

Empirical Analysis of Core Competences and Performance of Star Rated Hotels in Nairobi City County, Kenya

Jane Kariuki¹, Dr Godfrey Muigai Kinyua², Dr Paul Waithaka³

¹PHD Student Kenyatta University

^{2,3}Lecturer Kenyatta University

***Corresponding Author:** Jane Kariuki, PHD Student Kenyatta University, Kenya

Abstract: The hotel industry in developing world has been promoting economic growth and providing jobs. In the Kenyan context, there has been great variation in firm performance of hotels with some exhibiting exceptional performance and other performing miserably and others closing down. Although core competences have received attention equally scholarly and in practice, its effect on star rated hotels remains uncertain. Specifically the study determines the effect of customer focus competence on firm performance of star rated hotels in Nairobi City County, Kenya. Underpinning theory of study independent and dependent variables were resource-based view theory and balance score card model. The study utilized positivism philosophy. Descriptive and explanatory research design was used. Moreover, the study utilized multistage sampling and stratified sampling to select the respondent of the study. The target population was 112 star rated hotels in Nairobi City County with a sample sizes of 217 managers who were interviewed for the study. The study employed a semi-structured questionnaire to collect primary data. Content, construct, and criterion-related validity was tested, while the study reliability was assessed through a Cronbach alpha coefficient achieving a threshold at 0.749 that assured the reliability of the questionnaires. Descriptive and inferential statistics were employed to analyze data. Inferential analysis was used in investigating the direct effect of core competences and firm performance of star rated hotels Nairobi City County. Descriptive statistics used mean standard deviation to explain data characteristics and inferential statistics used regression in testing the effects of variables on firm's performance. Qualitative data was analyzed using themes presented in narrative form. Findings were presented in form of tables and charts. The study illustrated that customer focus competence had a statistical significant effect on the Performance of star rated hotels in Nairobi city county, Kenya. The study revealed that customer focus competence was key in satisfying customers' needs, attracting new customers, repeated purchase and increased profit. Consequently, customer focus competence was important in handling guest complaints with professionalism, providing better customer care service. In addition, activities related to managing customer problems, giving customers attention and customer services skills were applicable in the hotels. This means that managers should invest and put emphasis on customer focus in improvement n customer services and providing quality services as to a greater extent they are drivers of performance.

1. BACKGROUND OF THE STUDY

The concept of firm performance is an integral theme in strategic management research. Indeed, many scholars have continued to struggle with the search for an explanation as to why some businesses outperform others (Bresciani, Thrassou, & Vrontis, 2015). The goal of business is to maintain high performance in the market environment. This is done through uses of human resources, physical, productive assets, and capital resources (Hitts, Haynes & Serpa, 2010; Barney, 2001; Dodoo, Donkor, & Appiah, 2021). The scarcity of core competences is a major obstacle to achieving firms performance (Gikutha, 2017). To attain superior firms performance, it is imperative to consider internal factors such as core competences. Some researchers have established that intangible resources such as core competences are essential for superior firm performance (Barney, 2002; Oscak & Findik, 2019; Asamoah, 2020). Previously researchers have asserted that firm's performance can also be influenced by managerial competence, innovation capability, and environmental turbulence factors (Velu & Manxhari, 2017; Lawrence & Lorsch, 2005; Ermaya & Wibowo, 2020; Abbas

& Ul Hassan, 2017).

The goal of business is to maintain high performance in the market environment. This uses human resources, physical, productive assets, and capital resources (Hitts, Haynes & Serpa, 2010; Barney, 2001; Dodoo, Donkor, & Appiah, 2021). Core competences enables businesses to continually modify and translate information and concepts into new processes and products that benefit the firms (Zehir, Kole, & Yildiz, 2015; Adom, Boateng & Gnakob, 2019). Recently, firms in developed countries have concentrated on core competences as determinants of performance (Bashaer, Sanjay, & Sherine, 2016). Nevertheless, this is not true in emerging economies (Mugo, 2018). The literature reviewed indicated a lack of emphasis on internal factors such as core competences in developing countries. Equally, the importance of core competences in attaining performance is not clearly understood (Gikutha, 2017).

According to Jabhour and Zahir (2014), and Choge, Namusonge, Makokha, and Musau (2018), the notion that core competences significantly affect firm's performance is generally advocated among researchers. The extant literature on the linkage between core competences and performance has resulted in conflicting outcomes (Bahri, Yahya & Kisman, 2015). Consequently, based on the literature's inconsistencies, the current study embarks on establishing whether there is a connection between core competences and firms' performance.

1.1. Firm Performance

Firm performance can be regarded as the adeptness to become effective and efficient by providing quality products and services (Neely, Gregory & Platts, 1995; Frank & Rolhaermel, 2013). Firm performance can be conceptualized premised on the notion that an organization is associated with productive assets that include human, capital, and physical resources to realize firm performance (Barney, 1991). Another group of researchers conceptualized firms' performance as non-financial and financial indicators that give information related to the company's objectives (Richard, Mureithi & Ismael, 2009).

A review of the literature showed that several approaches had been employed in order to ascertain the performance of firms. Thus, the literature reviewed suggests no single method of conceptualizing firm performance (Cheshire & Kombo, 2015; Kyengo, Muathe & Kinyua, 2019). For instance, several researchers have constructed firm performance using multiple dimensions: sales growth, profitability, market share, customer satisfaction, and employee satisfaction (Santo & Brito, 2012; Kong & Liangrokapt, 2019). Various researchers have suggested using monetary and non-monetary indicators since they offer a broader and more balanced way of evaluating performance (Kaplan & Norton, 2001; Mashovic, 2018; Wandongo, Kambona, & Odhuno, 2010).

