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THE INFLUENCE OF BLUE OCEAN STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF THE THREE AND FOUR-STAR RATED HOTELS IN NAIVASHA SUB-COUNTY, KENYA

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ABSTRACT

Background of the study: Blue Ocean Strategies represent innovative and value-centric approaches designed to carve out unexplored market spaces, shifting the emphasis from competition to innovation. Nevertheless, the impact of these strategies on the performance of three and four-star hotels in Naivasha Sub-County remains uncertain, prompting the initiation of this study.

Objective of the study: The primary goal is to assess how the adoption of blue ocean strategy influences the organizational performance of star-rated hotels in Naivasha, Kenya. Specifically, the study aims to examine the effects of low-cost strategy and value innovation strategy on the organizational performance of these hotels.

Methodology: The Resource-Based View theory and the Beach theory will serve as the theoretical framework for this study, conducted through a descriptive survey design. Thirty-eight three and four-star rated hotels in Naivasha, Kenya, constitute the target population. The study used a census due to the relatively low target population size. A pilot study was executed among 3 to 4-star rated hotels in Kisumu sub-county, chosen for their similar operational environment. The questionnaire's validity was determined by a supervisor and two strategic management experts, while reliability was established through Cronbach Alpha Coefficients, interpreted at a 0.7 level, based on the pilot study outcomes. The study involved 76 respondents, with each hotel selecting two managers who were knowledgeable about blue ocean strategies and their influence on organization's performance. Primary data was gathered through the use of a questionnaire. The study used descriptive and regression analysis to analyze the data.

Results and Findings: The results, showcased in tables and figures, indicated that low-cost strategy ($p<0.05$) and value innovation strategy ($p<0.05$), have a positive and significant effect on the firms' performance of the 3 and 4-star rated hotels in Naivasha Sub-County, Kenya.

Conclusion and Recommendation: As a result, the study concludes that blue ocean strategies are substantial predictors of organizational performance. The study recommends that senior managers working with the three and four star rated hotels in Naivasha sub sub-county should ensure there is prudent and optimal utilization of resources to harness superior performance. The Information and Communication Technology (ICT) managers working with these hotels should invest in emerging technologies to increase operating efficiency and reduce costs hence better organizational performance. The study further recommended that operational managers working with the three and four star rated hotels in Naivasha sub sub-county should actively redesign the systems and processes that are conducted on a daily basis for increased flexibility and agility hence better organizational performance of their hotels.

1. INTRODUCTION

Achieving superior organization performance is the best way that managers can leverage as a way of maximizing the wealth of owners of their companies (Abdel-Dayem, Ragheb, Abdel-Azzim, Hamaida & Abdel-Bary, 2021). Better organization is strongly hinged on the strategies that are formulated and implemented to allow an organization respond to changes in the environment (Išoraitė & Alperytė, 2022). Blue ocean strategies are among the strategies that managers have found useful in driving superior performance. This has attracted significant attention among scholars from global, regional and local perspectives (Alam & Islam, 2017). According to Hassan, Hawas and Salman (2022) in Turkey, blue ocean strategy is an important framework that that can allow organizations to enhance their competitive edges thus positively contributing towards organizational performance. Evidence from Jordan by Al-Qudah and Hashem (2018) indicate that majority of the firms in the country have widely embraced blue ocean strategies with the aim of enhance organizational performance. Key BOS identified include elimination, reduction increasing and innovation processes. Within Malaysian context, Shafiq, Tasmin, Takala, Qureshi and Rashid (2017) noted that value innovation is an important indicator of BOS that contributes towards superior organizational performance. In Saudi Arabia, Al-Nsour (2016) indicated that value innovation strategy and strategy canvas are important aspects of BOS that contribute towards organizational performance

Regionally within the context of Egypt, Eltobgy and Abd-Elmoaty (2018) indicated that low cost strategy, differentiation and strategy canvas are critical components of BOS that have positive effect on organizational performance. In Nigeria, Okechukwu, Ekwochi and Eze (2018) observed that formulating BOS is a dynamic and accomplishment since it has potential top positively impact market share and satisfaction of customers as key constructs of organizational performance of the firm. In South Africa, Priilaid, Ballantyne and Packer (2020) noted that innovation and product differentiation are critical BOS that companies have embraced for better performance. In Kenya, Sang and Kimitei (2021) identified important BOS that allow an organization to operate in the most flexible manner to include elimination, reduction and creation as well as innovation.

