IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 19, Issue 12. Ver. VI (December. 2017), PP 64-71
www.iosrjournals.org

Influence of Cost Leadership Strategy on Growth of Hotel Chains: A Perspective fromThe Kenyan Context

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Abstract: *Travel and tourism have been growing at a faster rate than both the wider economy and other significant sectors. Therefore, some of the greatest opportunities for hotels will derive from their ability to strategically participate in this global marketplace while sustainably increasing their competitiveness by growing financially and structurally to be able to achieve their objectives. However, while the hotel industry in Kenya is currently experiencing significant challenges regarding tourist flows, some hotel chains continue to grow. It is not yet clear how these hotels have been able to grow under such circumstances and in particular the strategies they have put in place to ensure the growth is indeed sustainable. Therefore, the main objective of this research was to determine influence of cost leadership strategy on growth of hotel chains in the country. Porter's Generic Competitive Strategies Theory guided the study. The study adopted a survey research design and targeted 66 managers drawn from the branches of 13 hotel chains in the country using purposive sampling. Out of these 45 participated in the study. Pre-tested questionnaires were used for data collection. The data was analyzed using both descriptive and inferential statistics. The findings revealed that cost leadership significantly influenced growth of hotel chains in the country as most of the hotel chains pursued the cost leadership as a competitive strategy in order to grow their business.The study, however, recommended that the hotel chains should explore models of costing that best fit their operations such as activity-based- costing or performance-based costing so as to enable them identify the most optimal cost strategy fit that they can implement in the long run to acheive the desired growth.*

Keywords:*Cost Leadership Strategy, Growth, Hotel Chains*

Date of Submission: 06-12-2017 Date of acceptance: 28-12-2017

Tourism is a powerful vehicle for economic growth and job creation all over the world, for example, statistics from the World Travel and Tourism Council (2015) indicate that Travel and Tourism generated US$7.6 trillion (10% of global GDP) and 277 million jobs -1 in 11 jobs- for the global economy in 2014. Additionally, travel and tourism have been growing at a faster rate than both the wider economy and other significant sectors such as automotive, financial services and health care in recent years. The World Travel and Tourism Council (2011) estimated that 3.8 million jobs (including 2.4 million indirect jobs) could be created by the tourism industry in Sub-Saharan Africa (SSA) over the next 10 years. Therefore, some of the greatest opportunities for hotels will derive from their ability to strategically participate in this global marketplace while sustainably increasing their competitiveness by growing financially and structurally to be able to achieve their objectives. In Kenya, which boasts palm-fringed beaches and safari trails, tourism is a well-established sector contributing significantly to the country's Gross Domestic Product, foreign exchange and employment. However, a tourist market slump has forced hotels to shut, cut job numbers and sent the shilling to 3-1/2-year lows. The country, in particular, has been hard hit losing over 25% of its international tourist arrivals in since 2014 (Kenya Tourist Board, 2016), the reasons behind this range from global terrorism to inadequate development of tourist facilities (Mburugu&Rotich, 2015).Nonetheless, despite the challenges being experienced in the sector, some well-established hotel chains are thriving and it is important for other players to understand how they sustain their growth strategies in order to remain competitive in the global market and attract more clients.

Hotel chains are an interesting phenomenon in the field of hospitality, simply because they have several very specific characteristic features (Ivanova, 2015). On the one hand, they operate through a big number of outlets, often in various countries,which makes them part of multinational corporations. On the other hand, since they operate in the field of services and more particular – in hospitality, they feature the typical elements of the hotel product which is not similar to any other product in the sphere of business and services (Harrington &Ottenbacher, 2011). Hotels in Kenya are grouped into different categories based on the quality of services offered. These categories are Five Star Deluxe, Five stars, Four Star, Three Star Two star, one star and Budget Hotels to suit all types of travelers. Most of these hotels are located in major towns across the country and in some of the best and popular tourist (Muriithi, 2017). A number of these have also become hotel chains. The country is home to over ten hotel chains in with international traveler and tourist capabilities. These include Hotel Kempinski, Orion Hotels, Sopa Lodges, Heritage Hotels, Sentrim Hotels and Lodges, Sun Africa Hotels, Sentido Hotels and Resorts, Mada Hotels, Sarova Hotels, Jacaranda Hotels, Fairmont Hotels, Serena Hotels and Tsogo Sun Hotels among others. However, with all these hotels offering highly competitive products and some having their presence only in the country, it would be interesting to know how they remain competitive to the point of achieving sustainable growth. This has not been done in previous studies, though.

