

**EFFECTS OF RESTRUCTURING STRATEGIES ON ORGANIZATIONAL
PERFORMANCE OF FIVE-STAR HOTELS IN NAIROBI**

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DECLARATION AND APPROVAL

Declaration

This project is my original work and has never been presented for any academic award in any institution.

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DEDICATION

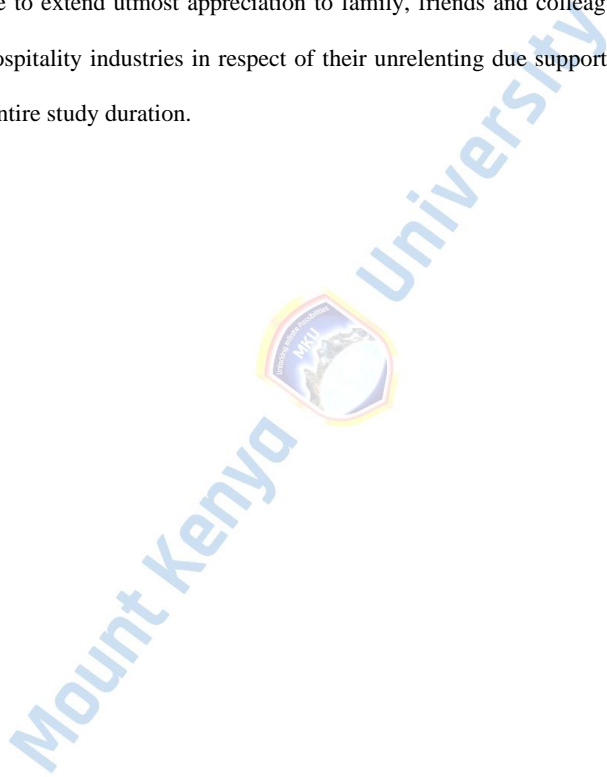
This study is dedicated to scholars exploring strategies for stability in 5-star hotels, your commitment drives innovation shaping the future of luxury hospitality.



ACKNOWLEDGEMENT

Firstly, I express my gratitude to God for the opportunity and blessing to undertake this educational project. I additionally take this opportunity to acknowledge and appreciate my supervisor Doctor Githae Muturi for his valuable support and commitment devoted in making this research proposal a reality.

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ABSTRACT

Restructuring strategies involve corporate actions to modify operations or structure to improve organizational performance when facing economic hardship. This study examines four strategies, franchising, joint ventures, divestment, and spin-offs, and their implications on six five-star hotels in Nairobi, Kenya. Using a mixed-method design, data were collected using structured Likert-scale questionnaires from senior and middle management personnel of Villa Rosa Kempinski, Radisson Blu, Tribe Hotel, The Boma Nairobi, Sankara Nairobi, and Hemingway's Nairobi. Descriptive and inferential analyses, performed using SPSS, used multiple linear regression to test variable associations. Outcomes confirmed all strategies positively influence performance, rejecting null hypotheses. Spin-offs impacted most, establishing operation focus, followed by divestment, eliminating peripheral operations, franchising, leveraging international brand equity, and joint ventures, permitting resource sharing. The combined effect of the strategies contributed significantly to performance improvement, balancing efficiency through spin-offs and divestment and market expansion through franchising and joint ventures and offering an actionable framework for positioning Nairobi's five-star hotels. The challenges were franchisee-franchisor misalignments, partner conflicting goals, service reduction concerns, and spin-off transition costs. The suggestions are in favor of integrated restructuring plans, performance-based franchise incentives, open joint venture agreements, strategic asset appraisals, and policy measures like de-regulations and tax incentives. These results guide hoteliers, investors, and policymakers on how to enhance industry resilience. This study contributes significantly to the body of knowledge in hospitality management and strategic organizational behavior. Future research must explore non-financial indicators such as employee retention, longitudinal impacts, and three- or four-star hotels to boost generalizability across the hospitality industry in Kenya considering urban-rural contextual variations.

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LIST OF ABBREVIATIONS AND ACRONYMS

ADR: – Average Daily Rate

ANOVA: – Analysis of Variance

CBK: – Central Bank of Kenya

CFO: – Chief Financial Officer

GDP: – Gross Domestic Product

KIPPRA: – Kenya Institute for Public Policy Research and Analysis

KNBS: – Kenya National Bureau of Statistics

KPHC: – Kenya Population and Housing Census

NSE: – Nairobi Stock Exchange

OLS: – Ordinary Least Squares

PCA: – Principal Component Analysis

REVPAR: – Revenue per Available Room

ROA: – Return on Assets

ROE: – Return on Equity

SD: – Standard Deviation (also used for "Strongly Disagree" in Likert scale tables)

SMEs: – Small and Medium Enterprises

SPSS: – Statistical Package for Social Sciences

UNDP: – United Nations Development Programme

UNWTO: – United Nations World Tourism Organization

VIF: – Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Recently, Kenya has experienced and continues to experience its share of economic challenges impacting organizational operations. The last five years are observed to have prompted uncertainties and unpredictable and unstable economic environments (Piga, Abrate, Viglia, & Canio, 2022). The facets have influenced economic turbulence from the global economic structures to domestic economies. The turbulence pertains to crises ranging from terrorism, and pandemics, to political unrest (Muhinyu & Gudda, 2019). Particularly, the last three years have caused market dynamics to worsen the state of business operating environments. Matejic Knezevic, Arsic, and Obradovic (2022) articulate that the ongoing Ukraine-Russia crisis further devastates the recovery from the pandemic-induced recession. Effects of the economic turbulence range from inflation to supply disruptions having ramifications on firm performance and growth (Goulielmos, 2018). The Kenyan hospitality and tourism industry has been severely affected by the turbulence prompting the closure of some firms. The remaining operational firms have sought to implement restructuring strategies for survival and compete in the harsh economic climate.

According to Pansiri (2021), the tourism sector is a major driver of the growth of the global hospitality industry attributing to 30% of services exports. The hospitality industry encompasses firms like hotels, event planners, motels, and restaurants under the service industry. The industry is vulnerable to environmental, economic and politic determinants altering demand and sustainability (Oaten, Le Quesne, & Segal, 2015). In this case, stability in the global economy prompts increased demand reflecting profits in the global hospitality

sector. Global economic turbulence from crises and economic fluctuations cause vast impacts on the industry's sustainability (Fukuchi, Uehara, Kamata, & He, 2022). The travel, tourism, and hospitality firms were severely impacted in the pandemic-induced turbulence before strategies to cope with the pandemic were undertaken (Kenny & Dutt, 2021). This resulted from local restrictions, lockdowns, and border closures, causing dynamics in global travel.

Also, the pandemic facilitated the cancellation of flights, postponing of events/tours, and business closures, leading to fluctuations in international tourism, which had ripple effects on hotels (Sharma, Shin, Beneyto, & Nicolau, 2021). The outcome of such activities reflected on the recession of global economies negatively impacting hotel operations. With some investors closing down some hotels, others have adopted strategies to enable survival and profitability through current economic hardships (Sanabria-iaz, Aguiar-Quintana, & Araujo-Cabrera, 2021). Notable global starred hotel chains continue to implement restructuring strategies to enable profitability.

Barely in the recession's recovery, the ongoing Ukraine-Russia invasion crisis further aggravated global economies. According to World Bank statistics (2022), the crisis enhanced economies and international trade vulnerability to slowdown and stagnation. The consideration has roots in high inflation, the surge in commodity prices, the increase in unemployment rates, and the disruption of supply chains causing economic fluctuations (World Bank, 2022). Such economic fluctuations translate to an increase in the cost of living, lowering the amount of disposable income. Decrease in disposable income contributes to low demand for hotel products and services (UNDP, 2022).

In Africa, the turbulence caused unprecedented declines on hotel reservations and occupancy (Muoki, 2021). For instance, massive cancellation of events and tours during the pandemic period reflected low demand for hotels. Mensah (2020) states that, developing economies in

the African continent were vastly impacted by the pandemic turbulence in contrast to developed economies. The economies are highly dependent on international tourism to drive regional and continental growth (African Pulse, 2020). The turbulence continuity facilitates investor and consumer uncertainty on the recovery of the tourism-dependent economies (Muoki, 2021). Meanwhile, the Russia-Ukraine crisis continues to increase vulnerability of the African economies enabling the continuity of economic turbulence (Deloitte, 2022). More so, the current crisis as an enabling factor in the reduction of disposable income, further lowers hotel demand. The declines are observable in Moroccan hotels which created a crisis in the hotel sector. According to Idrissi, Jibraili, and Ladraa (2021), the crisis continues to impact living standards of hotel employees and hotel demand for consumers increasing population vulnerabilities.

In East Africa, the turbulence prompts slowdowns and shifts in the demand for tourism and hotel services. The countries rely heavily on the tourism sector to promote the hospitality industry to enhance economic growth through employment and revenues (Ezra, Kitheka, Sabuhoro, Riungu, Sirima, & Amani, 2021). The slowdown is observable in local and global hotel brands operating in the region. This is articulated to continue due to over-reliance on foreign clients and unsustainable pricing models beside the soaring operational costs (Muoki, 2021). For instance, hotel occupancy rates in Uganda dropped by 20% from a high of 52% (Ezra et al., 2021). Kenya, Rwanda, and Tanzania occupancy also dropped by 25% from annual highs of 50% and 60% demonstrating the drastic declines since the pandemic started. The consequences of the turbulence prompted high unemployment rates and low marginal profits in the industry and in the region (Russu, 2022).

Prior to the Covid-19 pandemic, the Kenyan economy was stable ahead of its peers in the East African region. According to the World Bank (2022), the average growth was 6.7% establishing success in the dynamic economy. The emergence of the pandemic and the crisis

slowed the local economy at a 5% rate (World Bank, 2022). More so, economic stability contributed to the country's ability to become a suitable center for hotel presence and expansion operations. However, factors like terrorism, poor governance, and corruption increasingly had a negative impact on economic growth (KEBS, 2022). Inflation and supply shocks continue to ravage the country enabling a continuity of the economic turbulence. In a span of two years, notable hotels in Nairobi have been auctioned, closed, placed under receivership, and others downsized their workforce (KIPPRA, 2022). For example, Hilton and Southern Sun Mayfair hotels have closed while Boma hotel is placed under receivership.

Local hotels continue to adopt strategies to maintain profitability and evade business closure. The prevailing turbulence in the economy has prompted Kenyan hotels to integrate various restructuring strategies, with most firms considering downsizing, strategic alliances, acquisitions, down scoping and diversification as the first survival strategies (KIPPRA, 2022). Other notable restructuring strategies used in hotels to survive the turbulence include divestments, franchises, spin-offs, and joint ventures. The strategies improve profitability for the hotels amidst the high cost of doing business (Gaturu, Mutinda, & Miricho, 2022).

1.2 Restructuring Strategies

Organizations and start-ups continue to adopt new operational, structural, and business strategies to enable and sustain performance and growth. Moreover, the strategies are imperative in creating a competitive edge for the organization (Umar, 2023). Additional advantages of restructuring entail enhancing organizational efficiency, addressing organizational challenges, and increasing shareholder returns. In the wake of economic turbulence, there is a need to implement organizational changes to enable profitability and wealth creation for hotel survival, and sustainability (UNWTO, 2020). The current economic

situation prompts organizations to undertake new strategies to survive the economic turbulence (Okutonyi, 2021).

If implemented effectively, the restructuring strategies can improve profitability amidst economic hardships (Kurgat, 2016). The strategies provide synergies that produce dynamic capabilities. However, the restructuring can lead loss of jobs, depending on the strategy adopted, which can impact organizational values. Previously, organizations depended on restructuring to flourish in competitive environments (Nzioka & Njuguna, 2018). Some restructuring strategies involve financial, portfolio, technological, and organizational restructuring. The study focuses on four restructuring strategies namely franchise, joint venture, divestment, and spin-off.

The franchise strategy regards an agreement whereby the franchiser grants permission to the entity to use its trading name, market services, and apply its business systems or processes to improve operations (Wambui, Judy & Stephen, 2019). The strategy provides firms with success through positive reputation and image in markets. Krupskyi, Stukalo, Krasnikova and Falko (2017) study illustrates the success of franchising strategy by global hotels to expand to new markets. Such is the case of Marriot hotels and resorts which through franchising has become the largest hotel chain.

The franchising model in African hotels is a success prompting hotel quality, experience and standards consumption boosting occupancy (Motha, Hermann & Lenhard, 2022). The provision of quality service and experience is critical in recovery phases and franchisers state hotel standards for business profitability. This is observable in hotels like Crown Plaza and Holiday Inn in Kenya and Tanzania which are under the InterContinental Hotels Group (Deloitte, 2022). In Kenya, franchising has become a success enabling hotel expansion and

penetration into new markets (Wambui et al., 2019). The studies consider the strategy's effectiveness in hotel expansion and sales maximization.

