

Descriptive Analysis

Strategic response on the competitiveness of star-rated hotels in Kenya's Coastal Region

The objective of the study was to evaluate the effects of strategic response on the competitiveness of star-rated hotels in Kenya's coastal region. This objective was determined by posing several statements related to; Resource fluidity, Decision-making speed, Innovation agility, and Resource allocation. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each item was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 2.

Table 2: Strategic response on the competitiveness of star-rated hotels in Kenya's Coastal Region

Statement	SA %	A %	N %	D %	SD %	Mean	Std. Deviation
The hotel can quickly redeploy staff or assets to different roles or locations in response to sudden market changes or demands.	4(5)	6(7)	17(20)	39(46)	18(21)	2.27	1.034
The hotel makes decisions quickly to capitalize on emerging opportunities.	7(8)	42(50)	33(39)	1(1)	1(1)	3.63	0.708
The hotel rapidly adopts innovative practices to stay competitive.	13(15)	44(52)	24(28)	2(2)	1(1)	3.79	0.777
The hotel efficiently allocates resources to meet the hotels strategic goals.	9(11)	34(40)	34(40)	4(5)	3(3)	3.50	0.885
Aggregate						3.298	0.851

The analysis of strategic response in relation to the competitiveness of star-rated hotels in Kenya's coastal region in Table 2 highlights key areas of resource fluidity, decision-making speed, innovation agility, and

resource allocation. Regarding Resource Fluidity, respondents were asked whether their hotel *can quickly redeploy staff or assets to different roles or locations in response to sudden market changes or demands*. The results indicate that 46% of respondents disagreed, highlighting a significant challenge in adapting to market fluctuations. The mean score of 2.27 is the lowest among the constructs, signifying that hotels struggle to adjust their workforce and physical resources dynamically. The high standard deviation of 1.034 further suggests significant variations in responses, implying that while some hotels may have flexible resource deployment strategies, many lack the capability to respond swiftly to shifting market conditions.

In terms of Decision-Making Speed, respondents assessed whether their hotel *makes decisions quickly to capitalize on emerging opportunities*. The findings reveal that 50% of respondents agreed, indicating a generally favorable perception of decision-making efficiency. The mean score of 3.63 suggests that most hotels can respond relatively fast when new opportunities arise, while the standard deviation of 0.708 suggests that responses were consistent but there were some variations in responses. This suggests that decision-making processes in the hotels are generally efficient, potentially allowing them to seize competitive advantages in the tourism industry.

For Innovation Agility, respondents evaluated whether their hotel *rapidly adopts innovative practices to stay competitive*. The results indicate that 52% of respondents agreed and 15% strongly agreeing, demonstrating a commitment to continuous improvement and adaptation. With a mean score of 3.79, this construct appears to be the strongest, indicating that hotels are actively seeking new and innovative ways to enhance their competitiveness. The relatively moderate standard deviation of 0.777 suggests that most hotels do share a common approach toward integrating innovation into their operations.

Finally, Resource Allocation was assessed by asking whether the hotel *efficiently allocates resources to meet its strategic goals*. The responses show that 40% of respondents agreed, reflecting a moderate level of resource efficiency. The mean score of 3.50 suggests that while some hotels have structured resource allocation strategies, others may lack effective planning frameworks. The standard deviation of 0.885 indicates some variability in how different hotels manage and allocate their resources.

Overall, the aggregate mean of 3.298 suggests a moderate level of strategic response among the surveyed hotels, with a standard deviation of 0.851, indicating some variation in implementation. Innovation agility emerges as the strongest construct, highlighting the commitment of hotels to continuous improvement and adaptation. Conversely, resource fluidity is the weakest aspect, signaling that hotels may face challenges in rapidly reallocating staff and assets in response to market shifts. The findings suggest that while innovation agility is well emphasized, resource fluidity remains a major challenge, potentially limiting the ability of hotels to respond effectively to market changes.

Competitiveness of star-rated hotels in Kenya's Coastal Region
The study also sought to analyze the competitiveness status of star-rated hotels in Kenya's coastal region. This objective was determined by posing several statements related to; Customer retention, Customer complaints, Occupancy rates, and Average length of stay. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each item was to 5, the more the agreement concerning the statement. A score around 2.5 would indicate uncertainty while scores significantly below 2.5 would suggest disagreement regarding the statement posed. The findings are presented in Table 3.

Table 3: Competitiveness of star-rated hotels in Kenya's Coastal Region

Statement	SA %	A %	N %	D %	SD %	Mean	Std. Deviation
Returning customers make up a significant portion the hotels total bookings.	15(18)	43(51)	21(25)	4(5)	1(1)	3.80	0.833
The hotel has a strong ability to retain repeat customers.	9(11)	9(11)	17(20)	43(51)	6(7)	2.67	1.112
The hotels strategies for retaining customer are effective.	9(11)	13(15)	12(14)	45(54)	5(6)	2.71	1.136
Strategic agility practices have reduced the volume of customer complaints.	26(31)	41(49)	14(17)	3(3)	0	4.07	0.788
The hotel actively analyzes and learns from customer complaints to improve our services.	12(14)	31(37)	12(14)	19(23)	10(12)	3.19	1.275
The hotel resolves customer complaints quickly and efficiently.	4(5)	36(43)	36(43)	7(8)	1(1)	3.42	0.764
Strategic agility practices have positively impacted the hotel occupancy rates.	16(19)	39(46)	11(13)	10(12)	8(10)	3.54	1.207
The hotel has effective strategies in place to maintain high occupancy rates during the low season.	7(8)	9(11)	13(15)	30(36)	25(30)	2.32	1.243
The occupancy rates compare favorably with those of our competitors.	9(11)	13(15)	12(14)	45(54)	5(6)	2.71	1.136
Strategic agility practices have led to an increase in the average length of stay.	25(30)	40(48)	17(20)	1(1)	1(1)	4.03	0.813
The hotel has effective strategies in place to encourage guests to extend their stays.	8(10)	31(37)	39(46)	5(6)	1(1)	3.48	0.799
The hotel leverages customer data to develop strategies for increasing the length of stay.	3(3)	11(13)	40(48)	28(33)	2(2)	2.82	0.824
Aggregate						3.23	0.9942