Growth is a dynamic process showing that businesses are not static. Perks (2002), defines growth as the process of improving some measures of an enterprise success. Business growth can be achieved either by boosting the top line or revenue of the business with greater product sales or service income or by increasing the bottom line or profitability of the operation by minimizing costs of an organization. The strategic decisions taken by the owner or manager should fit between strategy, structure and processes which are more favorable to the performance. Business growth can be attained through, Organic growth which is by means of opening branches or new lines of business or non-organic growth which involves merging with another firm or buying another business through acquisition. Barriers to growth are everywhere. Lack of preconditions for growth means that many actions the company undertakes will fail.

In any business, there are factors which determine the level of competitiveness that the business must be aware of or possess in order to secure its place in the marketplace. According to Porter (1982), the competitive situation of a specific industrial sector depends on five fundamental competitive forces, namely: the threat of new entry by potential competitors; the threat of substitute products or services; clients' bargaining power; suppliers' bargaining power, and; rivalry among the current competitors. These factors can if, left unmitigated, limit the growth prospects of the firm. Cunill (2006), however, explains that business managers have discovered many different ways of ensuring their businesses remain competitive and, on an individual level, the best strategy is a unique formula that reflects the company's specific circumstances. However, on a wider level, three internally consistent generic strategies can be identified and analyzed. These can be used singly or in combination to create a long-term secure position and distinguish the firm from rivals operating in the same sector. These strategies are cost leadership strategy, differentiation strategy, and focus or market niche strategy. The growth strategies are embedded in these generic strategies. The focus of the present study was on the cost leadership strategy.The cost leadership strategy allows a firm to achieve a stronger position than its rivals, because the firm's low operating costs allow the firm's executives to reduce prices while maintaining profit until their closest rival's profit margins vanish (Shi et al., 2008). Due to the firm's wider operating cost margins, even if its competitors were to force a price increase, the company would still have a cost advantage. If company owners wish to achieve a cost advantage by reducing their total costs, an activity analysis can be very effective. It highlights activity-generated costs, activity components, and links between activities and chains of suppliers or clients that can be modified in order to contribute toward a decrease in costs.

Notably, while the hotel industry in Kenya is currently undergoing serious challenges regarding tourist flows some hotel chains continue to grow. Upto now it has not been clear yethow these hotels have been able to grow under such circumstances and in particular the how they employ the cost leadership strategy to spur their growth. However, as every business is often keen on cost drivers while customers want more value for less, more business are inclined to leverage their competitiveness on their cost leadership. Therefore, the effect of cost leadership strategy as a growth driver in the hotel chains may not be quite visible. This, then, led to the question, to what extent does cost leadership strategy influence growth of hotel chains in Kenya? And also the hypothesis;

H0: Cost leadership strategy does not significantly influence growth of hotel chains in Kenya

II. Literature Review

2.1 Porter's Generic Competitive Strategies

Michael Porter (1980) was the first person who introduced generic strategies and proposed that by using them organization can achieve competitive advantages. These were overall cost leadership, differentiation, and market niche (or focus). According to this theory, cost leadership enables a firm to become the low cost producer in its industry. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry. However, the sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. In differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important and uniquely positions it to meet those needs. Differentiation is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique. This study was largely guided by Porter's

Generic Competitive Strategies in underpinning how hotel firms exploit cost leadership as one of the generic strategies to achieve growth.

2.2 Cost Leadership Strategy and Growth of Firms

Cost efficiency and better productivity has always been a major issue in procurement but in the light of today's ever increasing competition in the market, therefore, prudent cost management has become an indispensable area which is promising to bring forth some resemblance of efficiency in various companies and ensure their sustainable growth (Porter, 2008).The present day's competitive pressure is not only to become a low-cost producer but how a company can become a lowest cost producer and learn to create not only simple and unique product features but; how to build complex distinguishing features that their competitors find difficult to emulate; how to delight both internal and external customers and still remain lean and improve quality; reduce lead times and deal with short product life cycles (Cunill, 2006). Strategic thinking can make managers be aware of and address the following issues: products to make or buy; core skills to be guarded within the company and the one to be openly outsourced; type of suppliers to deal with and capabilities to be nurtured; type of tasks to be prioritized and technologies to be acquired; what to be added to fill the gap between today's and tomorrow's performance requirements not only in terms of immediate cost reductions but cumulative cost savings which could be achieved in the long term (Herbert, 2005). Essentially, this means the firm must embark on a cost leadership strategy in order to thrive in a competitive business environment.