Joint ventures refer to the formation of an entity by two companies to undertake commercial activities together increasing profitability (Kamica, 2015). Joint ventures are articulated to drive growth and profitability of hotels globally resulting in sustainability of hotel chains across the world. The study by Dordevic and Jankovic (2015) depicts the significance of joint ventures in the development of global brands. Success of the ventures is associable with hotels partnering to create synergies overcoming operational and performance constraints (Kamica, 2015). For instance, Marriott international portrays its growth globally from its joint activities with GPJ hotels in Brazil. Pansiri (2021) maps the success of joint ventures in enabling hotel recovery in the Africa, with specific references to Botswana and South Africa wilderness holdings. The study carried out by Nzisa (2022) focuses on Kenyan hotels utilizing the partnerships to rebuild value and improve profit margins. Notably, the studies focus on the strategy's influence on hotel growth and competition.

Divestment as a restructuring strategy considers reduction of hotel assets, subsidiaries, and investments through sales, closure, liquidation, or exchange (Ogiugo & Omofezi, 2018). The outcome of the sales entails capital to support core hotel operations as well as creating value-line profitability. Such is the case of Blackstone group which divested Hilton hotels after eleven years. Low, Das and Piffaretti (2015) study argues that divestments result in asset-light hotels creating profitability during economic slowdown. The success considers adjustments to market conditions including the disposal of liquid assets. The strategy is observed to have worked successfully in Africa and Kenya. This regards the sale of three hotels by South Africa group to Actis due to competition and losses made (Guguyu, 2022). The hotels include city lodge hotel in Kenya and Tanzania, and Fairview hotel in Kenya. The article by Aengwo (2016) articulates that divestment in the Kenyan hotel industry prompt survival by enabling

operational focus. The studies relate the strategy's effectiveness in value creation, curb competition, and profitability.

Spin-offs involve the creation of entities through shares sale or distribution from the parent company (Chege & Kimencu, 2018). The strategy ensures that the firm concentrates on core business operations besides capitalizing on growth. Desai, Nixon, and Wiggins (2014) assert that spin-offs in hotels provide vast performance improvements enabling the organization to survive harsh economic times. Further, it can be leveraged by hotels to enhance its competitive edge. For instance, Wyndham Worldwide utilized the spin-off strategy to focus on its hotels and resorts to optimize on occupancy weathering the pandemic impacts (Donnelly, 2021). Pansiri (2021) argues that the spinoffs resulting from a downscoping approach reduces costs like in the spinoff in wilderness and city hotels in Botswana. On the other hand, Ngunjiri's (2021) article states the need for hotels to spinoff to gain profits from shares besides optimizing occupancy. The articles regard spin-offs in enabling competitive advantages and reduction of costs.

1.3 Hotel Industry in Kenya

The hotel industry experienced massive growth, becoming one of Kenya's robust sectors. This was influenced by increased marketing of the country among the best tourist attraction hotspots and investor-friendly conditions to support the industry (Gaturu et al., 2022). The hotels are found in major cities, game reserves, and inland tourist spots. Factors driving the growth of Kenyan hotels included the marketing of tourist destinations, the web presence of hotels, an increase in disposable income, and travel trends (Sahoo, Awuor, & Panigrahi, 2021). Hotels revenues and employment rates contributed around 8% of the economic growth compared to the current 5% (KEBS, 2022).

Unemployment and low profits from the sector present a major blow to the country's GDP. Generally, the sector is labor-intensive, generating employment opportunities for around 15% of the population (KEBS, 2022). A decrease in employment rates translates to reduced government revenues. The five-star hotels in Nairobi have experienced low demand for products and services due to the prevailing economic turbulence (Wanjiku, 2022). With most of the hotels depending on international and local tourists, the turbulence has caused shifts threatening performance and sustainability of the hotels (UNWTO, 2020). More so, low demand for hotel services and products has substantive impacts drops in hotel revenues (Mutavi & Gichinga, 2019). Global statistics show that the revenues dropped from 70% to 30%, which had ripple impacts on the Kenyan GDP (UNDP, 2022).

The Kenyan hospitality sector is among the worst hit by economic turbulence. The hotel industry has not returned to pre-pandemic levels, with hotels recording operational slowdowns (Abbas, Mubeen, Iorember, Raza, & Mamirkulova, 2021). Also, the turbulence has increased the cost of doing business leaving hotels vulnerable to closure and bankruptcy. The partial recovery pertains to increased domestic tourism and international arrivals despite the prevailing inflationary pressures. Notably, the industry is steadily recovering from the pandemic recession. The CBK survey (2022) articulates that the sector is expected to grow to 55% compared to its sharp decline in 2020, which reached the low of 40%. However, hotels in other cities like Mombasa are expected to push the statistics due to the increase in their occupancy levels (CBK, 2022). Such findings are imperative in understanding the recovery and demand in the sector and its continued contribution to the country's GDP.

Despite the positive recovery results, hoteliers cite various factors which may impact their recovery. For instance, the increased costs of inputs continue to increase occupancy costs, with clients seeking alternatives (Kenny & Dutt, 2021). The Airbnb sector, in particular, poses a threat as it provides accommodation alternatives at a cheaper cost. According to the CBK

survey (2022), the occupancy rate of hotels declined while Airbnb's increased by a large per cent since 2020. Alternatively, the high costs impact the industry's ability to recover by providing employment opportunities to populations (Deloitte, 2021). Most hotels consider employing casual employees in relation to business activity to ensure profitability. In addition, the remaining employees in the hotels' experience slash cuts on salaries to meet operational costs.

1.4 Statement of Problem

According to KIPPRA (2022), the hotel industry contributes an average of 10% to the Kenyan GDP. The contribution ranges government revenues to the employment of almost 9% of the population. Due to the global and local economic challenges, the contributions and benefits to the country's GDP are at risk. Some of the observed effects of the risk include job losses, bankruptcy, and closure of hotels. Kenya's hospitality industry, especially five-star hotels in Nairobi, is facing growing pressure due to economic challenges that have affected both profitability and employment. This sector plays a crucial role in the country's economy, providing jobs to about 15% of the population (KEBS, 2022). However, recent economic turbulence has led to a noticeable drop in demand for hotel services, largely because of declining numbers of both international and local tourists (Wanjiku, 2022). The resulting drop in revenue has not only hurt individual businesses but also had a ripple effect on national income, with global data showing a drastic revenue fall from 70% to 30%—a blow to Kenya's GDP (Mutavi & Gichinga, 2019; UNDP, 2022). If hotels do not undertake restructuring, the effects will persist causing ripple impacts to the government and populations. Restructuring strategies aim at increasing hotel services demand amidst an economic turbulence, curbing the consequences of non-restructuring.

Several studies have been done to understand the impacts of restructuring strategies by Kenyan hotels. For example, the study by Nzisa (2022) highlights how Kenyan hotels continue to apply joint ventures to influence brand strength and profitability. Ngunjiri's (2021) article articulates the need for hotels to consider spin-offs as way of raising financial capital to meet operational costs. Meanwhile, franchising strategy continually give advantages to local hotels enabling market penetration and sustainability according to the study by Wambui et al. (2019). In his study, Aengwo (2016) stipulates that restructuring strategies like divestments are crucial in enabling operational focus. Another study by Kamica (2015) presents the significance of restructuring strategies to overcome competition and market constraints. Okutunyi (2015) study shows the need for local hotels to undertake strategic restructuring as a response to the external business environment. From the studies reviewed, there is a clear demonstration that little attention been paid to the effect of restructuring strategies on organizational performance of the hotel industry. It is against this background that this study seeks to fill in on this knowledge gap.

1.5 Purpose of Study

The study aims to analyze the effects of restructuring strategies on the performance of five-star hotels in Nairobi.

1.5.1 Objectives of the Study

The objectives of the study are;

- i. To determine the effect of franchising on the organizational performance of five-star hotels in Nairobi.
- ii. To determine the effect of joint ventures on the organizational performance of five-star hotels in Nairobi.

- iii. To determine the effect of divestment on the organizational performance of five-star hotels in Nairobi.
- iv. To determine the effect of spin-offs on the organizational performance of five-star hotels in Nairobi.

1.5.2 Hypotheses

H₀₁: Franchise has no significant effect on the organizational performance of five-star hotels in Nairobi.

H₀₂: Joint venture has no significant effect on the organizational performance of five-star hotels in Nairobi.

H₀₃: Divestment has no significant effect on the organizational performance of five-star hotels in Nairobi.

H₀₄: Spin-off has no significant effect on the organizational performance of five-star hotels in Nairobi.

1.6 Significance of Study

This study provides actionable insights into how restructuring strategies enhance organizational performance in Nairobi's five-star hotels, benefiting key stakeholders as follows:

Hotel Management: Findings enable managers to implement evidence-based restructuring decisions, such as adopting franchising for brand leverage or spin-offs for operational focus, to boost metrics like REVPAR, ADR, and customer satisfaction, thereby improving profitability and resilience amid economic turbulence.

Investors and Shareholders: Results offer a framework to assess investment risks and opportunities in restructuring, guiding decisions on funding strategies like joint ventures or divestments to maximize returns and wealth creation.

Researchers and Academicians: The study identifies gaps in Kenyan hospitality literature, serving as a reference for future investigations into strategy impacts, with empirical data supporting theoretical extensions in areas like resource-based and agency theories.

1.7 Scope of Study

The study focused on five-star hotels within Nairobi City County. Focus on franchising, joint ventures, divestment and spin-off strategies in five-star hotels considered the high volume of investments in the hotels requiring the strategies for sustainability. Starred hotels achieve sustainability and returns on capital investments through effective management and strategies (Stylos & Vassiliadis, 2016). The researcher collected data from top and middle management staff from 6 hotels to meet the study objectives. The hotels included Villa Rosa Kempinski, Radisson Blu, Tribe hotel, the Boma Nairobi, Sankara Nairobi, and Hemingway's Nairobi.

1.8 Limitations of the Study

Some of the study limitations include non-response bias from participants' due confidentiality issues, non-response from hotel management resulting from privacy policies, and late responses impacting the timely compilation of results.

1.8.1 Delimitations of the Study

Countering the limitations will involve the use of anonymous questionnaires for data collection to maintain confidentiality. Also, an introductory letter will be obtained from the university showing application of data for research and academic purposes only. More so, the questionnaires presentation within the allocated time frame to avoid delays in responses.

1.9 Assumptions of the Study

The study assumes that economic turbulence is the driving factor for hotel restructuring. Also, the study assumes that each five-star hotel in Nairobi has undertaken one or more restructuring strategies. The restructuring strategies are assumed to have enabled the survival of hotels. An additional study assumption is that the restructuring has no impact on the organizational performance.

1.10 Operational definition of Terms

Divestment: Reduction of firm assets, subsidiaries, and investments through sales, closure, liquidation, or exchange.

Economic turbulence: The process of economic change spanning unemployment to market.

Five-star hotel: An establishment offering clients the highest levels of luxury through customized facilities, selection of amenities, and advanced accommodation giving the clients convenience and décor for a luxury experience-volatility.

Franchise: An agreement where the franchiser grants permission to the entity to use its trading name, market services, and apply its business systems or processes to improve operations.

Joint Venture: The formation of an entity by two companies to undertake commercial activities.

Organizational performance: Actual results or output of an organization measured against organizational objectives.

Restructuring: Corporate action is taken to modify firm debt, operations, or structure to limit financial harm and improve business profitability.

Spin off: The creation of entities through shares sale or distribution from the parent company.



CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The chapter provides a review of literature from different scholarly studies which are relevant to the study. It reviews theories that aim to explain the concept of the restructuring strategies. Also covers the concept of restructuring strategies under the franchise, joint venture, divestment, and spin-off restructuring strategies.

2.2 Empirical Literature

In this section, the study explores research literature on the impact of the restructuring strategies on organizational performance.

2.2.1 Franchise and Organizational Performance

In their study on franchising model for expansion of the international travel business, Krupskiy et al. (2017) depict how franchises lead to economic performance of hotel organizations. The study follows a mixed research method on three hotel chains namely Hilton, Wyndham Worldwide, and Marriott International. Study data of the three hotels was obtained from annual reports, franchise direct and official statistics sites of the international franchise association. Data analysis is carried out through comparative analysis and correlation-regression analysis. According to the study findings, franchising leads to operational or management efficiency and effectiveness resulting into organizational performance. Adherence to the franchising model standards ensures hotels survive and are stable during and after economic crisis. The findings are supported with statistics from the success of the three leading hotel chains globally.