Table 3 shows that the competitiveness of star-rated hotels in Kenya's coastal region is influenced by key factors such as; Customer retention, Customer complaints, Occupancy rates, and Average length of stay. The findings indicate that returning customers make up a significant portion of the hotel's total bookings, with a mean score of 3.80 (SD = 0.833). However, the ability of hotels to retain repeat customers was rated much lower at 2.67 (SD = 1.112), with 51% of respondents disagreeing that their hotels effectively retain customers and 7% strongly disagreeing. Similarly, the effectiveness of hotel strategies for retaining customers was rated 2.71 (SD = 1.136). These findings suggest that while hotels attract returning guests, they lack strong strategies to secure long-term customer loyalty. To improve retention, hotels should implement personalized marketing, loyalty programs, and customer engagement initiatives.

The findings on customer complaints management reveal that strategic agility practices have reduced the volume of customer complaints, with a mean score of 4.07 (SD = 0.788). However, the hotel's ability to actively analyze and learn from customer complaints was rated 3.19 (SD = 1.275), with 23% of respondents disagreeing that hotels effectively use complaints for service improvement and 12% strongly disagreeing. Similarly, the efficiency in resolving customer complaints was rated 3.42 (SD = 0.764), indicating that while response efforts exist, improvements are needed. To enhance customer satisfaction, hotels should streamline complaint resolution processes and establish proactive service recovery strategies.

The ability of strategic agility practices to positively impact the hotel's occupancy rates was rated 3.54 (SD = 1.207). However, the effectiveness of strategies to maintain high occupancy rates during the low season was much lower at 2.32 (SD = 1.243), with 36% of respondents disagreeing that hotels effectively manage low-season bookings and 30% strongly disagreeing with this. Additionally, the competitiveness of occupancy rates compared to industry benchmarks was rated 2.71 (SD = 1.136). These findings suggest that while hotels adapt to demand fluctuations, they struggle with seasonal occupancy management. To address this, hotels should implement dynamic pricing, seasonal promotions, and digital marketing to attract off-peak bookings.

The impact of strategic agility practices on increasing the average length of stay was rated 4.03 (SD = 0.813). However, the hotel's effectiveness in encouraging guests to extend their stays was lower at 3.48 (SD = 0.799), with 6% of respondents disagreeing that hotels implement effective stay-extension strategies and 1% strongly disagreeing with this. Similarly, the use of customer data to develop strategies for increasing the length of stay received an even lower rating of 2.82 (SD = 0.824). This indicates that while hotels recognize the importance of longer stays, they are not effectively using data to personalize offers. To improve, hotels should introduce tailored long-stay packages, upsell additional services, and use customer insights for targeted marketing.

Overall, the findings suggest that star-rated hotels in Kenya's coastal region exhibit moderate competitiveness, with strengths in strategic agility and customer satisfaction. However, weaknesses exist in customer retention, occupancy rate management, and data-driven decision-making. To enhance competitiveness, hotels should strengthen loyalty programs, optimize complaint-handling processes, and develop innovative occupancy strategies. Leveraging customer data analytics to personalize guest experiences could further improve retention and encourage longer stays. Addressing these areas will help hotels sustain growth and remain competitive in Kenya's dynamic hospitality industry.

CONCLUSIONS AND RECOMMENDATIONS

The study established that strategic response plays a crucial role in shaping the competitiveness of star-rated hotels in Kenya's coastal region. While innovation agility and decision-making speed contribute significantly to adaptability, resource fluidity remains a major challenge. The findings indicate that while responsiveness to market changes is essential, it does not directly translate to competitiveness unless supported by a strong strategic foundation. Strategic response was found to be a key driver of competitiveness, reinforcing the importance of proactive market adaptation. To sustain success, hotels must integrate structured and quick decision-making, ensure high resource flexibility, with effective and efficient resource allocation and incorporate customer-centric innovations into their strategic frameworks.

Hotels manager should invest in enhancing resource fluidity by adopting flexible workforce management and dynamic asset deployment strategies. Additionally, decision-making processes should be streamlined to ensure rapid response to market changes. Prioritizing innovation-driven strategies, including technology adoption and service differentiation, will strengthen competitiveness and enable hotels to navigate evolving industry trends effectively.

Suggestions for Further Research

Given the identified inconsistencies in information management responses, a study should investigate the role of digital transformation in improving strategic agility in the hotel industry. This research could investigate

how emerging technologies such as AI, big data analytics, and digital marketing influence strategic response and competitiveness in star-rated hotels.

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