With a cost leadership strategy, the idea is to gain a competitive edge by achieving a cost advantage. In other words, the firm must endeavor to reduce its costs as much as possible. This could translate to a competitive advantage for firm not only over its rivals but also over its suppliers and clients as well (Porter, 1996). To develop this strategy, several conditions are required: the firm must have a high market share that generates high sales volume. In this way the managers can benefit from learning and experience; the firm leaders must ensure the high performance of those factors that permit a reduction in the unit cost of production; technology must be used to ensure that goods are made at the lowest possible cost; if possible, the company managers must try to carry out a policy of product standardization to achieve high production levels and, therefore, a lower unit cost (Ahmed, Mehmet &Pagell, 2014). Entry barriers are one way of contributing toward the strategy's success, in the form of economies of scale and a cost advantage in production and distribution (Porter, 1985).

Nevertheless, this strategy has risks. If it is followed consistently but measures are not taken to guarantee the continuance of the previous conditions, serious dangers could arise (Pulaj, Kume&Cipi, 2015). According to Fernando, Chang and Tripathy (2015), unless a company has a genuine scientific or technological advantage, preferably one that can be protected by patent, competitors can more often than not match any incremental change in an ever-shortening time-scale. Cost reduction in an operation, may be by use of new tools and techniques in operational management, relocating production to areas of lower labour cost. A combination of both likewise creates advantage that can be sustained only over a relatively short time. As changes in technology occur, the firm's technology and production levels must be adapted to respond to new requirements. Should this not happen, the company could lose its cost advantage if a rival incorporates these changes instead (Coelli et al.,2005).Neither should the firm's leaders disregard their products' possible obsolescence nor clients' new expectations as clients needs are always diverse and evolving (Ahmed et al., 2014). In addition, the strategy's drawbacks also include the limited validity of the experience curve when a big change occurs in technology or when new entrants are able to learn more swiftly.

Fernando et al., (2015) examined the relationship between strategic positioning of firms and their production efficiency in the US. The study found that firms with competitive advantages based on either cost leadership or differentiation were able to outperform their competitors. It was also evident that firms pursuing a cost leadership strategy attribute higher importance to production efficiency, while firms pursuing differentiation strategy attribute less importance to production efficiency. Lahtinen and Toppinen (2006) in their report on Finnish firms, found out the cost-leadership indicators, statically, explain better on the short-term financial performance, than value added creation, which has affection on longer-term financial performance and turnover growth in the future. They concluded that, cost efficiency is a prerequisite for the business, and the latest worldwide economic recession is just the best example to confirm the validity. Meanwhile, the value-added creation is a necessity to support the economic sustainability of the business. Pulaj, Kume and Cipi (2015)examined the relationship between competitive strategies and organizational performance in 110 companies in Albania. The study found significant positive effects of cost leadership strategy on performance.

Using data collected from the Xinhua Chemical Co.,Ltd in Shanxi province, China Shi et al.,(2008) probed into which was dominant competitive strategy that supported Xinhua Chemical's low cost and fast development. The study found that the dominant competitive strategy of Xinhua Chemical was cost leadership; marketing differentiation strategy had a significantly positive impact on firm's financial performance, customer differentiation strategy also had a positive impact on firm's market and financial performance, but insignificant. More importantly, cost leadership had a significantly positive impact on firm's market performance.

Birjandi et al., (2014) investigated the effect of Cost Leadership Strategy on ROA and future performance of listed Companies in Tehran Stock Exchange. Using data from 45 firms in the Tehran Security Exchange (TSE) during 2009-2013, the study established that in firms with cost leadership strategy, there were positive relationships between the ratio of sales to capital expenditure with percent of growth in sales. Similar findings were arrived at by Valipour, Birjandi and Honarbakhsh (2012) who found that in firms with cost leadership strategy, there were positive relationships between leverage; cost leadership strategy and dividend payout with performance.