The study by Sun and Lee (2018) highlights the role of franchising in hospitality organizations for business expansion and performance. The study on competitive advantages of franchising firms the moderating role of organizational characteristics has theoretical foundations on the agency theory and Porter's competitive model. The study was done through descriptive

research. A sample size of 79 franchise restaurants was chosen from the sample period of 1990 to 2016. The study's descriptive statistics were obtained through content analysis leading to data observation, classification, and categorization. According to the study, franchising helps hospitality businesses to develop competitive advantages and differentiation which promote organizational performance. Additionally, prior experience in franchising enhances organizational efficiency further leading to performance.

A study by Nasimiyyu (2018) on franchising as an operational strategy by Java restaurants in Nairobi demonstrates the strategy's effectiveness in organizational performance. The study was done using a descriptive approach. The author explores agency theory and resource scarcity theory to explain franchising strategy. The case study provided in-depth investigation through guided interviews with top managerial staff of Java restaurants in Nairobi County. Afterward, the data collected was subjected to content analysis leading to the identification of occurring themes. From the study, Java restaurants regard franchising as the imperative operational strategy which has led to its success story. The strategy not only enables brand identification in the consumer market but also provides a marketing and distribution system (Nasimiyyu, 2018). Further, the restaurants leverage the strategy to obtain competitive advantages to enhance and maintain their performance.

2.2.2 Joint Venture and Organizational Performance

The study by Beshay (2018) on the influence of joint venture strategy on employee commitment strives to understand how the agreement impacts employee motivation and commitment for business success. The author considers joint venture theory, joint venture life-cycle theory, and transaction cost theory as the main theories in the strategy's theoretical foundation. The study was done through a qualitative approach of a sample size of four companies, two companies were located in Sweden, one company in Canada, and one in

Jordan. The data was subjected to content analysis leading to study findings. The findings highlight employee commitment in joint ventures been essential in ensuring organizational performance.

In the article on joint ventures in Greece hotels, Giannoukou (2017) depicts organizational performance through joint ventures. Notably, the improvements do not encompass hotel financial ratios rather encompasses the non-financial indicators of performance. The study employs quantitative research method with two different hotel samples. The first sample consists of hotels which have applied joint venture strategy. The second sample consists of non-joint venture hotels which are fully owned. ANOVA testing is conducted to obtain study results. The study findings show that a joint venture is likely to affect the performance of the hotel. This results from the hotel gaining additional resources, technological capabilities, capital, managerial skills and market knowledge enabling the new entity to perform in contrast to operating as a single entity.

The study by Ge, Chen and Chen (2018) illustrates how international alliances such as joint ventures influence organizational development leading to sustainability. The performance follows the exploitation of combined synergies and identification of market opportunities applied as competitive advantages against other hotels. The study entails a mixed research method of a sample size of 784 green hotels in mainland China. Interviews and questionnaires to managers were used to collect data which was then analyzed through statistical and cluster analysis. Per the study findings, joint ventures have become imperative in the growth and performance of hotels. This considers managers choosing the suitable alliance to meet specific performance goals.

2.2.3 Divestment and Organizational Performance

In their study on asset disposal, Bourke, Izadi, and Olya (2020) articulate that hotels have different valuations depending on whether they are asset heavy or asset light. This can influence hotel chains to dispose their assets through divestment to manipulate financial markets and achieve operational efficiency. The authors explore game theory in undertaking the divestment strategy. The study follows a mixed research method with a sample size of 4 asset light international hotel chains (IHC) and the control group of 2 traditional IHC's for the period 2011 to 2017. Descriptive data was obtained through inferential statistical analysis. The findings show that hotels continue to utilize the divestment strategy to become asset light. Asset light hotels are depicted to attain stability, profitability, and performance effectiveness in the aftermath of economic crisis.

The study by Teschner and Paul (2019) on divestitures illustrates how divestment strategies facilitate returns on shareholder wealth through organizational performance. The divestments are articulated to be beneficial when they are under-performing and loss-making units are disposed. The study is done through mixed methodology with a sample size of 393 sell-offs in German, Austrian, and Swiss companies in the period between 2002 and 2018. A regression analysis followed to understand and compare data results. Study findings depict that divestments enable reduction of costs, performance effectiveness, and focus on core business objectives which has positive impacts on shareholder wealth. Also, initiation of divestments in advance is prone to influence positive organizational performance prospects.

In the study on corporate divestitures, Prezas and Simonyan (2015) explore how divestment and spin-off decisions have basis on performance metrics. Firms which are asset heavy are more prone to divest smaller business units which depict low performances. The study was carried out through mixed research approach with 378 spin-offs and 4192 sell-off samples from

1980 to 2011. The samples are obtained from the SDC/Platinum mergers and acquisitions database. Regression analysis is applied to provide study results. Per the study findings, pre-evaluation of asset contributions to organizational performance is essential in divestment decisions. This reflects the intrinsic value of divestments in organizational performance.

2.2.4 Spin-offs and Organizational Performance

Owers and Sergi's (2021) study on spin-offs and wealth creation illustrates how the separate entities contribute to organizational performance leading to substantial amounts of revenues to shareholders. An event-time methodology is applied on a sample size of 249 voluntary spin-offs by US public companies between 2007 and 2017. Regression analysis approach is utilized in the study's data analysis. Apart from generating wealth from the sale of shares, spin-offs generate revenues from operating strategic business units. According to the study findings, the financial performance of the units stems from reviews of the unit's potential. Ultimately, the maximum potential is harnessed adding intrinsic value to the organization.

According to the study by Penela, Estevao and Gregory (2019), hotel chains continue to spin-off a component of their business to improve organizational performance. The study follows a descriptive research approach with a sample size of 35 spin-off companies based on their accounting and financial data. Descriptive analysis is deployed to explain the study observations. The authors' findings entail the organizational performance of the company acts as a determinant in engaging in spin-offs. Some of the variables involve asset returns, changes in operational strategy, and the need to raise capital which has substantial effect on the performance.

The study by Nilsson (2017) on Sweden spin-offs was done using a case study methodology with a sample size of two companies. The study then uses content analysis to understand the qualitative data in the case studies. The study is theoretical framework has underpinnings on

the Tidd and Bessant innovation framework and Osterwalder and Pigneur innovation model. According to the study results, the spin-off strategy enhances organizational performance through customer focus and innovation. Also, high productivity and value per employee is achievable through spin-offs adding to performance effectiveness.

2.3 Theoretical Review

The section provides a theoretical foundation of the strategies adopted by five-star hotels in response to the economic turbulence. The agency theory is utilized to explain the franchise strategy while the transaction cost theory explores the joint venture strategy. The core competencies theory forms a theoretical foundation for the divestment strategy. Moreover, the spin-off strategy is best explained through the resource-based theory.

2.3.1 Agency Theory

The theory considers the principal and agent relationship in agreements, transactions, and contracts. It was developed in 1976 by Jensen and Meckling to explain and resolve disputes and priorities between principals and agents. The theory follows the agency law which states that agents should act in the best interest of the principal (Zogning, 2017). This considers the theory principles embedded in principal-agent relation and principal-agent problem. Under principal-agent relationship, the principal is responsible for delegating authority to agents (Sanfeliu & Puig, 2017). Agents, in turn use principal resources and input to enact the day to day activities leading to output.

Notably, the parties have differences in priorities and interests as principals rely on agents to execute transactions. The differences influence the principal-agent problem. For instance, the principal may use his power and interests to decide on organizational objectives, business strategies, and investments (Zogning, 2017). Meanwhile, agent efforts and actions may cause

differences in interests and priorities influencing agency costs/loss. The agents and principals should adopt strategies to resolve the disputes leading to an effective relationship (Namazi, 2014). The strategies entail compensation, bonuses, and incentives.

The theory relates to franchising through the franchisor and franchisee relationship and problems. The franchisor is the principal while the franchisee is the agent. The franchisee follows and uses franchisor resources and capital input to meet both party interests (Sanfeliu & Puig, 2017). The franchisor acts as the management making profits from management fee or royalty from the relationship. With this in mind, the two parties develop a meaningful relationship. However, the principal-agent problem is likely to arise where interests do not align (Namazi, 2014). The problem stems from the franchisee risking their investment in the franchise business, lack of principal-agent duality as the franchisee is not an employee, and the franchisee considering the best interest in making profits through the franchising strategy (Sanfeliu & Puig, 2017). Notably, the agent-principal problem is unlikely as parties work with best interests for business performance.

2.3.2 Transactional Cost Theory

Under the theory, organizations are prone to maximize efficiency by minimizing transaction costs. This leads to the organization adopting an economical business model during operations according to Cetkovic, Lakic, Knezevic, Zarkovic, and Sazonova (2016). The theory was proposed by Ronald Coase in 1937 to understand the existence and the most beneficial practices for any organization. The theory has basis on the reduction of transaction costs within the firm to ensure profitability (Cetkovic et al., 2016). The reduction of costs extends to independent contractors carrying out transactions within the organization. Transactional costs include costs incurred in search and information to find partners, bargaining and negotiation costs to make a purchase, and policing and enforcement costs to monitor quality (Cuypers,

Hennart, Silverman, & Ertug, 2020). Therefore, the organization can reduce costs by controlling transactions.

Developments in the theory identify asset specificity, uncertainty, and frequency as key variables which impact transaction costs. In other words, the elements have a degree of impact on the costs determining the organization partnership and expansion (Cuypers et al., 2020). For instance, frequency considers how often the transaction has to be made over asset specificity which involves the uniqueness of the partnership in meeting organizational needs. Uncertainty revolves around lack of trust and close relationships with the other party (Cetkovic et al., 2016). Ultimately, the organization gains profits by minimizing costs when dealing with external parties.

The theory applies to the joint venture restructuring strategy by articulating how the organization can determine control over transactions, hence impacting costs. Windsperger, Galak, and Raha (2023) stipulate that the transaction cost view is imperative for organizations when making decisions on ownership and control in joint ventures. It is in the best interest of the organization to remove the costs and internalize transactions reducing uncertainties and frequencies (Windsperger et al., 2023). Also, the organization considers transaction cost reduction through shared resources and marketing strategies. The resources and strategies pertain to the access of long term contracts and use of a recognizable brand name in market access (Cetkovic et al., 2016).

2.3.3 Core Competencies Theory

In 1990, Gary Hamel and C.K Prahalad proposed the theory articulating how firms should concentrate on strengths to gain marketplace advantages (Kawshala, 2017). The advantages range from acquisition of capabilities to leadership in markets. Core competences represent technologies and skills which enable superior value and satisfaction to customers according to

Oguta, Kimwolo and Cheruiyot (2022). Over time, the competencies create sustainable sources of competitive advantages. Just like organizational resources, the core competencies should be appropriate, durable, un-replicable, and un-transferable to sustain the competitive advantage (Kawshala, 2017). Such aspects ensure the organization can control resources and competencies to adapt to industry changes to attain goals.

The theory is rooted under three criteria as the conditions for core competencies. First, the competence should provide potential access to variety of markets. This regards organization use of the competence to distinguish itself in the marketplace (Kawshala, 2017). Secondly, the competence should be difficult to imitate by competitors. The criteria ensure that the organization has exclusive application of the competence to exploit its full capacity. And thirdly, the competence should be significant and have value to customers through the end product or service (Kawshala, 2017). The criteria influence loyalty and repeat business for the organization. It is imperative to note that an organization can have several competencies depending on aggregation levels and management capabilities.

An understanding of core competencies reflects on the organization decision on which business to strengthen or divest. Business units which prove to be profitable and sustainable are pumped with resources to leverage capabilities (Oguta et al., 2022). Further, the leveraging entails proper management of business assets making the unit a core competence. Where the management feels it has deviated from its core business, it eliminates, closes, or sales business units which do not align with its core business objectives (Depecik, Everdingen & Bruggen, 2015). The impacts reflect in the commitment and focus on core operations through the elimination of diverse business units. Ultimately, the organization focuses and enhances its core competencies.

2.3.4 Resource Based Theory

Proposed in 1984 by Birger Wernerfelt and later in 1991 by Jay Baeney, the theory regards resources as valuable elements which give the organization a competitive advantage apart from generating revenues (Chigara, 2021). Internal resources are highly utilized to leverage activities such as the firm assets. The theory leverages four conditions to ensure the resource has potential to generate value and benefits. Firstly, the resource must have value leading to exploitation of organization opportunities and environment (Holdford, 2018). Secondly, the resource is rare meaning it is unique to industry competition. Thirdly, the resource is imitable meaning it is immobile for competitor exploitation. Fourthly, the resource is sustainable thus protected from imitation and duplication leading to long term benefits (Holdford, 2018).