Organizational performance is the achievement of set goals both financial and non-financial within established time frames. It is a broad term that covers both monetary and non-monetary aspects which an organization seeks to realize within the established time period. Superior organizational performance is an important achievement especially for steward managers as this gives them a sense of accomplishment and worth (Sang & Kimitei, 2021). Organizational effectiveness pertains to how well a company attains its objectives and goals, encompassing both non-financial and financial results. It encompasses measures of efficiency, effectiveness, and sustainability, and may also take into account the organization's ability to adapt and innovate in response to changing environmental conditions (Alatawi, Ntim, Zras & Elmagrhi, 2023). According to Danilwan and Dirhamsyah, (2022). Organizational performance can be characterized as the company ability to successfully accomplish its mission and goals through the efficient and effective utilization of its resources. This encompasses various dimensions, such as financial performance, customer satisfaction, employee engagement, and the ability to respond to environmental changes and challenges.

Blue ocean strategy (BOS) is simultaneous pursuance of low costs, differentiation with the aim of opening up markets and creation of relatively new demand. BOS is defined as creation and capturing of unexplored markets hence rendering competition to be less relevant (Sang & Kimitei, 2021). It is also defined as a strategy that allows firms to develop relatively new opportunities of growth through shifting its emphasis and focus from strategies that are geared towards outperformance or countering competition in place to strategies aimed at coming up with markets spaces that are not contested (Yunus & Sijabat, 2021). Preliminary survey of literature in the background of this indicate that key measure of BOS include differentiation, low cost, and value innovation, along with an analysis of the strategy canvas.

Low cost strategy allows an organization to be transformed in a low cost leader by making products at relatively low prices without compromising quality (Erekson & Williams, 2022). Success of low cost plan is strongly influenced by the ability of the firm to run operations are a lesser cost compared to other industry rivals (Samrin, Irawan & Se, 2019). Value innovation strategy is the foundation of a BOS (Dana, Salamzadeh & Davis, 2023). This is because in creation of untapped markets, the value offered to customers by the firm arises from the utility offered by the products in question less the prices charged (Nasereddin, 2023). Much of the focus of value innovation under BOS is on the value the firm gives its customers to render competition as irrelevant (Yunus & Sijabat, 2021).

In Kenya, hotels operate in the larger hospitality sector and they are rated depending on the quality of their services (KTB, 2023). Compared to lowly rated hotels, those that are highly rated like for the case of 5-star hotels provide quality services with greater ambience. The existence of hotels in Naivasha plays a crucial role in fostering the economic advancement of the area by generating tax revenue to the government and creation of employment opportunities. These firms contribute towards overall productivity of the country by fulfilling one of the most basis need of people which is access to food. Hotels in Naivasha operate in a challenging and competitive environment. The industry is characterized by high level of rivalry and concentration (Gichuhi, Koome & Njenga, 2021). Intense competition within the Naivasha hotel industry has compelled certain establishments to withdraw from the market due to operational challenges and elevated operating expenses. This hotel sector was among the sectors ion Kenya that were negatively affected by COVID-19 pandemic that started late 2019. While these companies are presently striving to bounce back from the impact of the mentioned pandemic, it is crucial for them to adopt Blue Ocean Strategies (BOS). Hence, the current research aims to investigate how the implementation of BOS affects the performance of organizations of the 3 and 4-Star hotels in Naivasha, Sub-County.

Statement of the Problem

Attaining outstanding organizational success continues to be a significant hurdle for hotels in Naivasha, Kenya. Intense rivalry and high level of competition in this industry has forced some of them to exit the market because of inability to meet operating expenses they incur (Gichuhi, Koome & Njenga, 2021). Despite this trend of increasing poor performance of these hotels, little efforts have been registered to provide a model for helping these firms to achieve superior performance. Persistence of this trend can lead to collapse of the entire industry and the government of Kenya would lose millions of tax revenues as well as job losses. However, effective implementation of BOS can help firms like for the case of the said rated hotels to simultaneously pursue low cost and differentiation strategies and thus enter into untapped markets (Hassan, Salman & Hawas, 2022). This will allow these firms to render competition of irrelevant. They will also have access to new customers hence increasing sales. The ripple effect of all this would be generation of superior performance.