The existing literature reviewed showed that some researchers used mixed methods to combine financial and non-monetary performance indexes. They used dimensions such as return on asset, profitability, service quality, debt-equity ratio, return on investment, customer satisfaction, and market share, among others (Chen, Hsu & Tzeng, 2011; Yilmaz, 2009; Wanjiru, Muathe & Njuguna, 2019). Financial performance measures were based on assessing the company's ability to achieve anticipated financial indicators such as profit. Therefore, performance could only be considered optimal when the business reaches its expected financial results. However, these methods had deficiencies because they only provided historical data that could not reflect the firm's future performance and competitive position. They also failed to consider how an organization can improve its strategic objectives (Rosava & Balog, 2012). Besides, they do not reflect on the strategic and financial performance issues.

The existing body of literature indicates that researchers considered using financial indicators such as returns on assets, profit after tax, sales revenue, profitability, and return on investments (Ranjapathirana & Jayani, 2018; Mira, Ivana, & Andrea, 2019). Other researchers used non-financial measures of performance used customer care services, customers repeat purchases, quality services, product quality, on-time delivery, operational efficiency, and customer satisfaction (Ahmed, Mohammad & Zabir, 2016; Azemina, 2018 & Mjongwana & Kamala, 2018). The balanced scorecard presented several monetary and non-monetary techniques that determine an organization's performance (Norton & Kaplan, 1992). It provides an efficacious means of handling the weaknesses

of relying only on financial performance measures. It also helps resolve problems, improve performance, and achieve a firm's vision and strategic objectives (Kaplan & Norton, 2015). The balanced scorecard measures monetary and non-financial performance are based on four distinct points of view, namely, learning and growth, internal business process, customer, and financial perspectives (Kaplan & Norton, 2010).

1.2. Customer Focus

The existing body of literature suggests that Customer focus has been conceptualized from various angles. Customer focus can be described as addressing existing and potential consumers' demands and expectations. Bhardwaj, Nevin, and Wallmam (2012) contended that customer focus concentrates on knowing customers' needs and committing to ensuring they are met. Customer focus can be viewed as prioritizing customers' wants and considering their interests, which is crucial in improving services and products (Nasution & Rafiki, 2018). Customer focus may be regarded as a strategy for creating customer value, leading to customer satisfaction and thus increasing financial performance (Padlee, Thaw & Zulkiffi, 2019). The existing literature reviewed emphasized that customer focus might be presumed to be the backbone of improved quality service.

- Reviewed literature indicates that customer-focus competence has been measured in different ways. Kavulya, Muturi and Ogolla (2018) measured customer focus using pricing, quality of service, and relationship management. Arjun (2010) operationalized customer focus competence using guest service skills, communication skills, customer relations focus, and teamwork. Wambua and Yahaya (2018) used customer relations and customer care services variables. Several other researchers measured customer focus using dimensions such as customer satisfaction, employee satisfaction, customer retention, and service response in time, information technology, and quality services (Trimo&Amiro, 2015; Yaacob, 2014; Mokhtar, 2011; Zhang & Raw, 2011; Kangethe, 2015). This study measured customer focus using managing customers problems, customer attention and customer service skills

1.3. Hotel Performance

According to Muteti (2019), hotel performance is going through uncertain economic hardships caused by internal and external factors. The firm performance of hotels in African Countries is faced with unpredictable environments and internal factors that make hotel performances inconsistent. The report indicates that hotel occupancy was 21% in 2020 (hospitality Report Africa 2019). The case is not different in the Kenyan context, where the performance of hotels declined from 32.5% to 30% in 2019 and there was a further decline in 2020 to 26% (KSNB, 2020; Tourism Board Report, 2020). It shows that the firm performance of hotels is unpredictable and keeps fluctuating (Murimi, Wadongo & Orielo, 2021). Likewise, the performance of hotels in Nairobi County has been unstable and experiencing a decline in daily and occupancy revenue rates. Some hotels have had declined performance, forcing them to close down (Muteti, 2019). According to Sang, Komen and Korir (2017), hotels in the Kenyan context have been going through unprecedented challenges that have forced some hotels to close down. Moreover, the hotel industry has been experiencing inconsistent performance from 2011 to 2019 (Murimi et al., 2021). Additionally, Kenya has been experiencing a decline in tourists visitations due to advisory travel bans from their host country, political instability, and terrorism attacks, among others (Gikutha, 2017). Thus, hotels have been experiencing declined sales (Irandu, 2020). Indicators of the performance of hotels showed that in 2011 there was a decline of 40.3%, and by 2017 had further declined to 28.8% (KNSB, 2018). Moreover, in 2018, hotels posted 3.3% growth, but it was still relatively low as it was expected to grow by 8% in 2019; there was a slight improvement of 32.5%, while in 2020 recorded a decline of 26% and in 2021 by the end of March it recorded 21 % (CIEC, 2021).

1.4. Statement of the Problem

Despite the crucial role played by hotel industry in economic development in Kenya, various establishments in this sector specifically star-rated hotel continue to struggle with performance challenges. There has been a lot of variance in the star-rated hotels in Kenya, with some exhibiting outstanding performance and some indicating average performance while others demonstrating

below-average performance (Nzioka & Njuguna, 2017; KSNB,2020). In addition to declined performance, some of the star rated hotels have been providing delayed services, lack of compliance with customers' expectations, and lack of quality service. In addition inability to comply with customers' expectations, deteriorating services that lacks innovation and exciting products and lack of excellent customer care services has been cited (Omondi,2019).