The theory follows two principles of resource heterogeneity and resources complexities. Resource heterogeneity revolves the assumption that firms possess unique resources which create trading opportunities (Chigara, 2021). Additionally, the resources are rare, valuable, and difficult to imitate. By utilizing the firm's tangible and intangible assets, the organization can develop capabilities leading to performance and profits. On the other hand, resource complexity creates persistence in resource differences (Chigara, 2021). In other words, the resources are continually combined or reconfigured to create new applications to meet market demand. Valuable and rare resources are possessed by few organizations and they can be controlled to generate organizational advantages according to Salazar and Armando (2017). Notably, the resource combinations need to be done effectively and efficiently for value creation.

The theory is relatable to spin-offs as it embodies the use of organizational resources to gain profits and create value. This prompts exploitation of the entity for economic performance apart from creation of a competitive advantage (Salazar & Armando, 2017). The organization

implements and exploits the share sales and distribution as an adjustment factor in raising profits. The entity created is valuable, rare, imitable, and sustainable to the parent company making it an organizational resource. Notably, the resource in this case the new entity is considered to be heterogenous and complex to imitate (Salazar & Armando, 2017). In addition, firm capabilities and technology transferred from the parent company provide entity uniqueness and potential in changing business environment (Holdford, 2018).

2.4 Conceptual Framework

The conceptual framework illustrates the expected relationship between franchise, joint venture, divestment, and spin-off strategies and organizational performance. The independent variables are franchising, joint ventures, divestment, and spin-offs, which collectively represent restructuring strategies. These were selected based on their prevalence in hospitality literature as effective mechanisms for navigating economic turbulence, such as post-COVID recovery in Kenya's hotel sector (e.g., Nzisa, 2022; Pansiri, 2021). Franchising was chosen for its emphasis on centralized management, branding and marketing, and service standardization, as these elements enable rapid market expansion and operational efficiency in luxury hotels (Krupskyi et al., 2017). Joint ventures were included due to their facilitation of shared control, synergy creation, and shared risks and rewards, which are critical for resource pooling and risk mitigation in volatile markets (Pansiri, 2021). Divestment focuses on core operations, leveraging competencies, and cost reduction, justified by its role in streamlining assets to enhance financial stability amid rising operational costs (Bourke et al., 2020). Spin-offs highlight revenue contribution and customer focus, selected for their ability to create independent entities that optimize performance through specialization (Nilsson, 2019). The dependent variable, organizational performance, is measured by REVPAR, ADR, occupancy percentage, customer satisfaction, and online rating, as these metrics capture both financial

(e.g., revenue indicators) and non-financial (e.g., guest perceptions) outcomes essential for evaluating hotel sustainability in Nairobi's competitive landscape (Chemuchuk, 2015; Osoo & Sije, 2023). This framework (see Figure 2-1) grounded in agency, transaction cost, core competencies, and resource-based theories, provides a structured lens to test causal relationships empirically.

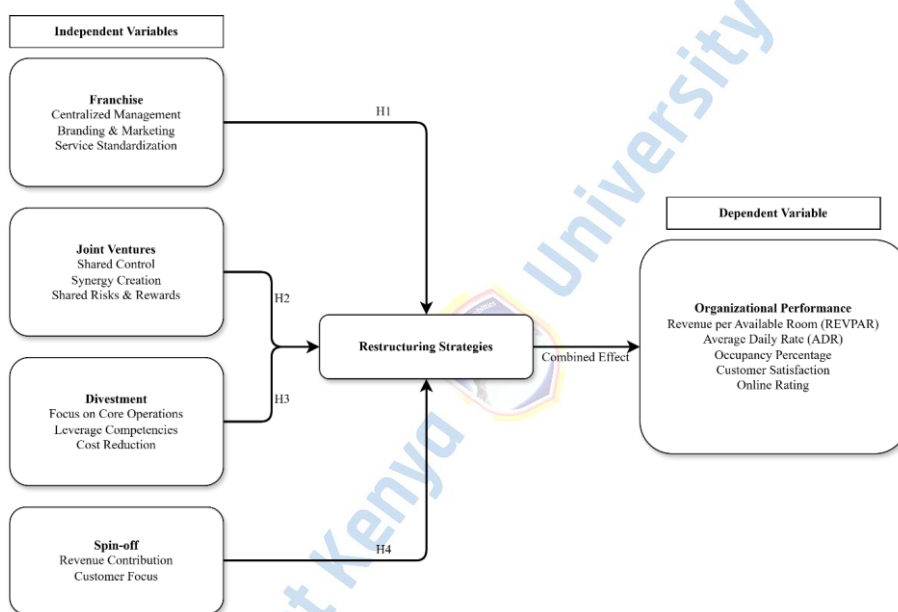


Figure 2-1 Conceptual framework
Source: (Researcher, 2025)

2.5 Recap of Literature Review

Bourke et al. (2020) study which used a mixed methodology proves to be inadequate by generalizing findings. The study findings suggest that asset disposal strategies facilitating divestment enable hotel stability, market valuations, and organizational performance. Also, asset disposal is useful in manipulating stocks in financial markets to increase organization

attractiveness to investors and traders. Such findings can be generalized to mean that divestment in hotels generally leads positive impacts irrespective of other external factors. Notably, different organizations have various metrics for growth, stability, and performance. Being asset light could revert the organization to capital-intensive operations impacting valuation and performance.

Giannoukou (2017) study findings are inadequate as they consider the efficiency of joint ventures in Greece hotels. The efficiency regards organizational expansion through capital opportunities and expanded relationships. This has resulted in the inadequacy of results on organizational performance through shared risk, exploitation of resources, and technological advancement. As much as joint ventures are expected to have influence on organizational performance, there is need for elaborate strategies to curb competition. Lack of such strategies can lead to the downfall of the ventures as the partnerships come with risks. With that said, the performance of joint ventures should not only be based on efficiency but also on strategies to mitigate competition and meet environment changes.

The study by Beshay (2018) tends to generalize findings based on employee commitment as the measure for organizational performance through joint ventures. Further, the research method is inadequate in addressing the study research questions. Using employee commitment to measure organizational performance is prone to influence literature gaps on other performance metrics which can aid joint ventures in identifying operational effectiveness and efficiency. Of course employee productivity reflects client satisfaction, but there is need to consider other financial and non-financial elements leading to the performance of organizations operating under joint ventures.

2.6 Research gap

While several studies have explored how restructuring strategies like joint ventures, spin-offs, franchising, and divestments have been used by Kenyan hotels, most have focused on just one strategy at a time. Nzisa (2022) shows how joint ventures can boost brand strength or how spin-offs can raise financial capital. However, what's been missing is a broader view of how these different strategies work together to affect overall organizational performance. This study bridges that conceptual gap by looking at all four strategies collectively and examining their combined impact on five-star hotels.

There is also a theoretical gap in past research. According to Okutunyi (2015) restructuring plays a role in helping hotels adapt to tough economic conditions, earlier studies didn't always connect their findings to well-established theories. This research strengthens that foundation by applying relevant theories like Agency Theory and Resource-Based Theory, helping to explain not just what is happening, but why these strategies influence organizational performance the way they do.

According to Wambui et al (2019) other studies often relied on general observations or focused on broader hotel categories without zeroing in on the unique challenges faced by Nairobi's five-star hotels. This created both empirical and contextual gaps. By collecting and analyzing firsthand data from top and middle managers in some of Nairobi's leading luxury hotels, this study offers a clearer picture of what's actually working on the ground. It fills an important knowledge gap and provides hotel managers, investors, and policymakers with practical, data-driven insights to guide future decisions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter explores the research methodology that was used in the study. Research methodology encompassed study research design, data collection methods, data collection instruments, and how data was analyzed, interpreted, and presented. Other imperative elements in the chapter pertained to population sample and sampling technique.

3.2 Research Methodology

This study adopts the mixed-methods approach that combines quantitative and qualitative methods for a comprehensive analysis. Quantitative data, collected via structured Likert-scale questionnaires, capture performance indicators (REVPAR, ADR, occupancy rates) and strategy implementation levels, enabling statistical analyses like correlation and multiple linear regression to test hypotheses. Qualitative data, gathered through semi-structured interviews with hotel managers, explore contextual factors such as franchisee-franchisor alignment challenges or joint venture coordination issues, adding depth to statistical findings. This triangulation enhances the validity and reliability of results. In addition, data collection targets a purposive sample of 50 managers from Nairobi's five-star hotels, selected for their expertise in restructuring and performance metrics. Questionnaires use a 5-point Likert scale to assess strategy adoption and impact. Quantitative analysis employs descriptive statistics (means, standard deviations) to summarize data and inferential statistics (correlation, regression) to evaluate causal relationships. Qualitative data undergo thematic analysis to identify themes like restructuring barriers or guest satisfaction drivers. This methodology provides a strong framework while grounding the research design in a balanced approach to objective measurement and contextual understanding.

3.3 Research Design

The study adopted a descriptive-explanatory research design within a mixed-methods framework, incorporating both quantitative and qualitative approaches (Jilcha, 2019). This design is descriptive in that it systematically collects and analyzes data to describe the current state of restructuring strategies and their adoption in Nairobi's five-star hotels, using tools like Likert-scale questionnaires to capture patterns in demographics, strategy implementation, and performance indicators (e.g., REVPAR, ADR, and occupancy rates). It is explanatory in that it seeks to explain the causal relationships between the independent variables (franchising, joint ventures, divestment, and spin-offs) and the dependent variable (organizational performance), through inferential statistics such as correlation and multiple linear regression analysis to test hypotheses and predict outcomes. The mixed-methods design enables researchers to improve the credibility of their findings and expand their evidence by combining the strengths of both approaches. When choosing a research design method, the researcher should justify the choice of the approach in the study (Cohen, Manion & Morrison, 2017). The design is chosen due to the qualitative approach's suitability in providing in-depth explanations on the statistical data. On the other hand, the quantitative approach builds a comprehensive understanding of the study variables in organizational performance.

3.4 Location of the study

Nairobi was selected as the focus of this study because it serves as the heart of Kenya's hospitality industry, with the highest concentration of five-star hotels in the country. As a bustling capital city that attracts both international tourists and business travelers, Nairobi presents a unique environment where hotels must constantly adapt to remain competitive. The economic pressures, rising operational costs, and shifting customer expectations make it a fitting place to explore how restructuring strategies are being used in real-time. By focusing on

Nairobi, the study captures insights from hotels that are not only central to Kenya's tourism sector but are also at the forefront of strategic change and innovation. According to Abawi (2017) accuracy in in area of study is critical in obtaining reliable and credible data

3.5 Target population

The target population for the study comprised sixty top and middle management employees from six five-star hotels in Nairobi City County: Villa Rosa Kempinski, Radisson Blu, Tribe Hotel, The Boma Nairobi, Sankara Nairobi, and Hemingway's Nairobi. These hotels were selected due to their significant capital investments, necessitating sustainable strategies for effective management and performance amid economic challenges. The unit of observation was the individual employee, as data were collected directly from these managers via questionnaires to capture insights on restructuring strategies and performance metrics. The unit of analysis was the hotel organization, with individual responses aggregated to evaluate the effects of restructuring strategies on overall organizational performance. A census survey method was employed, including all 60 employees in the target population (Singh & Masuku, 2014). This approach facilitated comprehensive data compilation from all units of interest, focusing on the six hotels as representative samples within the county, and enabled in-depth analysis of strategy impacts at the organizational level.

3.6 Sampling procedures and techniques

This study employed a census sampling technique, wherein the entire target population of 60 top and middle management employees from the six selected five-star hotels was included as the sample. Census sampling was chosen over probabilistic or non-probabilistic methods due to the manageable size of the population, which allowed for exhaustive inclusion of all units without the need for selection bias or representativeness concerns (Singh & Masuku, 2014). This technique is particularly justified in contexts like this study, where the population is finite

and accessible, enabling a complete enumeration that minimizes sampling errors and enhances the reliability of findings on restructuring strategies' effects. By means of surveying every eligible participant, the approach ensured comprehensive insights into organizational practices across the hotels, aligning with the study's descriptive-explanatory design that requires in-depth data from key informants familiar with strategic decisions. The census method also supported the mixed-methods framework by facilitating rich qualitative explanations alongside quantitative metrics, avoiding the limitations of partial sampling that could overlook nuances in a specialized sector like Nairobi's luxury hospitality.