The existing studies include Al-Qudah and Hashem (2018) who focused on telecommunication entities in Jordan determine the link between BOS and competitive advantage. The study BOS and competitive advantage are significantly linked with each other. In Nigeria, Okechukwu et al. 2018) determined the link between BOS and performance of telecommunication entities where it emerged that BOS has direct and significant link with customer satisfaction and market share. In the study conducted by Priilaid, Ballantyne, and Packer (2020) in South Africa, their attention was directed towards the relationship between BOS and performance, revealing a notable correlation.

However, the studies mentioned earlier produce different findings, as exemplified by Al-Qudah and Hashem (2018), which conducted research in Jordan rather than Kenya. Additionally, Al-Qudah and Hashem (2018) employed competitive advantage rather than firms' performance. This created gaps which the present study sought to fill by determining the effect of blue ocean strategies and organizational performance of star rated hotels in Naivasha, Kenya.

Objectives of the Study

The study was guided by the general as well as specific objectives;

General Objective

The general objective of the study was to establish the effect of blue ocean strategies and organizational performance of the 3 and 4- Star rated hotels in Naivasha, Kenya.

Specific Objectives

The following were the specific objectives of the study;

i. To establish the effect of low cost strategy on organizational performance of star rated hotels in Naivasha, Kenya

ii. To analyze the effect of value innovation strategy on organizational performance of star rated hotels in Naivasha, Kenya

Research Questions

i. Does low cost strategy on organizational performance of star rated hotels in Naivasha, Kenya?
ii. How does value innovation strategy on organizational performance of star rated hotels in Naivasha, Kenya?

2. LITERATURE REVIEW

Theoretical Review

The research was anchored towards resource based view as the main theory supporting organizational performance followed by the beach theory.

Resources Theory

Penrose (1959) introduced the theory suggesting that organizations function in a stable, rather than a dynamic, environment. The theory posits that competitive advantage and enhanced organizational performance can be attained by organizations through the effective utilization of their internal capabilities and resources. RBV view such resources and competences that can aid in achievement of superior performance as having some specific attributes like rareness, valuable, uniqueness with ability of not being easily imitated by competitors (Wernerfelt, 1984). By having in such resources with these attributes and through their effective utilization, firms are likely to enhance their organizational performance (Barney, 1991).

Under this theory, resources include tangibles like machineries and computers as well as the intangible ones like knowledge process as well as the existing software. These resources are internal in an organization. Competencies include specific knowledge, abilities and skills possessed by employees which are unique in a given industry that the firm operates in (Kraaijenbrink, Spender & Groen, 2010). Managers can leverage both tangible and intangible resources to boost value creation, thus enhancing the overall performance of the organizations under their supervision (Madhani, 2010).

This theory has been critiqued for its failure to recognize external forces of the environment that are ever turbulent. The theory has limited applicability in a turbulent environment hence it is more specific in a static environment. This critique let to development of the dynamic capability theory to complement this limitation (Newbert, 2007). However, in spite of this limitation, the RBV will serve as the foundation for assessing organizational performance, which is the primary dependent variable. The theory will shed more light on how entities can leverage bundles of resources in place for realization of competitive advantage and thus improving on their organizational performance. The RBV theory can be applied to ICT infrastructure by examining how a firm can gain a competitive edge and enhance its long-term performance when its resources and capabilities are in sync with the value, rarity, inimitability, and lack of substitutes.

Beach Theory

Developed by Stone and Kaufman (1988), the beach theory provides a good framework for comparing BOS and competitive strategy advanced by Porter (1985). The concept of BOS and its associated constructs and measures can best be explained by the aid of this beach theory. This theory primarily centers around similar businesses selling comparable products situated in the same beach location. Hence, it is only the convenience of location of such firms that would help in differentiating one enterprise from another. This is because enterprises that can be accessed easily are the ones which customers would find it easier to access products and services. The location of these enterprises alongside the beach is a representation of a maximum strategy of differentiation of the said identical firms operating along the same beach (Stone & Kaufman 1988).