Amoako-Gyampaha and Boye (2001) study in Ghana demonstrated that greater complexity and hostility in business environment cause firms' emphasis more on low cost, quality, flexibility, and delivery dependability strategies. This finding contradicted many other studies on firms' positive responses of both low cost and differentiation strategies to more complex and hostile environments. Atikiya et al., (2015) studied the effect of cost leadership strategy on the performance of manufacturing firms in Kenya. Using data from 131 firms drawn from 12 key industrial subsectors located within Nairobi and its environs, the study established that the findings revealed that performance of manufacturing firms are significantly influenced by cost leadership strategy. A study by Omwoyo (2016) on the effects of generic strategies on competitive advantage on firms in Kenya's airline industry found that companies in airline industry strive to supply a standard of high volume services at the most competitive prices to customers. Cost leadership strategy makes the companies to benchmark themselves against competing firms to access their relative costs. The companies that focus on low cost strategy produce unique products that enhance value to the organizations.

Muluku (2013) examined the effects of competitive strategies on the performance of dairy firms in Kenya. The study established that cost leadership strategy had significant relationship with firm performance. In particular, majority of the firms manufacture their own products and used both automated and manual production systems. This indicates that the firms are aimed at cutting down the cost of operation and pursue the cost leadership strategy in order to compete in the market. On the most preferred cost leadership method used, majority of the respondents indicated that they offer price discount as the main method. This could indicate that dairy firms use price discounts to attract and maintain customers. The other major finding on cost leadership strategy method was that majority of dairy firms do not consider hiring high caliber staff as a viable method for competition. A study by Maikah (2015) on the competitive strategies adopted by East African Portland Cement Company Limited established that low cost strategy was also seen as a vital competitive strategy by East African Portland Cement Company. In this case the company used strict control measures to avert wastage and costs and overhead, minimizing of operational costs and expenses, reduction of input costs and tight control of labour costs.

2.3 Summary and Gaps

The study has critically examined both theoretical and empirical literature concerning the effect of cost leadership strategy on growth of firms. Porter's Generic Strategies theory gave a useful theoretical orientation to the problem under examination. Concerning the empirical literature, it emerged that studies have not focused on the effects of cost leadership on the sustainable growth of hotel chains. Though studies on hotels revealed that the hotels are in the process of cutting costs to obtain a competitive advantage, there was yet to be empirical evidence to suggest how this in effect translates to the growth of the hotels, thus, motivating the need for the present study.

III. Research Methodology

A positivist research paradigm as recommended by Creswell (1998) is appropriate for this study as there was empirical verification of the findings obtained; also the cause and effect analysis was done. The paradigm was suitable for the present study and was, therefore, used as it made it possible to carry out systematic inquiries of the study problem through research questions based on theory. Consequently, the study adopted a survey research design as it was useful in identifying growth strategies as they are utilized across hotel chains in Kenya. Through this design it was possible to reliably estimate the influence of these strategies on growth of the hotel industry.

According to the Muriithi (2017) there are 13 hotel chains in Kenya. Therefore, population of this study comprised of three managers in each of the 13 hotel chains branches. This population was chosen because they are expected to have reliable information concerning the issues being investigated in the study. Since the target population of this study comprised of 189 managers drawn from 63 branches of 13 hotel chains in the country, simple random sampling was used to obtain an appropriate sample size of 66 respondents. Moreover, the hotels were purposively sampled while the managers randomly selected. Purposive sampling was ideal for the present study because the hotel chains are already known. However, since the managers are many stratified random was used as it has the characteristic of providing each member of the target population an equal chance of being included in the study while at the same time keeping the size manageable. The use of the two sampling methods as opposed to other sampling designs was informed by the need for respondent specificity and also the need for introducing randomness (Kothari, 2004).

Primary data was maily utilized in this study and questionnaires were administered as the main instruments of collecting primary data from the respondents. The questionnaires used in this study contained closed ended questions that were measurable on a Likert scale. This study used questionnaires after pilot testing them for correctness and accuracy on 10 non-participatory respondent sample. Piloting was be done in 2 hotels Nakuru town. Validity and reliability were then established for standardization of the research instruments used in the study. The data was then analyzed using both descriptive and inferential statistics with the aid of SPSS computer software version 21.0. Measures of central tendency such as mean, mode and standard deviation were used as well as correlation and regression (Sekaran, 2003).

IV. Results and discussions

4.1 Introduction

The study findings have been presented in frequency distribution tables with mean values, percentages and explanations of the findings in between the frequency tables for further elaboration as well as the interpretation of the study results which have been given alongside the findings.

4.2 Cost Leadership Strategy and Growth of Hotel Chains in Kenya

The first objective of the study was to determine the influence of cost leadership strategy on growth of hotel chains in Kenya. The results are summarized in Table 4.3.