3.7 Sample population

The sample size for this study was 60 participants, equivalent to the full target population, as determined by the census sampling technique. This size was justified by the population's bounded nature, which was limited to top and middle managers in core departments (e.g., front office, sales, food and beverage) across the six hotels, making it feasible to include all individuals without resource constraints (O'Neill, 2022). A census of 60 ensured maximal coverage, reducing non-response bias and providing sufficient statistical power for inferential analyses like multiple linear regression, where a sample-to-variable ratio exceeding 10:1 (here, 60:5 for four independent variables plus the dependent) supports robust hypothesis testing. This approach was appropriate for the study's focus on a niche group, yielding high response rates (83.4% achieved) and generalizable insights within Nairobi's five-star segment, while avoiding over-sampling that could strain ethical considerations like participant burden.

3.8 Construction of research instruments

Primary data for this study were obtained through a structured questionnaire as the sole data collection instrument. This choice was justified by the questionnaire's ability to reliably capture standardized, quantifiable responses from a defined population of managers, aligning with the

study's mixed-methods descriptive-explanatory design that requires both numerical data for inferential analysis (e.g., regression) and insights into strategic perceptions (Abawi, 2017). Questionnaires were preferred over alternatives like interviews or focus groups due to their efficiency in reaching a census sample of 60 dispersed participants across six hotels, minimizing time and cost while ensuring anonymity to encourage honest responses on sensitive topics like restructuring impacts. They also facilitated high data quality, the collection of specific, targeted information on variables such as REVPAR and customer satisfaction, and the inclusion of additional contextual details through Likert-scale items (Kabir, 2016). A structured format with predefined questions and a 5-point Likert scale (ranging from Strongly Disagree to Strongly Agree) was selected to elicit consistent, measurable opinions on the deployment and effects of restructuring strategies, enabling statistical processing in SPSS for hypothesis testing. This instrument was ideal for identifying management views on performance outcomes, as it supported easy distribution via email, quick follow-ups, and accessibility for time-constrained respondents, ultimately yielding an 83.4% response rate. The questionnaires were administered to six middle management employees per hotel from departments including front office, sales and marketing, food and beverage, kitchen and food production, housekeeping, and human resources and four top management employees per hotel, comprising the general manager, chief financial officer, operations manager, and quality manager. This selection totaled 60 participants (10 per hotel) and focused on these roles because they are directly involved in implementing and overseeing restructuring strategies, providing informed insights into organizational performance and sustainability (Umar, 2023). Email distribution of 60 soft copies, after obtaining organizational permissions, ensured seamless access and timely completion, further justifying the instrument's practicality for this study's scope. Primary data was collected from 60 participants from the hotels as shown in the Table 3-1.

Table 3-1 Study Participants by Management Level, Role, and Hotel

Participants	Villa Rosa Kempinski	Radisson Blu	Tribe Hotel	The Boma Nairobi	Sankara Nairobi	Hemingway's Nairobi	Total
Middle Management Participants							
Front office manager	1	1	1	1	1	1	6
Sales and marketing manager	1	1	1	1	1	1	6
Food and beverage manager	1	1	1	1	1	1	6
Kitchen and food production manager	1	1	1	1	1	1	6
Housekeeping manager	1	1	1	1	1	1	6
Human resources manager	1	1	1	1	1	1	6
Top Management Participants							
General manager	1	1	1	1	1	1	6
Chief financial officer	1	1	1	1	1	1	6
Operations manager	1	1	1	1	1	1	6
Quality manager	1	1	1	1	1	1	6
Total	10	10	10	10	10	10	60

Data on study participants compiled by researcher (2025).

3.9 Testing for validity and reliability

Through research procedures, the researcher provides a systematic and logical approach to carry out the study (Cooper & Schindler, 2014). This not only involves a detailed overview of data collection, but also involves testing the validity and reliability of data collection tools. Dikko (2016) ascertains that reliability measures regard the tool's ability to measure concepts with consistency and unbiased. On the other hand, validity ensures the tool adequate representation and differentiation of items in the concept reflecting study objectives (Dikko,

2016). The participants for the pilot test were chosen after the 10% calculation of the participants' population. This pilot sample size should be in accordance with the recommendation of up to 10% of the population sample size (O'Neill, 2022). The questionnaire pilot test was conducted through issuance of pilot questionnaire to six participants from a similar five-star hotel not included in the main study. Afterwards, pilot test questionnaire was collected and reviewed to check data completeness and errors. The pilot questionnaire determined whether the questions were clear, understandable, and accurately reflected research objectives. The review and evaluation of questions prompted questionnaire content validity.

3.9.1 Instrument reliability

Reliability of the research instrument was assessed to ensure consistency and stability of the questionnaire items in measuring the study's constructs (Dikko, 2016). Specifically, internal consistency reliability was tested using Cronbach's alpha coefficient, a statistical measure that evaluates how closely related a set of items are as a group (Tavakol & Dennick, 2011). This method is particularly suitable for Likert-scale questionnaires like the one used in this study, as it assumes unidimensionality of scales and provides a value between 0 and 1, where higher values indicate greater reliability. The testing process began with pilot sample selection, in which the questionnaire was administered to a pilot sample of 6 respondents (10% of the total target sample of 60), selected from middle and top managers in a similar four-star hotel located in Nairobi not included in the main study. This ensured the pilot mirrored the target population, in accordance with the recommendation of up to 10% of the population sample size (O'Neill, 2022). Next, data entry and computation were conducted by entering responses from the pilot into SPSS Version 29, after which Cronbach's alpha was calculated separately for each construct: franchising (7 items), joint ventures (8 items), divestment (8 items), spin-offs (8 items), and organizational performance (the dependent variable, aggregated across metrics like

REVPAR and ADR). A minimum acceptable threshold of 0.7 was applied, as recommended for social science research (Tavakol & Dennick, 2011), with values between 0.7 and 0.8 indicating acceptable reliability, 0.8-0.9 good, and above 0.9 excellent. If any alpha fell below 0.7, items with low item-total correlations would be reviewed, potentially revised, or removed to improve the scale. In the pilot, all constructs yielded alphas above 0.7 (reported in Appendix V), confirming the instrument's reliability.

3.9.2 Instrument validity

The content validity involved the evaluation of instrument words and items to ensure they were relevant for the study (Taherdoost, 2015). In addition, feedback from the pilot test was crucial in enhancing and improving the questionnaire tool through modification of questions to reflect study content. Thereafter, the researcher administered the questionnaires for actual study to the 60 middle and top management employees of the selected five-star hotels.

3.10 Data Collection methods and procedures

Data collection considered gathering of data which was later subjected to analysis providing information imperative in study findings. According to Abawi (2017), accuracy in systematic data collection is critical in obtaining reliable and credible data. The study considered both primary and secondary data as paramount in providing information for the study. Secondary data collected was based on organizational publications, articles, periodicals, newsletters, websites, performance reports, and internal records. Secondary data review was essential while collecting and compiling data on the study population. The participants in primary data collection procedures were pre-selected from top and middle management employees who managed core departments and operations in the organizations.

3.11 Proposed data analysis and procedures

Data analysis in this study involved summarizing, modeling, and interpreting the collected data to uncover patterns, relationships, and trends (Belotto, 2018). This process enabled the researcher to draw meaningful conclusions based on facts, figures, and statistical metrics (Ali & Bhaskar, 2016). Qualitative data was analyzed through descriptive analysis, which involved calculating percentages, averages, and frequencies to present a clear and simplified summary of participant responses. This approach helped to organize the data effectively and offered an easy-to-understand visualization of the findings from both primary and secondary sources.

To explore how the restructuring strategies related to organizational performance, correlation analysis was conducted. The purpose of correlation analysis was to measure the strength and direction of relationships between the independent variables—franchising, joint ventures, divestment, and spin-offs—and the dependent variable, organizational performance. This helped to identify whether any strong associations existed and if multicollinearity (excessive correlation between independent variables) might affect further analysis. Following this, multiple linear regression analysis was used to assess how each restructuring strategy influenced organizational performance. The purpose of regression analysis was not only to quantify these relationships but also to predict the impact of changes in each strategy on performance outcomes. This type of analysis allows researchers to evaluate the individual and combined contributions of each variable.

The regression model applied in the study was: $Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + E$ Where: Y is the dependent variable (organizational performance), X_1 to X_4 are the independent variables (franchise, joint venture, divestment, spin-off), B_0 is the intercept, B_1 to B_4 are the slope coefficients indicating the expected change in Y for a unit change in each X, and E is the error term.

The interpretation of this model helps determine how each restructuring strategy contributes to or detracts from overall performance. A positive coefficient (e.g., $B_1 > 0$) would suggest that increasing the use of that strategy is associated with improved organizational performance.

For the results of the regression to be valid, several assumptions of regression analysis had to be met. These included: (1) Linearity – the relationship between the independent and dependent variables should be linear; (2) Independence of errors – observations should be independent of each other; (3) Homoscedasticity – the residuals should have constant variance; (4) Normality of residuals – errors should be normally distributed; and (5) No multicollinearity – the independent variables should not be highly correlated with one another. These assumptions were tested and verified using SPSS version 29 and Microsoft Excel, which were used to compute model parameters, validate reliability, and ensure robust results.

Hypothesis testing was conducted to determine whether the observed effects were statistically significant. The p-value was used to test the null hypotheses—which stated that each restructuring strategy had no significant effect on organizational performance. A p-value less than 0.05 was considered statistically significant and led to the rejection of the null hypothesis, indicating that the strategy in question did indeed have a meaningful impact. This step ensured that the conclusions drawn from the data were evidence-based and statistically sound, helping to avoid biases that might otherwise skew the interpretation of the results.

3.12 Ethical Considerations

Ethical considerations were taken seriously to ensure participants felt respected, informed, and protected throughout the study. Before taking part, all respondents were clearly informed about the purpose of the study, what it involved, any possible risks or benefits, and were asked to give their consent willingly. To show the research was strictly for academic purposes, the researcher shared an official introductory letter from the university.

Confidentiality and privacy were a top priority. No names or identifying details were collected, and all data was stored securely and only kept for as long as necessary before being safely deleted. Participants were also free to opt out at any point, and any tokens of appreciation offered were fair and non-pushy. To ensure everything was done properly, approval was obtained from the Ethical Review Board, along with all required permissions from relevant authorities.

Lastly, the researcher made sure to avoid plagiarism by correctly citing all sources using APA style, giving full credit to original authors. These efforts helped build trust with participants, letting them know their input was valued and handled with care—and that their identity would always remain anonymous.



CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter provides a critical analysis and results within the context of the objectives of the study, investigating the effect of restructuring strategies on organizational performance in Nairobi five-star hotels. Descriptive statistics provide information on managerial attitudes, while inferential statistics test the effect of the strategies. The findings are organized in terms of demographic profiles, response rates, descriptive analysis, and regression findings with the help of various tables and figures in order to facilitate interpretation of data trends and relationships by the researcher for creating well-reasoned conclusions and recommendations for enhancing the performance of hotels in a competitive tourism industry.

4.2 Response Rate

In this study, 60 questionnaires were administered to the top and middle-level managers of five-star hotels in Nairobi, and 50 were returned, with a response rate of 83.4%. Hendra and Hill (2019) state that a response rate of over 80% is great for valid analysis, affirming the efficacy of our data collection. Table 4-1 indicates the response statistics: 50 returned (83.4%) and 10 unreturned (16.6%).

Table 4-1 Response Data

Responses	Frequency	Percentage (%)
Returned	50	83.4
Unreturned	10	16.6
Total	60	100

Source: (Researcher, 2025)

4.2.1 Pilot study findings

The pilot test findings confirmed that the questionnaire was well-designed, with participants indicating that the questions were clear, easy to understand, and aligned with the overall research objectives. This feedback helped validate the content of the questionnaire, ensuring that it effectively captured the necessary information for the study. The review and evaluation process during the pilot test played a crucial role in establishing content validity, confirming that the questions were relevant, appropriately worded, and accurately reflected the constructs being measured. As a result, the instrument was deemed suitable for use in the main data collection phase.

4.3 Demographic Information

This section presents the demographic profile of managers from Nairobi five-star hotels based on gender, management level, and managerial positions. Despite the study attaining a 50-manager response rate through questionnaires, not all respondents filled in the demographics section, leading to smaller subsets per demographic. These demographics are summarized in Table 4-2. Gender breakdown shows unequal respondent composition. Of a sample of 16 respondents, 8 are male and comprise 56.3%, and 7 are female and make up 43.8%. This achievement of gender inequality, concurs with the past male domination (Wambui et al., 2019), represents good programs such as mentorship programs in five-star hotels in Nairobi. The 43.8% gender parity in representation confirms Pansiri (2021) and Wambui et al. (2019), who credit gender-balanced teams to higher innovation and satisfaction essential to the success of hotels. While men are slightly more numerous than women, mirroring potential challenges, the ratio shows a working force leveraging diversity to power strategies like franchising. Equitable parity is only achievable through collective effort in equal promotion, highlighting industry trends of balanced leadership.