The beach theory serves as a framework for understanding BOS and its associated constructs and measures, in which it focuses on the range of opportunities available to firms, from highly specialized and niche markets to broad and diverse ones (Sixaba, 2023). The concept centers on companies involved in comparable products, whether they operate within the same industry or provide similar goods and services. These firms are essentially competing with each other. It represents the competitive landscape where these identical firms operate. Firms are positioned at various locations along the beach, suggesting that they may have different levels of specialization or differentiation (Kamkankaew, Phattarowas, Khumwongpin, Limpiaongkhanan & Sribenjachot, 2022). The beach theory offers a unique perspective on differentiation in competitive markets, it is not without its limitations and criticisms. It may not fully capture the complexity of modern business environments and may require further refinement and empirical validation to be considered a robust and widely applicable framework (Allioui & Mourdi, 2023). The main independent variable in the proposed study is blue ocean strategy represented by differentiation, low cost, value innovation as well as strategy canvas. Through this beach theory, an illustration of how these variables contribute towards enhancement of BOS for better organizational will be explored.

Conceptual Framework

The conceptual framework of the study is shown in Figure 1

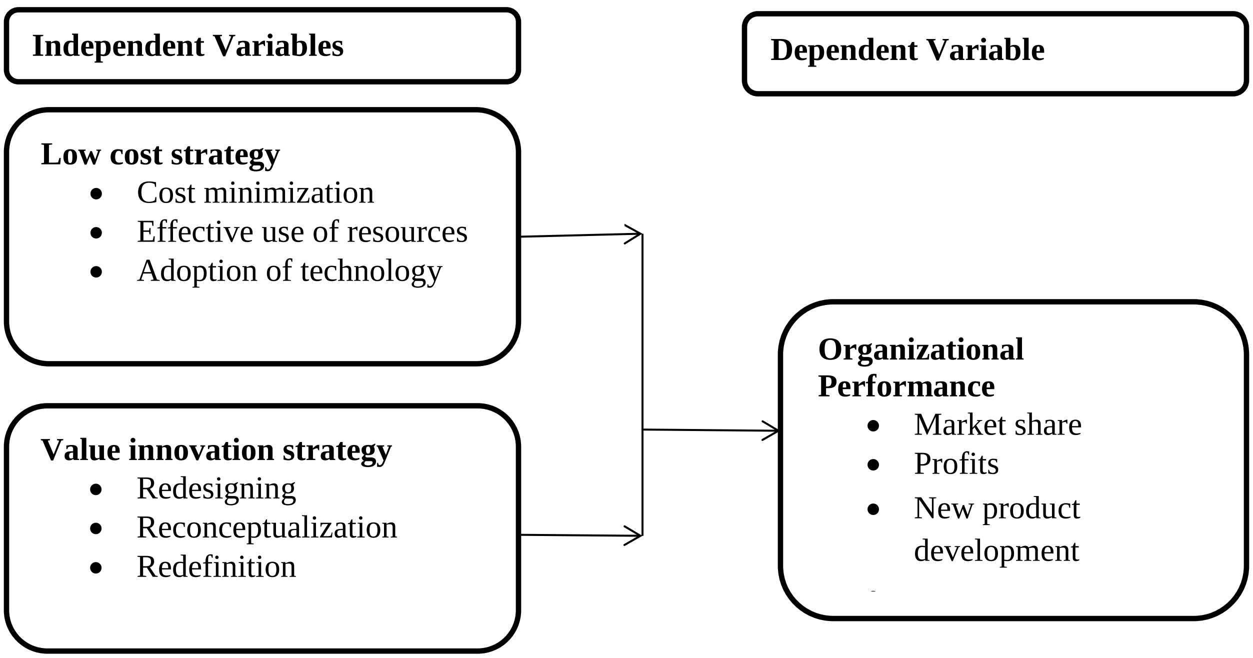

Figure 1: Conceptual Framework

Empirical Literature Review

Low-Cost Strategy

In their 2019 study, Kankam-Kwarteng, Osman, and Donkor investigated how the adoption of a cost-effective approach is linked to the performance of restaurants in Ghana. Employing a descriptive survey method, they gathered data through questionnaires. Their analysis, which involved regression analysis, unveiled a noteworthy and positive connection between implementing a low-cost strategy and the overall performance of the firms.