Efforts have been made to ensure that firms performance remains stable. However, many star-rated hotels have struggled to maintain steady firms performance (Onyango & Okello, 2017). A report from the KNBS evidenced that performance has been inconsistent in the last decade (KNBS, 2020). Besides the privileged support offered by the government to the star- rated hotels, their performance has constantly declined. An index report indicates that in 2017, 21.8%, and 2018, 31.1%, while in 2019, they had posted 30.6%; in 2020, they posted 26%, and in 2021 further declined by 5% (KNSB, 2020; CIEC, 2020).

Previous empirical studies focusing on core competences and performance produced inconclusive and inconsistent outcomes (Koay, 2011; Bahri, Yahya & Kisman, 2015; Mugo, 2016; Seddighi & Mathew, 2020). Yet some empirical studies of some scholars were skeptical regarding a positive relationship between core competences and performance (Bahri & Yahya, 2015; Koay, 2011). A review of literature on core competences and performance has had varied operationalization of core competences (Ncube & Chimucheka, 2019)). In addition, most of these studies emanated from developed Countries like Canada, India, Turkey, Malaysia, and Italy (Blaney, 2009; Kawashala, 2017; Osak & Findik, 2019). Similarly, past research related core competences to other variables such as customer retention and satisfaction and nothing has been done in terms of performance. Despite the importance of core competences in describing performance, their effects on hotel performance in Kenya have received little empirical focus (Gikutha, 2017). The divergent opinions generated a gap that prerequisites further empirical inquiry

The methodologies and research designs used in the studies were varied hence methodological gaps (Nimsith, Riffas & Cader, 2016; Jobbouri & Zahari, 2014; Nilson, 2018; Bacynska, Rowinski & Cybis, 2016). In addition, some of the studies failed to use inferential statistics, as Mugenda and Mugenda (2003) recommended. Even though some studies established a strong association between core competences and performance (Mugo, 2018; Agha, Alrubaiee & Jamhour, 2012; Liang et al., 2018; Seddighi & Mathew, 2020). Yet some empirical studies of some scholars were skeptical regarding a positive relationship between core competences and performance (Bahri & Yahya, 2015; Koay, 2011). The divergent opinions generated a gap that prerequisites further empirical inquiry. This study aimed to fill this gap by retorting the question on; what is the effect of core competences on the performance of star-rated hotels in Nairobi City County, Kenya?

1.5. Study Objective

To determine the effect of customer focus competence on firm performance of star rated hotels in Nairobi City County, Kenya.

1.6. Research Hypotheses

H₀₂: Customer focus competence has no statistical effect on the Performance of star rated hotels in Nairobi city county, Kenya.

2. LITERATURE REVIEW

2.1. The Resource Based View (RBV)

This theory can be tracked down all the way back to earlier scholars (Selznick, 1957; Penrose, 1959). Wernerfelt (1984), and Barney (1991), proposed the resource-based view of the firm. The theory emphasizes the importance of the nexus amongst firm's resources and performance. Additionally, the theory postulates that firms are heterogeneous in their internal capabilities and resources. It means that having various capabilities could contribute to a firm's performance variance even though they operate in the same environment (Wernerfelt, 1984; Barney, 1991; Peteraf et al., 2013). This helps explaining the question as to how a specific firm in the same market performs better than others.

The theory proposes that unique resources and competences are important in achieving performance (Wernerfelt, 1984). The major key attributes of firm's performance are the intangible assets, tangible assets, and possessions that firms own (Peteraf & Barney, 2003). According to the theory's proponents, an organization may be viewed as an assortment of human, physical, and organizational resources, (Barney, 1991; Amit & Shoemaker, 1993). These intangible assets include managerial skills, patents, intellectual property, technology, reputation, corporate culture, employee skills, customer focus, and emotional intelligence (Madhini, 2014).

The theory indicates that a firm acquires and develops the resources to outperform its competitors. An organization's resources must have VRION characteristics (Barney, 1991). These resources should be uncommon, valuable, and difficult for competitors to replicate. Only valuable resources can contribute to the strategic goals (Barney, 1991; Newbert, 2008; Barney & Hesterly, 2010). The RBV theory considered that only advantageously essential and unique resources and core competences should be considered when leading to competitive advantage and performance (Madhani, 2010). Strategic management scholars discoursed that core competences enhance operation management excellently and proficiency, leading to competitive advantage and performance (Moga & Muathe, 2020). According to Ljungquist (2007), core competences are the most valuable possession of a firm. Thus, the growth and performance of an organization are found in the internal resources possessed by a firm (Penrose, 1959; Barney, 1991).

Despite the shortcomings of RBV, the theory is still applicable to this research due to the fact that it contributes to empowering managers to align their customer focus competences by applying their strengths to attain superior performance. The theory has been used in supporting firm's performance because it explains the reason why some businesses outperform others, even when operating in the same environment. Thus, RBV theory was founded on the dependent variable of the study that is firm's performance.

2.2. Balance Score Card Model

This model was advanced by Kaplan and Norton (1992) being a configuration for quantifying performance based on diverse viewpoints, namely customer, financial, internal process, and learning and growth. The proponents introduced non-financial perspectives for measuring company accomplishment. The BSC model was introduced because financial measures were considered insufficient metrics of performance (Kaplan, 2010). A balanced scorecard model includes both financial and non-financial performance indicators. It is a performance indicator based on the firm's strategy (Kaplan & Norton, 1996). The model gives managers an all-inclusive view of a firm's performance. In addition, the model assists managers in making determinations about their organization's goals and performance (Kaplan & Norton, 2013).