Level of management offers insight into the respondents' roles. Out of 15 respondents, 8 are middle-level managers (53.3) %, and 7 are top-level managers (46.7) %. Middle managers, as per Stylos and Vassiliadis (2016), put restructuring between top-level vision and daily operations. Top-level managers, fewer but more important, drive strategic shifts like spin-offs, ensuring competitiveness (Gaturu et al., 2022). This near equal distribution of power balances action and direction, necessary for restructuring effectiveness in Nairobi luxury hotels. Middle managers maximize the operational effectiveness, while senior managers set growth opportunities, suggesting a complementary relationship that amplifies performance effects across strategies.

Managerial designation underscores functional variations in the 15 respondents. Front office managers lead with 4 (26.7%), followed by operations (3, 20.0%), housekeeping (2, 13.3%), and other roles like CFO, Food & Beverage, General Manager, Human Resources, and Sales (1 each, 6.7%). Front office managers ensure guest satisfaction, an essence of occupancy rates, and operations managers ensure efficiency, enabling divestment (Okutonyi, 2021). Housekeeping managers ensure cleanliness, a five-star attribute. Less-represented roles underpin administrative stability in spin-offs. Such diversity guarantees all-around management of the restructuring impact, blending guest-facing and strategic roles to drive organizational performance.

Table 4-2 Summary of Demographic Characteristics

Main Factor	Factor Level	Frequency	Percent
Gender	Female	7	43.8
	Male	8	56.3
Level of Management	Middle Level	8	53.3
	Top Level	7	46.7
Managerial Positions	Front Office	4	26.7
	Operations	3	20.0
	Housekeeping	2	13.3
	Chief financial officer	1	6.7
	Food & Beverage	1	6.7
	General Manager	1	6.7
	Human Resource	1	6.7
	Kitchen and food production	1	6.7
	Sales and marketing	1	6.7

Source: (Researcher, 2025)

4.4 Reliability Findings

The internal consistency of the survey items for every one of the restructuring strategies was checked using Cronbach's Alpha. Cronbach's Alpha ranges from 0 to 1.0 with 1 being the ideal reliability, and 0.7 as the lower boundary of acceptability (Tavakol and Dennick, 2011). The Cronbach's Alpha for each of the strategies was found to be above 0.7, ranging from 0.893 to 0.918, indicating an acceptable level of reliability. The results are presented in Table 4-3.

Table 4-3 Cronbach's Alpha Coefficients for Reliability Test

Variable	Cronbach's Alpha	Acceptable
Franchising	0.905	Yes
Joint Ventures	0.904	Yes
Divestment	0.918	Yes
Spin-Offs	0.893	Yes

Source: Researcher (2025).

4.5 Validity Findings

Principal Component Analysis (PCA) using the varimax rotation method was utilized to apply a factor analysis in determining the construct validity of every single one of the survey items towards the restructuring strategy. Shrestha (2021) recommend eliminating items whose factor

loadings were below 0.40, and where loadings above 0.40 will continue to be utilized. Factor analysis showed that all the items of each strategy had factor loadings greater than 0.40 on the first factor, ranging from 0.418 to 0.816 across the strategies. The cumulative variance explained by the factors ranged from 0.601 to 0.656, which is higher than the minimum requirement of 0.40, thus ensuring construct validity. The findings are shown in Table 4-4.

Table 4-4 Construct Validity Test

Variables	Factors Loading	Validity
Franchising	0.781	Yes
Joint Ventures	0.768	Yes
Divestment	0.755	Yes
Spin-Offs	0.816	Yes

Source: (Researcher, 2025)

4.6 Correlation of Study Variables

Correlation analysis was conducted to examine the relationships among the study variables, including the independent variables (franchising, joint ventures, divestment, and spin-offs) and the dependent variable (organizational performance). Pearson correlation coefficients were calculated to assess the strength and direction of these linear associations, providing insights into how the restructuring strategies interrelate and collectively influence performance (Paul, 2006). The results, presented in Table 4.5, show moderate positive correlations between each independent variable and organizational performance, ranging from 0.161 (joint ventures) to 0.550 (divestment), indicating that higher adoption of these strategies is associated with improved performance outcomes. Intercorrelations among the independent variables were low, ranging from -0.269 to 0.194, suggesting minimal overlap and supporting their distinct contributions in the regression model.

Table 4-5 Pearson Correlation Matrix of Study Variables

Variable	Franchising	Joint Ventures	Divestment	Spin-Offs	Organizational Performance
Franchising	1.000	0.194	-0.152	0.059	0.546
Joint Ventures	0.194	1.000	-0.269	0.098	0.161
Divestment	-0.152	-0.269	1.000	0.216	0.550
Spin-Offs	0.059	0.098	0.216	1.000	0.480
Organizational Performance	0.546	0.161	0.550	0.480	1.000

Source: Researcher (2025).

4.7 Descriptive Analysis

This study analyzed the effects of restructuring approaches on organizational performance of five-star hotels in Nairobi County. Respondents measured the extent to which they agreed with statements on these strategies' impact on a Likert scale (1=strongly disagree, 2=disagree, 3=neutral, 4=agree, 5=strongly agree). Mean scores are translated as follows: 0–1.5 (strong disagreement), 1.6–2.3 (disagreement), 2.4–2.7 (neutral), 2.8–3.5 (agreement), and greater than 3.5 (strong agreement). Responses from 50 managers are reported in percentages in tables to investigate each strategy's perceived impact on performance indicators such as sustainability, competitiveness, and customer feedback.

4.7.1 Effect of Franchising on Organizational Performance

Franchising was operationalized mainly in the form of the acquisition of a rights agreement where Nairobi five-star hotels use a global brand, riding on its reputation and systems and remitting franchise fees. This move allows hotels to leverage established brand equity and operating systems, hopefully strengthening their market position in a competitive luxury market. The findings were measured on a Likert scale, and percentages were reported in Table 4-6, showing franchising's effect on performance measures like REVPAR, ADR, and profitability.

Majority (42%) agreed that the franchising rights agreement is a major driver in organizational performance outcomes, while 28% remained neutral, and 22% disagreed (mean=3.28). This suggests that franchising is perceived as a vital strategy for enhancing overall performance by leveraging brand equity in Nairobi's competitive market. Global brands pull in high-value visitors, which presumably drives performance indicators. But the 28% of respondents who fell in the middle group could mean that some hotels are unsure of franchising's explicit advantages, perhaps because the cost of franchise fees is an expense. The results support Waithaka (2021), who discovered that brand affiliations highly improve organizational performance in Nairobi five-star hotels through better market positioning and customer trust.

Majority (48%) agreed that the franchising agreement indicates a positive impact on the organization's Revenue per Available Room (REVPAR), while 36% remained neutral, and 16% disagreed (mean=3.36). This indicates that franchising is generally seen to improve REVPAR, a key profitability metric, by increasing guest inflow through brand recognition in Nairobi's luxury sector. Yet, the 36% neutrality indicates that some hotels might not see steady REVPAR growth, perhaps because of seasonal fluctuations in tourism or different franchise models. These results align with Njue (2022), who indicated that branding efforts, such as franchising, have a positive effect on financial performance indicators such as REVPAR in Nairobi hotels by increasing revenue streams.

Majority (62%) agreed that the franchising agreement has led to an increase in the Average Daily Rate (ADR) facilitating Organizational performance, while 22% remained neutral, and 16% disagreed (mean=3.52). This reflects that franchising enables hotels to command higher rates, enhancing revenue in Nairobi's market where luxury travelers often expect premium pricing. The ability to charge more through brand credibility is a significant advantage in a competitive sector. Yet, the 22% that were neutral can be attributed to uncertainty regarding ADR increases, possibly due to some guest segments being price-sensitive. This is in

accordance with Njue (2022), who established that franchising-based branding raises ADR in Nairobi hotels by providing justification for higher rates based on brand reputation. In addition, branding and marketing under franchise models allow hotels to leverage well-established brand names and global campaigns, increasing visibility and trust among travelers. Strong branding attracts more bookings, which positively influences key performance metrics such as occupancy rate and average daily rate (ADR). Service standardization, another core franchising attribute, ensures that customers receive consistent quality across all branches. This consistency leads to improved online ratings and customer satisfaction, reinforcing brand loyalty and contributing to higher revenue per available room (REVPAR).

Majority (50%) concurred that the franchising contract is responsible for hotel occupancy percentage increase, while 8% were neutral and 42% were opposed (mean=3.36). This implies that franchising is fueling occupancy through international marketing efforts, which is essential for Nairobi hotels rebounding from COVID. Brand awareness probably brings more visitors, occupying rooms in a weak market. But the 42% disagreeing that this is the case means that there are some hotels that continue to experience challenges with occupancy, perhaps because there's market saturation or poor marketing efforts attached to franchising. These findings are consistent with Chemuchuk (2015), who found that brand affiliation boosts occupancy in Kenyan tourism by enhancing destination appeal and visibility.

Majority (64%) agreed that the franchising agreement has influenced positive rates in customer satisfaction levels, while 14% remained neutral, and 22% disagreed (mean=3.48). This demonstrates that franchising improves guest satisfaction by ensuring standardized quality, which is essential in Nairobi's reputation-sensitive luxury market. Service delivery consistency through franchising enhances guests' trust. However, the 22% who did not agree may be pointing out spotty service malfunction, maybe on account of culture mismatch between worldwide standards and expectations in local people. The outcomes agree with Wambui et al.

(2019), whereby they held the view that hospitality customer satisfaction and loyalty in Kenyan hospitality are enhanced through strategies of branding customer expectations.

Majority (72%) agreed that the hotels's online rates have increased due to the adopted franchising agreement, while 14% remained neutral, and 14% disagreed (mean=3.58). This indicates that franchising significantly enhances online visibility and ratings, which are critical for attracting tech-savvy guests in Nairobi's increasingly digital market. A strong online presence helps hotels stand out in a crowded market. But 14% neutrality may imply ambivalence in deciding how much online rates increase, say, due to the different performance of digital marketing on the internet. These findings confirm Waithaka (2021), who showed that branding initiatives improve online impressions in Kenyan hospitality by enhancing digital traces.

Majority (64%) agreed that the franchising contract made the hotel profitable relative to similar hotels without an agreement, and 14% were neutral with 22% disagreeing (mean=3.48). This indicates franchising offers an edge in terms of profitability with cost efficiencies, economies of scale, and premium brands in the competitive Nairobi sector. Franchising enables the hotels to share established systems as well as have brand loyalty. But the 22% that disagreed may cite issues such as franchise fees eroding profit margins. These findings confirm Ouma (2023) who found that branding strategies contribute to profitability in Nairobi hotels through accessing brand-led revenue.

Majority (62%) agreed that the franchising contract contributes to hotel value appreciation through good performance, while 22% were neutral, and 16% disagreed (mean=3.50). This is because franchising creates long-term value through increased market presence, which is essential for Nairobi hotels seeking international recognition during a post-COVID recovery period. Brand association assists hotels in establishing a sustainable competitive edge. The 22%

who were neutral, however, could be a sign of doubt regarding long-term value increase, perhaps because of economic uncertainty or varying franchise agreement terms. These findings correspond to Nafula (2015), who noted that brand affiliations drive value growth in Nairobi's five-star hotels by enhancing market share.

In the descriptive analysis of franchising's effects on organizational performance (Table 4.6), the Likert-scale means (ranging from 3.28 to 3.58, with an overall average of 3.45) indicate a general tendency toward agreement that franchising positively influences key metrics, falling in the "neutral to agree" range on the 5-point scale (1 = Strongly Disagree to 5 = Strongly Agree). However, the standard deviations (SDs), which measure the dispersion of responses around these means, provide critical insights into the consistency of opinions among the 50 respondents. With SDs varying from 1.05 to 1.31 and an average of 1.13, the results reflect moderate variability overall, suggesting that while there is broad consensus on franchising's benefits, perceptions are not uniformly strong, with some divergence possibly due to contextual factors like hotel-specific implementation challenges or economic conditions in Nairobi's luxury sector. For instance, the statement "Have the organization's online rates increased due to the adopted agreement?" has the highest mean (3.58), indicating strong agreement on improved online ratings, but its SD of 1.20 points to moderate spread, implying that while most respondents (58% Agree, 14% Strongly Agree) perceived gains, a notable portion (14% Strongly Disagree, 14% Neutral) held differing views, perhaps reflecting variations in digital marketing effectiveness across hotels. Similarly, "Does the agreement contribute to the increase in organizational occupancy percentages?" shows a mean of 3.36 (leaning toward agreement) but the highest SD (1.31), highlighting greater disagreement (28% Disagree, 14% Strongly Disagree) and thus higher variability; this could indicate inconsistent experiences with occupancy boosts, with responses spanning the scale and suggesting that franchising's impact on demand may depend on factors like seasonal tourism fluctuations. In contrast, statements

with lower SDs, such as "Has the agreement led to an increase in the Average Daily Rate (ADR) facilitating organizational performance?" (mean = 3.52, SD = 1.05) and "Does the agreement contribute to organizational value growth through positive performance?" (mean = 3.50, SD = 1.05), demonstrate tighter clustering around the mean, with over 60% of responses in the Agree/Strongly Agree categories and less dispersion, pointing to stronger consensus on franchising's role in revenue and long-term value enhancement. Findings are in line with Awich and Sangoro (2023) and Wamalwa (2018) confirming franchising's benefits in Kenya's hospitality sector, particularly in enhancing financial and operational performance. However, the variation in responses underscores the need for tailored franchising strategies to maximize impact in Nairobi's dynamic and competitive hospitality landscape, where economic and market factors can influence outcomes.