Chepchirchir, Omillo and Munyua (2018) conducted an investigation on the context of logistics firms in Kenya in terms of cost leadership and their performance. The adopted design was explanatory in nature and while 151 participants were targeted, 110 were sampled. Participants in this inquiry were drawn from senior positions from a total of 10 entities with operation in Jomo Kenyatta airport in Nairobi. The analysis indicated that cost leadership positively influenced firm performance.

Wairimu and Kirui (2020) focused on cost leadership strategy and how it is linked with performance with main emphasis on tea processing entities in Muranga. The embraced design was descriptive survey and in total, 9 firms were covered. Participants from these entities totaled to 407 and strategy adopted was quantitative in nature. After processing of the information that had been generated from participants, the observation indicated that adopting a cost leadership strategy had a clear and substantial correlation with overall firm performance.

Njuguna and Waithaka (2020) did an investigation into cost leadership strategy and performance at an entity level with focus insurance entities in Nyeri. In total, 25 insurance entities were sampled and census was adopted. Participants from these entities were sampled purposively and they totaled to 125 in number. Original data was collected with the help of a survey. The analysis revealed a notable correlation between cost leadership and performance at the organizational level.

Value Innovation Strategy

Mohammed, Ammar, Noorminshah, Daing, Sieh and Gamal (2021) explored the impact of value innovation on enterprise-level performance. The study was supported by systematic review of literature where it emerged that value innovation is guided by elimination, reduction, enhancement and creation of new elements including services and products. The paper noted that value innovation entails integration of resources and the need to develop competencies that are so superior. It involves re-designing, redefinition, and reconceptualization of models that guide operations of the firm.

Alosani, Yusoff and Al-Dhaafri (2020) did an analysis in Dubai with key emphasis in innovation and its link with performance at firm level. The specific context which this inquiry was conducted was Dubai police. In total, 150 participants were targeted and issued with questionnaire tool and 95 were completed and recollected. After data processing, it was evident and clear that innovation is critical for superior performance of an entity.

Eke and Onuoha 2020) conducted an analysis of strategies for innovation and their implication on performance with key focus on firs involved ion packaging of water in

Nigeria. The adopted methodology was cross sectional ion nature and information gathering was aided by questionnaire. Testable hypotheses were formulated and determined after information had been generated and processed. It was noted that aggressiveness, defensiveness, futurity and pro-activeness are critical aspects of innovation that predict performance at firm level.

In 2020, Gachora, Kinyua, and Mburugu investigated the relationship between value innovation and the financial outcomes of manufacturing firms in Kenya. The paper theorized that value innovation is a key enabler of BOS. The investigation encompassed 488 manufacturing entities, and data was gathered through questionnaire. Embraced design was descriptive survey in nature. The strategy adopted was quantitative in nature. It was observed after processing of the generated information from participants that value innovation enhances organizational performance of an entity.

3. RESEARCH METHODOLOGY

Research Design

Research design is a plan and strategy that the investigator undertakes to achieve the stated objectives. It is the overall structure under which a given study is conducted (Eden & Nielsen, 2020). The present study adopted descriptive survey design. Similar studies that adopted this design include Kitheka and Bett (2019). This design helped in providing accurate description of BOS and organizational performance with focus on three and four rated star hotels in Naivasha, Kenya.

Target Population

Target population is a collection of items including individuals which have related attributes that the researcher has interest to explore (Atkinson, Delamont, Cernat, Sakshaug & Williams, 2021). In a recent survey that was conducted by Gichuhi et al. (2021), it was noted that there are 38 three and four star rated hotels in Naivasha sub sub-county and it's environ and the focus of the current research revolved around using this as the primary unit of analysis. From these hotels, any two senior managers in each hotel who were targeted as the unit of observation hence 76 respondents were targeted.

Sample Size and Sampling Technique

Sample size is the smallest unit that is representatively selected from the target population. The sampling method is a suitable approach employed for choosing a subset from the overall population under consideration (Kara, 2020). In this study, given the fact that the target population of 76 respondents is so small, census was undertaken and thus no sampling was conducted. According to Rose, McKinley and Baffoe-Djan (2019), conducting a census is most suitable when the population consists of fewer than 200 elements or units, or units like for the case of this proposed study.