The balanced scorecard provides a framework for meeting customers' needs. For instance, customer perspective helps meet customers' needs as indicated in quality service and new products. Growth and learning perspectives assist in achieving goals by changing how things are done and coming up with new products. It also helps resolve problems, improve performance, and achieve a firm's vision and strategic objectives (Kaplan & Norton, 2015). It assists the firm in assessing how its strategies are executed and help identify areas of improvement and growth through innovation capability by developing new products (Kaplan & Norton, 2010). The balanced scorecard is a very important tool used by managers to track service quality, efficiency, and effectiveness of the processes. A balanced scorecard was applied in the study because it measures non-financial and financial pointers of performance. The BSC model is very appropriate for the study as an instrument for unfolding and choosing appropriate performance indicators to inform the dependent variable. The model supports the financial perspective as well as the customer perspective, which influences the market share. This study evaluated firm performance using sales growth, and profitability.

2.3. Empirical Review

2.3.1. Customer Focus and Firm Performance

Ullah, Ajmal and Aslam (2016) determined that customer focus significantly influenced the performance of telecommunication firms in Pakistan. The objective was to establish the association

between customer focus and the performance of the Pakistan telecommunication industry. The sample consisted of two hundred and seven employees. Data were scrutinized utilizing multiple regression and Pearson correlation analysis. The study's findings revealed that customer focus was crucial to the performance of the telecommunication industry in Pakistan. Other key discoveries identified that employees should be skilled in customer care service. The research measured only the direct relationship between customer focus and performance. Despite their results, this study cannot be generalized. It purported to utilize a competitive edge as a mediating variable and human resource as a moderating variable, which were never statistically measured. The study context was telecommunication firms, while the current study's context was based on the hotel sector.

Kavulya, Muturi, Rotich and Ogallah's (2018) study indicated that customer focus strategy unequivocally determined the performance of Saccos in Nairobi County, Kenya. The research utilized cross-sectional surveys and descriptive research design and collected data from 181 CEOs and managers from 181 registered Sacco's. Multiple regression analysis determined the correlation between customer focus strategy and performance. They recommended that hotel managers provide quality services, a friendly customer relationship, and reasonable pricing of products and services. Improved customer-focus services enhance customers' confidence and improved performance. The authors suggested that further studies should consider the effect of customer focus approach on service sector performance. The context of the current research was the hotel sector.

Yaacobs (2014) studied the indirect effects of customer focus and the performance of the Municipal City Council public firms in Malaysia. The study established that customer focus predicts customer satisfaction, leading to performance. The study employed questionnaires to get data from 250 managers, and only 205 questionnaires were subjected to descriptive statistics analysis. The study also determined that customer focus could help improve the performance of the public services sector. Notably, the study confirmed an indirect connection between customer focus and performance, customer satisfaction mediated by employee satisfaction. The study poses a contextual gap conducted in Malaysia; the current study has been done in Kenya. The study was done in the public sector, where performance dynamics are different, with little emphasis on competitiveness and financial returns compared to profit-making organizations. Also, the concept of performance was subjectively measured using a single construct. The current study has broadened the scope to star-rated hotels in Nairobi County and non-financial and financial indicators to assess performance.

Sutradhar and Dutta (2017) carried out a study to discover the correlatedness between customer focus and the performance of the hotel in Dimapur. The study objective was to explore the various variables of customer care services and evaluate the hotel industry's performance. The study employed descriptive and exploratory survey methods. A convenience sampling strategy was utilized in this investigation to collect data from 384 customers from 30 hotels. Data was analyzed utilizing descriptive statistics. Findings indicated a direct and indirect way for customers focus on the hotels' performance. The study recommended that hotels provide superior quality services and products that are friendly to their customers' expectations. Further, the cleanliness and neatness of hotels should be emphasized to attract more customers. Despite the contextual gap, the study adopted convenience sampling to gather data, and descriptive approaches were employed to examine the data. The current study employed inferential and descriptive statistics to make conclusive results.

Based on the literature reviewed, it was evident that most inquiries was undertaken in Western nations, with only a handful in Africa. Consequently, the existing literature results cannot be generalized in the Kenyan context. The literature reviewed also established mixed findings on the link between customer focus and performance. Some noted a substantial direct connection between customer focus and performance (Nasution & Rafiki, 2018). In contrast, Onyango (2017) showed no meaningful relationship. Others suggested an indirect relationship (Yaacobs, 2014), and others showed no positive relationship. As a result, there is no consensus on the connection between customer focus and performance, and different scholars interpret customer focus differently. There

were also methodological gaps; therefore, the current study has addressed the identified inconsistencies.