Table 4-6 Franchising on Hotel Performance

Statement of Franchising	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	SD
Is the organization rights agreement a major driver in organizational performance outcomes?	8	14	28	42	8	3.28	1.06
Does the agreement indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?	8	8	36	36	12	3.36	1.07

Commented [u1]: organizational

Has the agreement led to an increase in the Average Daily Rate (ADR) facilitating organizational performance?	8	8	22	50	12	3.52	1.05
Does the agreement contribute to the increase in organizational occupancy percentages?	14	28	8	50	0	3.36	1.31
Has the agreement influenced positive rates in customer satisfaction levels?	8	14	14	50	14	3.48	1.14
Have the organization's online rates increased due to the adopted agreement?	14	0	14	58	14	3.58	1.20
Has the agreement made the hotel profitable compared to hotels without a similar agreement?	8	14	14	50	14	3.48	1.14
Does the agreement contribute to organizational value growth through positive performance?	8	8	22	50	12	3.50	1.05
Average						3.45	1.13

Source: Researcher (2025)

4.7.2 Effect of Joint Ventures on Organizational Performance

Joint ventures were predominantly realized through collaborative partnerships where five-star hotels in Nairobi enter into collaborations with other businesses to exchange resources, skills, and risks in service provision. In so doing, the hotels enhance their competencies and market scope through cooperative efforts, which could be indispensable in growing a post-COVID recovery. Responses were measured by Likert scale and expressed in percentage in Table 4-7, reflecting joint ventures' influence on performance measures like REVPAR, ADR, and profitability.

Majority (54%) agreed that the organization collaboration with the other company is a major driver in organizational performance outcomes, while 8% remained neutral, and 38% disagreed (mean=3.28). This demonstrates that joint ventures are a key strategy employed with the intention of enhancing overall performance through shared expertise in Nairobi's competitive

hotel sector. Partnerships can improve operational efficiency and market reach, which likely boosts performance. However, the 38% who disagreed could indicate that some hotels face challenges in aligning goals with partners, potentially leading to operational conflicts or inefficiencies. These findings reflect Koskey (2013), who found that partnerships significantly enhance organizational performance in Kenyan hotels through resource collaboration and shared expertise.

Majority (56%) agreed that the collaboration indicates a positive impact on the hotel's Revenue per Available Room (REVPAR), while 22% remained neutral, and 22% disagreed (mean=3.60). This shows that joint ventures are perceived to improve REVPAR by combining marketing efforts, which is crucial for profitability in Nairobi's luxury sector. Collaborative marketing can attract a broader customer base, enhancing revenue streams. However, the 22% who remained neutral may reflect uncertainty about consistent REVPAR growth, possibly due to seasonal variations or differing partner contributions. These findings are congruent with Ratemo (2024), who reported that strategic alliances positively impact financial performance metrics like REVPAR in Kenya's hotels by leveraging combined resources.

Majority (56%) agreed that the collaboration has led to an increase in the Average Daily Rate (ADR) facilitating organizational performance, while 14% remained neutral, and 30% disagreed (mean=3.60). This indicates that joint ventures enable hotels to command higher rates, enhancing revenue in Nairobi's market where premium pricing is often expected by luxury travelers. Shared branding and expertise may justify higher rates. However, the 30% who disagreed may suggest challenges in achieving ADR gains, possibly due to pricing conflicts between partners or market resistance. These findings validate Mutisya (2017), who found that alliances increase ADR in Nairobi's hotels by leveraging shared brand credibility and market positioning.

Majority (56%) agreed that the collaboration contributes to the increase in organizational occupancy percentages, while 8% remained neutral, and 36% disagreed (mean=3.58). This reflects that joint ventures drive occupancy through shared marketing and resources, which is vital for Nairobi's hotels recovering post-COVID. Collaborative efforts can enhance visibility and attract more guests. However, the 36% who disagreed could indicate seasonal occupancy fluctuations or ineffective joint marketing strategies affecting consistent gains. These findings match with Karanja (2018), who found that partnerships boost occupancy in Kenyan tourism by enhancing destination appeal through combined marketing efforts.

Majority (58%) agreed that the collaboration has influenced positive rates in customer satisfaction levels, while 14% remained neutral, and 28% disagreed (mean=3.60). This shows that joint ventures improve guest satisfaction by combining expertise to enhance service quality, which is crucial for Nairobi's reputation-sensitive market. Partnerships can bring in best practices that elevate guest experiences. However, the 28% who disagreed may indicate service inconsistencies, possibly due to differing standards between partners or challenges in maintaining quality. These findings coincide with Koskey (2013), who found that partnerships enhance customer retention and satisfaction in Kenyan hospitality by improving service delivery.

Majority (56%) agreed that the organization's online rates have increased due to the adopted collaboration, while 22% remained neutral, and 22% disagreed (mean=3.60). This demonstrates that joint ventures enhance online visibility and ratings, which are key for attracting tech-savvy guests in Nairobi's digital market. Collaborative digital marketing strategies can improve online presence. However, the 22% who remained neutral may reflect uncertainty about online rate improvements, possibly due to variations in platform effectiveness or partner contributions to digital efforts. These findings are parallel to Kariuki

(2015), who noted that partnerships improve online perceptions in Kenyan hospitality by enhancing digital visibility.

Majority (64%) agreed that the collaboration has made the hotel profitable compared to hotels without collaborations, while 14% remained neutral, and 22% disagreed (mean=3.70). This indicates that joint ventures provide a profitability edge through shared resources and cost efficiencies, benefiting Nairobi's competitive sector. Partnerships can reduce operational costs while increasing revenue. However, the 22% who disagreed may suggest challenges like cost-sharing disputes or unequal benefits impacting profit margins. These findings conform to Nafula (2015), who found that alliances enhance profitability in Nairobi's hotels by optimizing resource use and market opportunities. Synergy creation, arising from combining resources, talent, and capabilities, often leads to product and service innovation, operational efficiency, and improved value propositions. These benefits translate into better REVPAR, ADR, and occupancy rates. Moreover, shared risks and rewards enable hotels to expand or scale operations without bearing the full brunt of market uncertainties. This reduces vulnerability to external shocks and supports more stable performance metrics, contributing to long-term sustainability and profitability.

Majority (60%) agreed that the collaboration contributes to organizational value growth through positive performance, while 14% remained neutral, and 26% disagreed (mean=3.52). This reflects that joint ventures foster long-term value by expanding market presence, which is crucial for Nairobi's hotels aiming for growth in a post-COVID recovery phase. Collaborative strategies can enhance competitive positioning. However, the 26% who disagreed may indicate uncertainty about long-term gains, possibly due to economic volatility or mismatched partner goals. These findings are backed by Chemuchuk (2015), who noted that partnerships drive value growth in Kenyan hotels by broadening market reach.

For the descriptive analysis of joint ventures' effects on organizational performance (Table 4.7), the Likert-scale means (ranging from 3.28 to 3.70, with an overall average of 3.56) reflect a consistent lean toward agreement that joint ventures positively affect performance indicators, positioning responses in the "agree" zone on the 5-point scale (1 = Strongly Disagree to 5 = Strongly Agree). The standard deviations (SDs), which quantify the spread of responses around these means, offer valuable context on response consistency among the 50 participants, with values from 1.31 to 1.53 and an average of 1.40 indicating moderate to higher variability; this suggests a degree of divergence in perceptions, potentially stemming from varying partnership experiences, such as alignment issues or market-specific outcomes in Nairobi's five-star hotels, rather than unanimous consensus. For example, the statement "Has the collaboration made the hotel profitable compared to hotels without collaborations?" yields the highest mean (3.70), signaling strong agreement on profitability gains, with 64% of responses in Agree/Strongly Agree; however, its SD of 1.31 reveals moderate dispersion, as a subset (22% Disagree/Strongly Disagree) expressed reservations, possibly due to short-term costs or mismatched partner goals that dilute perceived benefits for some hotels. In contrast, "Has the collaboration influenced positive rates in customer satisfaction levels?" has a mean of 3.60 but the highest SD (1.53), highlighting substantial variability with responses spread across the scale (44% Strongly Agree but 28% Disagree/Strongly Disagree combined); this elevated SD implies polarized views, where successful synergies may boost satisfaction for many, yet challenges like cultural clashes in joint operations lead to dissatisfaction for others, underscoring the need for robust partner vetting. Lower SDs, such as 1.32 for "Does the collaboration indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?" (mean = 3.60) and "Have the organization's online rates increased due to the adopted collaboration?" (mean = 3.60), indicate tighter agreement clusters, with over 56% Agree/Strongly Agree and less spread, suggesting more uniform recognition of joint ventures'

contributions to revenue and digital reputation through shared resources. Findings uphold studies like Chemuchuk (2015) and Koskey (2013) confirm joint ventures' benefits in Kenya's hospitality sector, particularly in enhancing financial and operational performance. However, the variation in responses underscores the need for careful partner alignment and clear agreements to maximize impact in Nairobi's dynamic and competitive hospitality landscape, where economic and operational factors can influence outcomes.

Table 4-7 Joint Ventures on Organizational Performance

Statement on Joint Ventures	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	SD
Is the organization collaboration with the other company a major driver in organizational performance outcomes?	14	24	8	28	26	3.28	1.43
Does the collaboration indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?	8	14	22	22	34	3.60	1.32

Has the collaboration led to an increase in the Average Daily Rate (ADR) facilitating organizational performance?	8	22	14	14	42	3.60	1.43
Does the collaboration contribute to the increase in organizational occupancy percentages?	8	28	8	28	28	3.58	1.36
Has the collaboration influenced positive rates in customer satisfaction levels?	14	14	14	14	44	3.60	1.53
Have the organization's online rates increased due to the adopted collaboration?	8	14	22	22	34	3.60	1.32
Has the collaboration made the hotel profitable compared to hotels without collaborations?	8	14	14	28	36	3.70	1.31
Does the collaboration contribute to organizational value growth through positive performance?	14	12	14	22	38	3.52	1.48
Average						3.56	1.40

Source: Researcher (2025)

4.7.3 Effect of Divestment Restructuring on Organizational Performance

Divestment restructuring was largely operationalized as the strategic disposal of non-core assets by five-star hotels in Nairobi to allow them to concentrate resources on high-performing operations. This approach is supposed to simplify operations and lower overhead expenses, which can help improve financial efficiency in a highly competitive hospitality industry. The responses were quantified based on a Likert scale, with findings presented as percentages in Table 4-8, capturing divestment's impact on performance indicators such as REVPAR, ADR, and profitability.

Majority (50%) agreed that the reduction of assets has become a major driver in organizational performance outcomes, while 14% remained neutral, and 36% disagreed (mean=3.36). This demonstrates that divestment is a strategic approach employed with the intention of streamlining operations and improving efficiency in Nairobi's competitive hotel sector.

Through the elimination of non-core assets, hotels can concentrate resources on high-performing segments, potentially strengthening overall performance. Yet, perhaps the 36% who did not agree show that some hotels perceive divestment as risky, thus interfering with operations or cutting service levels. This is corroborated by Nyambok (2023), who established that cost leadership methods, such as asset pruning, enhance performance in Nairobi hotels by streamlining resource distribution and operational targeting.

Majority (50%) agreed that asset reduction indicates a positive impact on the organization's Revenue per Available Room (REVPAR), while 14% remained neutral, and 36% disagreed (mean=3.36). This shows that divestment is perceived to improve REVPAR by focusing on core revenue-generating assets, which is crucial for profitability in Nairobi's luxury sector. Streamlining operations can lead to better financial outcomes. However, the 36% disagreement may be a reflection of challenges in driving REVPAR growth, possibly due to reduced capacity or guest perception of reduced value. These findings are consistent with Kiprop et al. (2023), who established that cost-driven strategies enhance financial performance metrics like REVPAR in Nairobi hotels through increased efficiency in operations and resource utilization.