Table 4.3: Cost leadership strategy and growth of hotel chains in Kenya

Statements	Mean	Std. Deviation	N
Our hotel has a sizeable market share in the industry	4.62	0.49	45
We have a steady clientele in our hotel	4.53	0.625	45
Our market share has been able to withstand the fluctuations in the tourism sector	3.82	0.747	45
We have invested considerable technology for the development of our product	4.44	0.586	45
Through technology we have been able to reduce the costs of production	4.13	0.625	45
Technology enables us to add value while keeping the costs low	4.18	0.65	45
We make full use of information and communications technology for better correspondence	4.4	0.688	45
We carry out regular and joint training of our personnel in order to standardize our products and services across our branches	4.71	0.458	45
Our personnel are regularly rotated across all branches in order to encourage them to share their knowledge	4.2	0.757	45
We often carry out research in order to develop standard products and services	4.29	0.843	45
Average Scores	4.332	0.6469	

Looking at the results in Table 4.3, it is evident that most hotels had a sizeable market share in the industry (M= 4.69) and, hence, were able to implement the cost leadership strategy. Most respondents agreed that their hotels had a steady clientele (M= 4.53). However, slightly fewer respondents felt that their hotels market share had been able to withstand the fluctuations in the tourism sector (M= 3.82). Most of the hotels had invested considerable technology towards the development of their products (M=4.44) and this had enabled them to reduce the costs of production (M= 4.13). They affirmed that technology enables them to add value while keeping the costs low (M= 4.18) and, further, they make full use of information and communications technology for better correspondence (M= 4.4). Other findings indicate that the hotel chains often carry out regular joint trainings of their personnel in order to standardize their products and services across their branches (M = 4.71). Further, their personnel were regularly rotated across all branches in order to encourage them to share their knowledge (M = 4.2).The hotels also carry out research regularly in order to develop standard products and services (M= 4.29). The aggregate mean (M= 4.332) in Table 4.3 suggests that most hoteliers who took part in this study agreed that cost leadership strategy was practiced in their hotels. There was low variation (SD = 0.6469) in responses regarding the use of this strategy in the hotel chains implying that it was indeed commonly practiced in the hotels.

These findings agree with Porter (1996) who pointed out that the firm must have a high market share that generates high sales volume in order to successfully develop and implement the cost leadership strategy. The observed high incorporation of technology into the hotels' production function also concurs with Ahmed et al., (2014) who explained that the firm leaders must ensure the high performance of those factors that permit a reduction in the unit cost of production such as technology which must be used to ensure that goods are made at the lowest possible cost. Fernando et al., (2015) had also contended that unless a company has a genuine scientific or technological advantage, preferably one that can be protected by patent, competitors can more often than not match any incremental change in an ever-shortening time-scale. Further, the observation that there were regular joint trainings within the hotel branches is in line with Coelli et al., (2005) who observed that this enabled managers to benefit from learning and experience and enabled the firm to effectively pursue a policy of standardization and to obtain a competitive advantage.

4.3 Growth of Hotel Chains in Kenya

Finally, the study sought to determine the status of growth of hotel chains in Kenya. This was the dependent variable and was measured by asking the respondents to respond to various statements describing the growth of their hotel in terms of chains. These results are presented in Table 2.

Table 2:Growth of hotel chains in Kenya

Statements	Mean	Std. Deviation	Totals
We have been able to open new hotel branches in areas with high visitor potential	4.11	1.112	45
Our new branches are fully resource independent	4.04	0.999	45
We have been able to acquire hotels from other investors and rebrand them successfully	3.2	1.575	45
Our growth strategies have led to good returns on investment	4.36	0.883	45
Our hotels are attracting more international visitors of late	4.2	1.036	45
Our bookings outlook has improved considerably	4.22	0.974	45
Investors are showing considerable interest in partnering with us	3.44	0.841	45
We have been able to absorb many new employees while maintaining a low staff turnover rate	3.98	1.055	45
We have been able to increase our product portfolio	4.38	0.86	45
Our branches are able become profitable within the first one year after inception	3.91	1.125	45
Average Scores	3.984	1.046	

The results in Table 4.7 indicate that most of the hotels had been able to open new hotel branches in areas with high visitor potential (M = 4.11). Their new branches were fully resource independent (M = 4.04). However, fewer respondents were of the view that their hotels had been able to acquire hotels from other investors and rebrand them successfully (M = 3.2). The findings also suggest that the growth strategies employed by the hotel chains had resulted into good returns on investment (M = 4.36). The hotels were attracting more international visitors of late (M = 4.2) as evidenced in the finding that their bookings outlook has improved considerably (M = 4.22). Moreover, with a mean of 3.44 it is evident that investors were still not particularly enthusiastic in partnering with the hotels. Most hotels were, however, able to absorb many new employees while maintaining a low staff turnover rate (M = 3.98) and, in addition, had been able to increase their product portfolio (M = 4.38). Most respondents agreed that their branches were able become profitable within the first one year after inception (M = 3.91).