2.4. Conceptual Framework

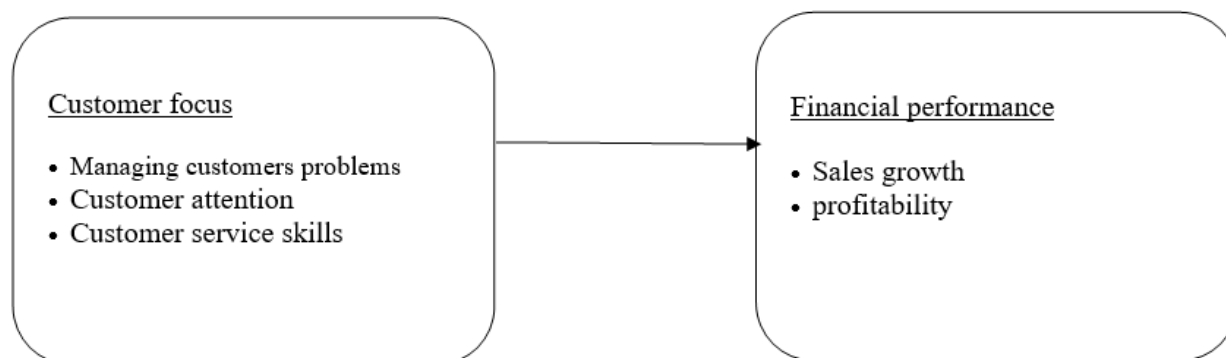


Figure2.4. *Conceptual Framework*

Source: *Author, 2021*

3. RESEARCH METHODOLOGY

The epistemological position used in the study was positivism. The study was done based on positivism philosophy, which was based on gathering, and obtaining objective data that was expressed numerically (Furrer, Thomas, & Gousserkaia, 2008). This is due to the fact that the philosophical underpinning is anchored on real evidences, objectivity, measurement, and legitimacy of outcomes (Saunders, 2009). The study used the philosophy as it relied on testing and verifying empirical data to identify the relationships between variables in a given condition. It would therefore, provide cause and effects outcome (Creswell, 2009). Positivism holds the belief that knowledge ought to be based on facts rather than abstractions. Therefore, it means that knowledge is established on observations and experiments. Saunders, Lewis, and Thornbill, (2016), posit that positivism research philosophy deals with qualitative and quantitative data and hypothesis testing which allows the generalization of findings.

The study adopted a positivism research philosophy because it helped focus on empirical measures using statistical analysis of data acquired from the study variables after the formulation of the hypothesis. The hypothesis were tested using statistical techniques, this is because the study focused on evaluating existing beliefs, and it took a logical approach. The study applied descriptive research and explanatory research design as advocated by (Saunders et al., 2009). The descriptive research design was suitable in conditions that a researcher attempts to describe features of a group or individuals (Kothari, 2019). The design was used to characterize the population's features of interest phenomenon and answered the question of what exists (Saunders et al., 2019). This study's participants were composed of star-rated hotels that are registered by Tourism and regulatory authority TRA, (2019) in Nairobi City County. Hence, the target population was 112 hotels ranging from two to five star rated hotels that are in existence in Nairobi County. Respondents were departmental managers from different departments.

Table3.1. *Distribution of Sample Size*

Strata of star-rated hotels	Number of hotels in each category	Population size N	Stratum Sample sizen	Number of hotels sampled
Five star	24	192	59	7
Four star	30	240	74	9
Three star	31	248	76	9
Two star	27	216	67	8
Totals	112	896	276	33

Source: *(Author, 2020)*

The study had 276 questionnaires which were distributed to the sampled management employees in the star rated hotel in Nairobi City County. Multistage probability sampling method was utilized to arrive at the desired sample size in order to answer the research objectives (Kothari, 2019; Kyengo, Muathe, & Kinyua, 2019). Multi stage sampling was selected because various stages were involved to establish the sample size. The first stage was to select the star rated hotels, stratum sample size followed by identifying the unit of observation and the last step were identifying the sample magnitude.

Stratified random sampling is a probability sampling procedure whereby sub- strata with similar characteristics are picked from each stratum of the population. The sampling technique was utilized because it ensures that every stratum group is included in the sample. Therefore, the results emanating from the study were considered accurate, for generalization that was more acceptable. The unit of analysis was star rated hotels existing in Nairobi County as registered by tourism regulatory board authority. The observation unit was hotel managers in the functional areas of, human resource, sales and marketing, food and beverage, information technology, front office, housekeeping, food production and finance. The selection was because they have appropriate knowledge about the hotels they represent and are adequately equipped to give the required information.

The sample size utilized for the study was computed through Yamane’s (1967), denoted by the population size and the acceptable margin error of 0.05 as indicated in the formula. The total number of managers in the star rated hotels was 896 based on Tourism regulatory board, (2020) out of which the sample size was 276 managers using formula for population proportion proposed by Yamane.

$$n = \frac{N}{1 + N \times (e)^2}$$

Where

n = desired sample size

N = Targeted population size

ε is the significance level (maximum amount of error the researcher is willing to commit while estimating sample size for the study)=0.05 n=896

$$1 + (896)(0.05)^2 = 276$$

4. RESPONSE RATE

To ensure all characteristics of individuals under study were equitably represented, the researcher determined the stratum sample size, which was summed up to obtain the desired sample size of 276 managers. The table below 3.5 shows the sample size per hotel category combined to yield the desired results.

The results of the response rate are displayed in Table 4.1.

Table4.1. Response Rate

Categories of the hotels	Number of hotels	Questionnaires administered	Questionnaires received	Percentage response rate by categories
Five star	7	59	47	79.6
Four star	9	74	56	75.6
Three star	9	76	61	80.2
Two star	8	67	53	79.1
Total	33	276	217	78.6

Source: Survey data (2022)

The outcomes as exhibited in Table 4.1, show from 276 questionnaires administered to the respondents from the 4 categories of the star rated hotels, 217 respondents returned duly filled up questionnaire that translates into a response rate of 78.6 percent. In accordance with Saunder and Thornbill (2019), 78.6% is a response rate that exceeds 70 percent and it is adequate for undertaking

inferential analysis and making generalizations. In essence high response rate is considered critical for improving data quality, precision and reliability. The response rate by category of star rated hotels involved in the study ranged between 75.5 percent and 80.2 percent for four-star hotels and three-star hotels respectively.