Data Collection Instruments

A data collection instrument serves as a means for researchers to gather information from both primary and secondary sources (Lê & Schmid, 2022). In this research, firsthand information was gathered by employing a semi-structured questionnaire. The main reason of adopting questionnaire as a toll for gathering information in this study is because of its potential to enable gathering of huge amount of information over limited time. The survey was organized with a combination of closed and open-ended questions, using a 5-point Likert scale that spans from 1 (representing strong disagreement) to 5 (indicating strong agreement). There were sections indicated on the questions guided the general information and specific variables of the study.

Pilot Testing

Pilot test is a min study is conducted prior to the actual inquiry and it seeks to validate the questions to ensure it is reliable. A pilot study was conducted among 3 star to 5 star rated hotels in Kisumu sub county, since these hotels tend to have a similar environment of operations like operating along the shores of a lake and within a vibrant economic zone.

Data Analysis and Presentation

Once data was fully gathered from respondents, it was keyed into excel so that relevant checks are conducted for quality and consistency. It was then exported to Statistical Package for Social Sciences version 24 for computation. Descriptive and Regression analysis was conducted to make relevant inferences and the model was specified below;

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon}$$

Where Y= Organizational performance
B_0 = Constant
β_1 and β_2 are Coefficients
ε = error term
X_1= Differentiation strategy
X_2= Low cost strategy

4. DATA ANALYSIS AND PRESENTATION

Presentation and Discussion of Descriptive Statistics

This section presents the findings on the specific objective variables of the study.

Low-Cost Strategy

The results from analyzing descriptive statistics regarding the low-cost strategy within the framework of the blue ocean strategy were established and outlined in Table 1.

Table 1: Low-Cost Strategy

Statement	Mean	Std. Dev
Our hotel emphasizes cost efficiency without compromising service quality	3.73	.873
We utilize technology and streamlined processes to reduce operational costs	3.87	.792
Our hotel offers competitive pricing compared to other star-rated hotels	3.74	.793
The hotel identifies and eliminates non-essential expenses to maintain cost leadership	3.92	.760
Overall Score	**3.815**	**0.805**

Presented in Table 1 are the results of descriptive statistics regarding the implementation of a low-cost strategy. The general inference drawn from the data in this table indicates a consensus among respondents that a low-cost strategy is indeed being utilized in their hotel, with a mean score of 3.815. This means that low-cost strategy helped studied hotels to implement their blue ocean strategies. A number of benefits can accrue to the firm that has successfully implemented a low-cost strategy. This according to Erekson & Williams (2022) include allowing the firm to be transformed in a low-cost leader by making products at relatively low prices without compromising quality.

Respondents agreed that they identified and eliminated non-essential expenses to maintain cost leadership (M=3.92) besides utilizing technology and streamlined processes to reduce operational costs (M=3.87). This shows that elimination and adoption of technology were salient aspects of low-cost strategy in the studied hotels. Yunus and Sijabat (2021) summed up the same arguing that low cost strategy requires an organization to put in place rigorous measures of coming up with standardized products.

The study revealed that they offered competitive pricing compared to other star-rated hotels (M=3.74) besides emphasizing the cost efficiency without compromising service quality (M=3.73). This implies that low-cost strategy contributed towards competitive pricing of the products and cost efficiencies. The finding is in consistent with Samrin, Irawan and Se (2019) who indicated that success of low-cost plan is strongly influenced by the ability of the firm to run operations are a lesser cost compared to other industry rivals

Value Innovation Strategy

The results of descriptive statistics related to the value innovation strategy were determined and outlined as presented in Table 2.

Table 2: Value Innovation Strategy

Statement	Mean	Std. Dev
Our hotel identifies and fulfills unmet needs in the market to create new value for guests	3.76	.887
We regularly seek feedback from guests to improve our offerings and services	3.94	1.098
Our hotel introduces new and unique amenities to attract and retain guests	3.87	.887
Our hotel has successfully aligned its offerings with customer preferences through continuous innovation	3.93	.659
Overall Score	**3.875**	**0.883**

Table 2 show that value innovation strategy was practiced in the studied hotels (M=3.875). Thus, blue ocean strategies in the studied hotels entailed the adoption and operationalization of the value innovation strategy. As indicated by Dana, Salamzadeh & Davis (2023), the value innovation strategy is the foundation of a BOS. In creation of untapped markets, Nasereddin (2023) argued that the value offered to customers by the firm arises from the utility offered by the products in question less the prices charged.