These findings imply that the growth of the hotel chains was high and was not necessarily dependent on acquisitions and external investments but were rather leveraged on sheer generic strategies. These findings are in agreement with Rothenbuecher, Handschuh and Kickenweiz (2007) who opined that to achieve growth targets companies can pursue strategies for pursuing attractive customer segments, shifting sales resources to areas with the greatest market potential, penetrating new regional markets, expanding and professionalizing partnerships, stopping price erosion, exploiting opportunities within existing product portfolios, boosting cross-selling and aligning processes to meet customer needs more effectively. The core of every market-driven growth strategy should be to develop a unique value propositions tailored to meet customer-specific requirements.

4.3 Regression Results

A simple linear regression analysis was performed to investigate the relationship between cost leadership strategy on growth of hotel chains in Kenya. The results are as shown in Table 2

Table 2: Regression Results on Influence of Cost leadership Strategy on Growth of Hotel Chains

R	R Square	Adjusted R Square	Std. Error of the Estimate
.797[a]	0.636	0.627	4.52180
a. Dependent Variable: Growth of Hotel Chains			

The linear regression analysis in Table 2 shows that the relationship between the dependent variable and the independent variable was significant with a value obtained for R, which was the model correlation coefficient = 0.797 being higher than any zero order value in the table. This indicates that the model improved when more variables are incoporated when trying to examine the influence of cost leadership strategy on growth of hotel chains in Kenya. The results in Table 2 further suggest that the model could explain up to 62.7% of the variations in the growth of hotel chains in Kenya resulting from the application of cost leadership strategy.

Table 3: Summary of ANOVA Results

	Sum of Squares	df	Mean Square	F	Sig.
Regression	1534.703	1	1534.703	75.059	.000[b]
Residual	879.208	43	20.447		
Total	2413.911	44			
a. Dependent Variable: Growth of Hotel Chains					
b. Predictors: (Constant), Cost Leadership					

The results of Table 3 indicate that there is a significant difference between means of cost leadershipstrategy and growth of hotel chains in Kenya. ($F_{o'}$ = 75.059>F_c = 4.08; $\alpha < 0.05$; df = 1, 43; p = 0.000). This finding confirms the finding suggested by Table 2 that indeedthecost leadership strategy significantly influenced growth of hotel chains in Kenya.

Moreover, the significant and very strong positive relationship existed suggests that the managements of the hotel chains understood that as an internal efficiency driver, unchecked costs could easily erode gains made by other outreach strategies and reduce the growth prospects of the hotels. This result agreed with Atikiya et al., (2015) who found that firms performance in Kenya was significantly influenced by cost leadership strategy. The findings also agree withMaikah (2015) that low cost strategy was a vital competitive strategy. Muluku (2013) study also established that cost leadership strategy had significant relationship with firm performance in Kenya.

V. Conclusions

Based on the results of the study, it can be concluded that most of the hotel chains pursued the cost leadership as a competitive strategy in order to grow their business a fact that could be attributed to the the observation that most hotels had been able to implement the strategy successfully using their sizeable market share in the industry.Costly leadership strategy had the strongest association with growth of the hotel chains oberved in the study a fact that could be attributed to the the observation that most hotels had been able to implement the strategy successfully using their sizeable market share in the industry as recommended. However, a considerable number of the hotel chains had an unsteady market share due to the fluctuations in the tourism sector. Since, the cost leadership strategy is also leveraged on technology; it was observed that most of the hotel chains had invested considerably in technology towards the development of their products to help them drive down their production costs. In addition, they made full use of information and communications technology for better correspondence. The study recommends that the hotel chains should explore models of costing that best fit their operations such as activity-based- costing or performance-based costing so as to enable them identify the most optimal cost strategy fit that they can implement in the long run to acheive the desired growth.

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Jane Nzisa. "Influence of Cost Leadership Strategy on Growth of Hotel Chains: A Perspective From The Kenyan Context." IOSR Journal of Business and Management (IOSR-JBM) , vol. 19, no. 12, 2017, pp. 64-71.