4.1. Reliability of the Research Instruments

This is the estimation of the extent to the fact that the research instruments can provide the desired measure of consistency as provided by reliability, which is still a crucial aspect of data collection (Cooper & Schindler, 2011). Reliability may be demonstrated by employing pilot testing to confirm that research equipment provide consistent findings after several trials under various circumstances (Kothari, 2010; Mugenda, 2008). The researcher measured internal consistency using the Cronbach alpha. According to Olanye and Eromafuru (2016), and Hair, Black, Babin, and Anderson (2010), they confirmed that a Cronbach alpha index greater than 0.7 would be adequate to verify the variables and their reliability. Cronbach’s alpha was established for each research variable in this study. Thus, the study obtained an alpha value of 0.749 as an indicator of the reliability of the research instrument. A reliability test was done on all the questionnaires, which was used for pilot testing. The reliability test results are presents in Table 3.6.

Table3.2. Results of Reliability Tests

Variable	Cronbach’s Alpha value	Number of Items	
Customer focus competence	0.674	15	Reliable
Managerial competence	0.919	13	Reliable
Performance	0.536	31	Reliable
Aggregate score	0.749		Reliable

Source: Pilot Study (2022)

The results as presented in Table 3.6 displays that Cronbach's Alpha index values ranged from 0.536 for the performance variable to 0.919 for the managerial competence variable and 0.674 for customer focus competence. As a result, the cumulative score of the reliability test for the variables was 0.749 which was adequate to verify the variables and their reliability (Olanye & Eromafuru, 2016; Hair, Black, Babin& Anderson, 2010).

4.2. Descriptive Statistics for Customer Focus Competence

In this subsection the results for customer focus competence are presented. The researcher investigated various aspects of customer focus competence; managing customer problems, customer focus skills, customer focus and personalized services. Inquiry results are exhibited in Table 4.4 presenting the descriptive results in terms of means and respective standard deviations.

Table4.2. Descriptive Statistics for Customer Focus Competence statements

	n	M	SD	CV (%)
Managing customer problems				
We manage guest problems and complaints promptly	217	4.76	0.495	24
We handle guest complaints with professionalism	217	4.79	0.581	10
We regularly gather customer feedback and act on them	217	4.66	0.592	27
Average for managing customers problems	217	4.74	0.556	
Customer service skills				
Our staff have good customer coordination skills	217	4.61	0.630	15
Our employees have good customer skills	217	4.64	0.577	31
Our customer care service team are patient when dealing with customers	217	4.77	0.512	12
Average for customer service skills	217	4.67	0.573	
Customer focus				
We provide personalized customer services	217	4.53	0.680	16
Our hotel is committed to ensure customers’ needs are met	217	4.74	0.707	25
Our hotel services and products are built around the Customer needs	217	4.45	0.875	26

Average for customer focus	217	4.51	0.754	
Personalized Services				
We provide entertainment such as room TV newspapers, visiting musicians and magazines	217	4.02	1.137	8
We provide internet, and telephone facilities	217	4.61	0.763	12
We provide travel related facilities like car rentals and hotels stay insurance to individual customers	217	3.54	1.372	18
Average score for personalized services	217	4.06	1.0191	
Aggregate score for customer focus	217	4.51	0.743	19

Source: *Survey Data (2022)*

The tabulated outcome demonstrated that the entire combined mean for customer focus 4.51 with a standard deviation of 0.743. The aggregate mean for sub dimensions of customer focus ranged between 3.54 for providing car rentals and in stay insurance policy 4.79 for handling guest issues with expertise. Similarly, the aggregate standard deviation for this sub dimension ranged between 1.372 and 0.581. Concurrently the smallest and largest aspects of managing customer’s problems were gathering customer’s feedback regularly at 4.66 and handling guest with professionalism with 4.79. Similarly, the aggregate standard deviation for this sub dimension ranged between 0.592 for gathering feedback and 0.581 for handling guest complains with professionalism. This demonstrates that variability of responses was typically narrow for the observed subdimension of managing guest problems signifying that the reported aggregate means were appropriate for estimating the respective population parameters. This implies that customer’s problems issues are managed a large extent.

Regarding the aspects of customer service skills was having a mean of 4.61 and standard deviation of 4.77 for aspects of good customer coordination skills and that of customer care service providers were patient when handling customers. Likewise, the aggregate standard deviation for this sub dimension ranged between 0.630 for customer coordination skills and 0.512 for service teams are patient when dealing with customers. This suggests that respondents agreed to a large extent that customer services were emphasized.

Moreover, aspects in regard to customer focus indicated the largest sample mean was 4.74 on commitment to ensure customers’ needs are meet and 4.45 on services and products are built around customers. The aggregate score to the questionnaire items on customer focus was 4.51 with a standard deviation of 0.754. In regard to the subsection of providing personalized services had the highest mean of 4.61 for providing internet and telephone facilities in rooms with a standard deviation of 0.763. Also, aspects about entertainment by providing newspaper and visiting musicians had the lowest mean of 4.02 with a standard deviation of 1.137. Further the response rate for personalized services showed that they provided personalized services acquired a mean score of 4.06 equally standard deviation of 1.0191. It demonstrated aspects of customer focus competence were to a great extent agreed by the respondents. This indicates that the hotels should improve on provision of entertainment such as room TV, newspapers, visiting musicians and magazines, travel related facilities like car rentals and hotels stay insurance to individual customers.

Table 4.4 demonstrates that the aggregates scores of customer focus were 4.51 with standard deviation of 0.743. This suggests that the respondents strongly agreed that customer focus competence factors were very important in ascertaining performance. Based on results as illustrated in Table 4.4, the sample mean, standard deviation coefficient variation illustrated aspects scored 4.51, 0.743, and 19% respectively. These overall results demonstrate the importance of the activities adopted for evaluating customer focus competence on the performance of hotels.