Respondents agreed that they regularly sought feedback from guests to improve offerings and services (M=3.94) besides successfully aligning offerings with customer preferences through continuous innovation (M=3.93). This implies that value innovation helped the studied hotels to enhance service offering landscapes through innovation. This finding concurs with Zach, Nicolau and Sharma (2020) who were of opinion that innovation is an important driver of long-term competitiveness, growth and thus overall performance of an organization.

The findings indicated that the hotel introduced new and unique amenities to attract and retain guests (M=3.87) in addition to the identification and fulfilment of unmet needs in the market to create new value for guests (M=3.76). This finding suggests that by engaging in value innovation, the hotels successfully addressed and surpassed the market's customer needs. This is in agreement with Zach, Nicolau & Sharma (2020) who opined that value innovation allows an organization to develop new products in response to changing customer needs and preferences.

Presentation and Discussion of Regression Results

In order to achieve the main objective which was to establish the effect of Blue Ocean Strategies on performance of three and four star rated hotels in Naivasha sub-county, Kenya, regression analysis was carried out. The findings are presented in subsequent sections.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725[a]	.525	.518	.65506

*a Predictors: (Constant), Low-Cost Strategy, Value Innovation Strategy, Dependent Variable: Organizational Performance.

The results presented in Table 4.6 demonstrate that 51.8% of the organizational performance of star-rated hotels in Naivasha, Kenya can be attributed to variations in their blue ocean strategies. This suggests that there are additional factors beyond blue ocean strategies that also impact the performance of these establishments, warranting further investigation in future studies. The outcomes of the Analysis of Variance are outlined and condensed in Table 4.

Table 4: ANOVA Results

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	90.618	2	22.655	13.821	.000[a]
Residual	81.959	52	1.639		
Total	**172.577**	**54**			

*a Predictors: (Constant), Low-Cost Strategy, Value Innovation Strategy

The computed F-value in Table 4 is 13.821, accompanied by a p-value of 0.000 (i.e., $p<0.05$), indicating the significance of the chosen regression model in the study. The outcomes related to regression beta coefficients and their significance are presented and outlined in Table 5.

Table 5: Coefficients and Significance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.657	.897		2.962	.000
Low-cost strategy	.388	.057	.373	6.807	.000
Value innovation strategy	.346	.044	.324	7.864	.000

From Table 5, the following regression model is fitted:

$$\mathbf{Y= 2.657+0.388X_2+0.346X_3+\varepsilon}$$

Where Y= Organizational performance

ε = error term

X_1= Low cost strategy

X_2= Value innovation strategy

Table 5 reveals that the low-cost strategy had the most significant impact on organizational performance with a beta coefficient of 0.388, followed closely by value innovation strategy (β=0.346).

5. CONCLUSION AND RECOMMENDATIONS

Conclusion

Low-Cost Strategy

The implementation of a low-cost strategy greatly impacts how well an organization performs. In the hotels examined, embracing a low-cost strategy facilitated the execution of their unique business strategies. Key components of this strategy included integrating and embracing technology leading to competitive pricing and improved cost-effectiveness of their products and services.

Value Innovation Strategy

Value innovation strategy was a significant predictor of firms' performance. Blue ocean strategies in the studied hotels entailed the adoption and operationalization of the value innovation strategy. Value innovation strategy helped the studied hotels to enhance service offering landscapes through innovation. Through value innovation, the hotels were able to meet and exceed the needs of customers in the market.

Recommendations of the Study

Low-Cost Strategy

The study noted that low-cost strategy had significant effect on organizational performance. Thus, it is recommended that senior managers working with three and four star rated hotels in Naivasha sub sub-county should ensure there is prudent and optimal utilization of resources to harness superior performance. The Information and Communication Technology (ICT) managers working with these hotels should invest in emerging technologies to increase operating efficiency and reduce costs hence better organizational performance.

Value Innovation Strategy

The findings of the study confirmed that value innovation strategy has positive and significant relationship with organizational performance. Based on this finding, the study recommends that the operational managers working with the three and four star rated hotels in Naivasha sub-county should actively redesign the systems and processes that are conducted on a daily basis for increased flexibility and agility hence better organizational performance of their hotels.

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