In addition, star rated hotels applied customer focus competence in serving their customers and suggesting that serving and satisfying customers was an important function of the hotels so as to perform. There is therefore need for hotels to devote resources in training and developing customer focus skills of their employees through refresher course and seminars. The study agreed with Kavulya, Muturi, Rotich and Ogallah's (2018) who argued that customer focus explicitly determines the performance. However, these results differed from those of Onyango (2017), who discovered no

correlation between performance and customer focus.

4.3. Hotel Financial Performance

The financial performance of the hotel was measured using sales growth and profitability. The outcomes are exhibited in Table 4.10.

Table 4.3. Financial Performance

Financial Performance	Below 0%	1- 10%	10-20%	20-30%	Above 30%	Mean	Std. D
Profitability	0.40%	20.70%	18.80%	24.20%	30.90%	19.00%	10.174
Sales growth	0.00%	18.80%	14.80%	27.70%	33.60%	18.98%	11.554
Aggregate	0.20%	19.75%	16.80%	25.95%	32.25%	18.99%	10.864

The indication in table 4.10 specifies that the many of the hotels recorded profitability between 20-30% (24.2%), and above 30% (30.9%). In average 18.8% hotels recorded profitability of 10-20%, while only 0.4% of the hotels recorded profitability below 0%. The mean profitability for the hotels was 19%, with a standard deviation of 10.174. Regarding sales growth, the majority of the hotels recorded sales growth of above 30% (33.6%) and 20-30% (27.7%). About 14.8% of the hotels recorded sales growth of 10-20%, while 18.8% of the hotels recorded sales growth of 1-10%. None of the hotels recorded a negative sales growth during the period under study. The mean sales growth for the hotels was 18.980%, with a standard deviation of 11.554.

The aggregate results indicate that the hotel's financial performance was relatively moderate, with a mean of 18.99% across both sales growth and profitability measures. Specifically, the mean increase in profit was 19.00%, while the mean sales growth was 18.98%. The standard deviation was 10.174 for profitability and 11.554 for sales growth, indicating that there was some variability in the hotel's financial performance over the years. However, the overall aggregate standard deviation was 10.864, suggesting that the hotel's financial performance was relatively not stable during the 5-year period under study.

Therefore, findings indicate that business in hotels had experienced some moderate growth in respect to sales growth and profitability over the period under study. These can be attributed to several factors, such as managerial competence, customer focus competence, emotional intelligence competence, innovation capability and environmental turbulence. The study asserted that core competences lead to improved performance. This is congruent with Hawi, Alkhodary and Hashem, (2015) who asserted that core competences influences performance of hotels. Similarly, Veliu and Manxhari (2017) reported that core competences aspects of customer focus, managerial competence and emotional intelligence leads to improved performance of hotels.

5. INFERENCE STATISTICS

5.1. Multiple Linear Regression for Direct Relationship

The study conducted multiple linear regression analysis in the testing of the first three hypotheses. In this regard managerial competence, customer focus and emotional intelligence competence was regressed against firm's performance. Testing hypotheses was done using multiple regression analysis and was interpreted using R value at $p < 0.05$ and R square values. The study conducted multiple linear regression both non-financial and financial firm performance by testing the first three hypotheses. In this regard managerial competence, customer focus and emotional intelligence competence were regressed against firm's performance.

The findings were exhibited in Table 4.19.

Table 4.4. Model Summary

Model	R	R – Squared	Adjusted R – Squared	Std. Error of the Estimate
1	.936	0.877	0.875	0.10782

Source: Survey Data (2022)

The statistic model in table 4.19 illustrated an R value of .936, which indicates a strong positive correlation between the managerial competence, customer focus competence and emotional intelligence and firm performance. The R Square value of 0.877 gave the impression that approximately 87.7% of the discrepancy in the firm performance can be explained by managerial competence, customer focus competence and emotional intelligence. The Adjusted R Square value of 0.875 indicates that the model provides a good fit to the data, and that managerial competence, customer focus competence and emotional intelligence explains a significant portion of the disparity in the firm performance, even after accounting for the entire of predictors in the model. The Standard. Error of the Estimate value of 0.10782 suggests that the model displayed a good level of precision in predicting performance. This value represents the average difference amongst the real and predicted values of the dependent variable.

Table4.5. Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.602	3	5.867	504.728	.000b
	Residual	2.476	213	0.012		
	Total	20.078	216			

Source: Survey Data (2022)

Table 4.20 displays the F-value of 504.728 as obtained by dividing the mean square of regression by the mean square of residual. This F-value suggests that regression model is analytically significant at a high level of confidence ($p < .000b$). Regression sum of squares is 17.602, indicating that the managerial competence, customer focus competence and emotional intelligence based on the model clarify a significant amount of the variation in the performance of hotels. The residual sum of squares is 24.76, representing the unexplained variation in the performance. The mean square for the regression is 5.867, indicating that the variance explained by the managerial competence, customer focus competence and emotional intelligence is relatively large.

Table4.6. Coefficients of regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std Error	Beta		
1	(Constant)	0.41	0.107		3.819	0.000
	Managerial competence	0.19	0.026	0.24	7.195	0.000
	Customer focus competence	0.333	0.032	0.383	10.417	0.000
	Emotional intelligence	0.389	0.034	0.429	11.511	0.000

Dependent: variable firm's performance

Predictors: (constant) managerial, customer focus and emotional intelligence competence

Source: Survey Data (2022)

The findings in table 4.21 indicated the aspects of core competence (managerial competence, customer focus and emotional intelligence) if held constant the performance would be equal to 0.41. Results similarly demonstrate that if all factors are held constant an improvement in managerial competence to leads improvement for performance by 0.24. Likewise if all factors are held constant an improvement in customer focus result to an improvement of 0.383 increased performance. Additionally, holding all factors constant an improvement in emotional intelligence would result to improvement in performance by 0.429.

According to the extent of each variable to predict performance, the results indicates that emotional intelligence had the highest effect, followed by customer focus and managerial competence on performance with the standardized coefficients as 0.429, 0.383, and 0.24 respectively. These coefficients suggest that emotional intelligence has the strongest impact on the performance of star rated hotels. The t-values for all three independent variables are statistically significant ($p < 0.05$), indicating that they are significant predictors of the hotel performance. Also the highest t-value is

associated with emotional intelligence (11.511), followed by customer focus (10.417) and then managerial competence (7.195). Therefore, the linear model is presented below.

$$P = 0.41 + 0.19X_1 + 0.333X_2 + 0.389X_3 + 4.3$$

Considering the results of the multiple linear regression analysis, all hypotheses were rejected because the variables, managerial competence, customer focus and emotional intelligence were found to have a positive significant effect on the performance.

The findings concur with Hawi, Alkhodary and Hashem (2015) that aspects of managerial competence such as problem solving, training and staff empowerment influences performance. The inferences also agree with Mashavira, Chipunza and Dzansi (2019), that there it is prerequisite to train employees on the aspects of managerial competence for improved firm's performance. This finding concurs and was supported by Elias and Mwakujunga (2019), prior studies. Equally the findings corroborate the preposition made in the core competence theory that carrying out managerial functions efficiently and effectively leads to superior performance. In addition, management should understand their existing core competences and develop their skills, aptitudes, and this helps managers to direct organizations ahead of their competitors (Prahalad & Hamel, 1990). In addition, having skilled manager who has strong capabilities cannot be underscored to sustain performance (Agha, Alrubaiee & Jamhour, 2011; Asamoah, 2020). Furthermore, the theory helps firms and managers to identify their strength in different key competences leading to competitive advantage and performance (Hamel, 1994; Mugo, 2016)

The findings made in this study are associated with prior observation made by Kavulya, Muturi, Rotich and Ogallah (2018), that customer focus influences performance. On the contrary the findings of Sutradhar and Dutta (2017), indicated a direct and indirect sway of customer focus on the hotels' performance. Yaacobs (2014) study showed that customer focus had an indirect relationship with performance. Further the conclusions made validated the preposition that customer focus contributes to customer benefits, improves on customer's anticipated value and generates customer gratification leading to firm's performance (Prahalad & Hamel, 1994; Agha, Alrubaiee, & Jamhour, 2011).

5.2. Theme Two: Customer Focus and Performance

In this section the respondents were expected to ascertain the effects of customer focus on performance of star rated hotels in Kenya. The respondent indicated that customer focus was very important in realization of performance. Most of the respondents indicated that managing customer complaints was important in ensuring customers' expectation and needs are met. In addition, respondents stated that when customers complains are handled professionally it translates to customer satisfaction whereby customers are satisfied with the service offered and its leads to customer loyalty. Equally, dealing with customers complains serves as a source of insights on the areas that should be worked on and be improved. Additionally, respondents affirmed that application of customer focus skills improves the provision of services, by providing well-organized services and so improves on service delivery. Thus, there is improvement between employees and customers relationship and hence increasing the revenue and the reputation of the hotel. Generally, the respondents were of the opinion that providing better customer service leads to customers repeat purchase and retention therefore provides businesses with lucrative long-term relationships. In addition, the respondents indicated that customer focus leads to profitability. This was captured in statements such as "customer focus leads to the attraction of new customers which increased the profits of the hotels". The respondents indicated that customer focus was very important in hotels as it explains revenue and business performance.

6. FINDINGS AND CONCLUSIONS

In relation to the second hypothesis, the study supposed that customer focus had important effect on the performance of star rated hotels in Kenya. Customer focus was operationalized using managing customer's problems, customer's attention, and customers service skills. In relation to customer focus competence, the study extrapolated that all the aspects of customer focus competence that included managing customer problems, customer service skills and customer focus were positively significant on the performance of the hotels. Customer focus competence was statistically significant, and

beneficially impacted on the performance of star rated hotels in Nairobi City County. Findings showed that efforts were made to ensure that they provide attention to customers' needs, and managing their problem and complaints professionally and promptly. The hotel staffs provided customer attention patiently and dexterously. In addition, they went out their way to satisfy customer needs at customer's convenience in an effective manner.

Customer focus competence was statistically significant, and beneficially impacted on the performance of star rated hotels in Nairobi City County. The study revealed that customer focus competence was key in satisfying customers' needs, attracting new customers, repeated purchase and increased profit. The study illustrated that customer focus competence had a statistical significant effect on the Performance of star rated hotels in Nairobi city county, Kenya and the null hypotheses was rejected. The study revealed that customer focus competence was key in satisfying customers' needs, attracting new customers, repeated purchase and increased profit. Consequently, customer focus competence was important in handling guest complaints with professionalism, providing better customer care service. In addition, activities related to managing customer problems, giving customers attention and customer services skills were applicable in the hotels. This means that managers should invest and put emphasis on customer focus to a greater extent as driver of performance

7. RECOMMENDATIONS

The study recommended that consideration be made to addressing complaints and customer services strategy. Top management of the star rated hotels should develop a strategy on how to receive assess and manage customers complains and problems consistently and resolving their problems exceptionally well. The study recommends that managers should consider giving attention to customers' issues. The hotels should adequately and strategically make arrangement to provide adequate facilities on car rentals to make customers travel with ease and conveniently. In addition, the hotel management should improve on the kind of entertainment they offer to their clients that matches with their preferences. This can be done effectively by allowing the clients propose the kind of entertainment they would prefer most as they place their bookings

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