Majority (52%) agreed that the asset reduction has led to an increase in the Average Daily Rate (ADR) facilitating organizational performance, while 8% remained neutral, and 40% disagreed (mean=3.44). This indicates that divestment enables hotels to focus on premium offerings, justifying higher rates in Nairobi's market where luxury travelers expect value for their money. By concentrating on high-value segments, hotels can enhance revenue. However, the 40% who disagreed may suggest concerns over guest perception of reduced services or amenities, potentially affecting ADR. These findings echo Wawira (2016), who found that operational strategies, including divestment, increase ADR in Nairobi's hotels by focusing on high-value guest segments.

Majority (58%) agreed that asset reduction contributes to the increase in organizational occupancy percentages, while 8% remained neutral, and 34% disagreed (mean=3.58). This reflects that divestment drives occupancy by optimizing resources, allowing better marketing and operational focus in Nairobi's post-COVID recovery phase. Streamlined operations can attract guests through improved efficiency. However, the 34% who disagreed could indicate that reduced assets limit capacity, potentially impacting occupancy rates. These findings mirror Siongok (2021), who found that strategic resource management increases occupancy in Nairobi's hospitality sector by enhancing operational focus and market competitiveness.

Majority (50%) agreed that divestment has affected positive rates on customer satisfaction levels, 28% were neutral, and 22% disagreed (mean=3.64). This shows that divestiture improves satisfaction by focusing on core services, meeting guest expectations in reputation-conscious Nairobi market. Guest experience can be improved by focusing on quality rather than quantity. But the 28% neutrality may reflect uncertainty over post-divestiture service quality since fewer assets may limit delivery. These findings aligns with Osoo and Sije (2023), who demonstrated that operational effectiveness through restructuring enhances customers' satisfaction for Kenyan hotels by focusing on the most important guests' needs.

Majority (56%) agreed that the organization's online rates have increased due to the adopted asset reduction strategy, while 28% remained neutral, and 16% disagreed (mean=3.14). This demonstrates that divestment enhances online ratings by improving service focus, which is key for attracting tech-savvy guests in Nairobi's digital market. Better service quality can lead to positive reviews. However, the 16% who disagreed may indicate guest dissatisfaction with reduced amenities, potentially affecting online perceptions. These findings connect with Cheruiyot (2022), who noted that operational efficiency improves guest perceptions in Kenyan hospitality, often reflected in online ratings and feedback.

Majority (56%) agreed asset reduction has made the hotel profitable compared to heavy asset hotels, while 22% remained neutral, and 22% disagreed (mean=3.62). This indicates that divestment boosts profitability by reducing overhead costs, benefiting Nairobi's competitive sector. Lower costs can improve financial margins significantly. However, the 22% who remained neutral may suggest uncertainty about long-term profitability gains, as divestment might limit revenue opportunities. These findings are in harmony with Kiprop et al. (2023), who found that cost-focused strategies enhance profitability in Nairobi's hotels compared to asset-heavy counterparts by reducing operational expenses.

Majority (54%) agreed that the asset reduction contributes to organizational value growth through positive performance, while 14% remained neutral, and 32% disagreed (mean=3.52). This reflects that divestment fosters value growth by streamlining operations, which is crucial for Nairobi's hotels aiming for sustainable growth in a challenging market. Focusing on core assets can build long-term value. Through leveraging competencies, hotels can redirect resources to areas of competitive advantage, such as luxury services or digital innovation, enhancing their brand offering and improving REVPAR and online ratings. Additionally, cost reduction as a result of divesting non-core assets helps increase profitability margins. Lower operational costs combined with maintained or enhanced service levels directly contribute to better financial and customer performance outcomes. However, the 32% who disagreed may indicate concerns over long-term value loss from reduced assets, potentially affecting market positioning. These findings reinforce Wambua and Muthimi (2024), who noted that strategic resource management drives value growth in Kenya's hospitality sector by enhancing efficiency.

Descriptive analysis of divestment's effects on organizational performance (Table 4.8), the Likert-scale means (ranging from 3.14 to 3.64, with an overall average of 3.48) demonstrate a moderate to strong inclination toward agreement that divestment positively contributes to

performance outcomes, situating responses primarily in the "neutral to agree" range on the 5-point scale (1 = Strongly Disagree to 5 = Strongly Agree). The standard deviations (SDs), which assess the extent of response dispersion around these means, deliver essential nuance regarding consensus levels among the 50 respondents, with values between 1.15 and 1.49 and an average of 1.36 signifying moderate variability; this implies a reasonable spread in opinions, likely influenced by differing hotel experiences with asset reduction, such as perceived risks to service quality or varying success in cost savings within Nairobi's competitive five-star environment, rather than complete uniformity. Notably, the statement "Has the reduction influenced positive rates in customer satisfaction levels?" achieves a high mean (3.64), reflecting substantial agreement on satisfaction improvements, with 50% of responses in Agree/Strongly Agree; yet its SD of 1.22 indicates moderate dispersion, as no Strongly Disagree responses exist, but 28% Neutral and 22% Disagree suggest some hesitation, possibly from concerns over reduced amenities impacting guest experiences. Conversely, the two statements with the lowest mean (3.36 each)—"Has the reduction of assets become a major driver in organizational performance outcomes?" and "Does the asset reduction indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?"—share the highest SD (1.49), pointing to the greatest variability, with responses widely distributed (e.g., 36% Strongly Agree but 36% Disagree/Strongly Disagree combined); this elevated SD highlights polarized views, where divestment may drive performance for some through efficiency gains, but others perceive limited REVPAR benefits due to market saturation or transitional disruptions. Statements with lower SDs, like "Has the reduction made the hotel profitable compared to heavy asset hotels?" (mean = 3.62, SD = 1.15) and "Does the reduction contribute to organizational value growth through positive performance?" (mean = 3.52, SD = 1.16), exhibit closer clustering around the mean, with over 54% Agree/Strongly Agree and minimal extreme disagreement (0% Strongly Disagree for the profitability item), indicating

stronger alignment on long-term profitability and value, as responses are less scattered. Findings align with Kiprop et al. (2023) and Ng'ang'a (2013) confirm divestment's benefits in Kenya's hospitality sector, particularly in enhancing financial and operational efficiency. However, the variation in responses underscores the need for careful asset management and strategic planning to maximize impact in Nairobi's dynamic hospitality landscape, where operational and market factors can influence outcomes.

Table 4-8 Divestment Restructuring on Organizational Performance

Statement on Divestment	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	SD
Has the reduction of assets become a major driver in organizational performance outcomes?	14	22	14	14	36	3.36	1.49
Does the asset reduction indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?	14	22	14	14	36	3.36	1.49
Has the reduction led to an increase in the Average Daily Rate (ADR) facilitating organizational performance?	8	32	8	42	10	3.44	1.25

Does the reduction contribute to the increase in organizational occupancy percentages?	8	26	8	28	30	3.58	1.36
Has the reduction influenced positive rates in customer satisfaction levels?	0	22	28	14	36	3.64	1.22
Have the organization's online rates increased due to the adopted asset reduction strategy?	8	8	28	28	28	3.14	1.29
Has the reduction made the hotel profitable compared to heavy asset hotels?	0	22	22	28	28	3.62	1.15
Does the reduction contribute to organizational value growth through positive performance?	0	32	14	36	18	3.52	1.16
Average						3.48	1.36

Source: Researcher (2025)

4.7.4 Effect of Spin-Offs Restructuring on Organizational Performance

Spin-offs restructuring involved operationalizing the creation of operational focus by Nairobi's five-star hotels through the separation of non-core units into independent entities, allowing for a more concentrated approach to core hospitality services. This strategy seeks to improve efficiency and service quality by eliminating distractions from unrelated operations, which is vital in a reputation-sensitive market. Outcomes were measured in numbers on a Likert scale, with percentages in Table 4-9 reported, indicating spin-offs' influence on performance metrics like REVPAR, ADR, and profitability.

Majority (84%) agreed that the organization's creation of operational focus is a major driver in organizational performance outcomes, while 8% remained neutral, and 8% disagreed (mean=4.12). This demonstrates that spin-offs are a strategic approach employed with the intention of enhancing efficiency and performance in Nairobi's competitive hotel sector. Through spinning off non-core segments, hotels can streamline operations, concentrating in important areas such as guest services, which would presumably enhance performance overall.

Yet the 8% who were neutral might suggest that some hotels are not sure of the instant effect of restructuring, perhaps because of transition problems. The results affirm Osoo and Sije (2023), which determined that operation strategies greatly improve performance in Nairobi hotels through enhancing focus and efficiency.

Majority (84%) concurred that the focal operations imply positive contribution to REVPAR, 8% had no views, and 8% dis agreed (mean=4.04). The result indicates spin-offs are also believed to benefit REVPAR through efficient running of operations important to profitability of luxury in Nairobi. Focal operations can offer more satisfying stays, generating money from improved rates and occupancy in the rooms. However, the 8% which remained neutral may reflect fear of initial revenue discomfort during the restructuring process. Such findings concur with Rotich and Deya (2021), who had suggested that focus on operations enhances financial performance like REVPAR in Nairobi hotels through optimal service and resource delivery.

Majority (92%) agreed that the operational focus has led to an increase in the Average Daily Rate (ADR) facilitating organizational performance, while 8% remained neutral, and 0% disagreed (mean=4.28). This indicates that spin-offs enable hotels to command higher rates by focusing on premium services, benefiting Nairobi's market where luxury travelers expect exceptional value. A concentrated approach allows hotels to prioritize high-value offerings, justifying premium pricing. But the 8% neutrality would indicate doubt on long-term ADR growth, perhaps because of stiff market rivalry. These are in harmony with Osoo and Sije (2023), who have established that operation strategies boost Nairobi hotels' ADR by maximizing high-value offers that attract high-end visitors.

Majority (86%) agreed that the operational focus contributes to the increase in organizational occupancy percentages, while 14% remained neutral, and 0% disagreed (mean=4.30). This reflects that spin-offs drive occupancy by enhancing operational efficiency, allowing better

marketing and service delivery in Nairobi's post-COVID recovery phase. Focused operations attract more guests through improved service quality and targeted marketing. Yet, 14% who are neutral could refer to uncertainty regarding occupancy increases due to seasonality or oversaturation in the market. This outcome is similar to Rotich and Deya (2021), found that operational concentration increases occupancy levels in Nairobi luxury hotels by the improvement of guests' appeal via streamlined services.

Majority (92%) agreed that the operational focus has influenced positive rates in customer satisfaction levels, while 8% remained neutral, and 0% disagreed (mean=4.34). This shows that spin-offs improve satisfaction by concentrating on core guest services, meeting expectations in Nairobi's reputation-sensitive market. By means of focusing on what matters most to guests, hotels can deliver exceptional experiences consistently. Customer focus improves post-spin-off as newly independent units are able to tailor services more closely to target demographics. This leads to heightened customer satisfaction, better online reviews, and stronger brand differentiation. By narrowing operational scope and increasing service personalization, spin-offs can also achieve greater efficiency and responsiveness—both essential to maintaining and improving occupancy rates and overall organizational performance. However, the 8% who remained neutral may reflect minor concerns about service consistency during the transition period of restructuring. These findings resonate with Watiki (2014), who found that operational focus enhances customer satisfaction in Kenyan hotels by prioritizing service quality and guest-centric operations.

Majority (84%) agreed that the organization's online rates have increased due to the operational focus, while 8% remained neutral, and 8% disagreed (mean=3.96). This demonstrates that spin-offs enhance online ratings by improving service delivery, which is key for attracting tech-savvy guests in Nairobi's digital market. Enhanced guest experiences are likely to translate into positive web reviews, boosting visibility. The 8% neutrality may, however, indicate skepticism

regarding online rate gains, perhaps due to inconsistencies in platform effectiveness or guest commentaries. The results are in line with Mbuthia et al. (2013), where they noted that operational concentration improves guest impressions in Kenyan hotels, typically represented through online ratings and web presence.

Majority (86%) agreed that the operational focus has made the hotel profitable compared to hotels lacking such focus, while 14% remained neutral, and 0% disagreed (mean=4.22). This indicates that spin-offs boost profitability by reducing inefficiencies, benefiting Nairobi's competitive sector. Focused operations lower costs and enhance revenue through improved service delivery and guest loyalty. But the 14% neutrality could imply doubt regarding long-term profitability returns, since the spin-off advantages can take some time to come into full effect. This supports Aberi (2018), who discovered that operational strategies increase profitability in Nairobi hotels over less targeted alternatives by maximizing resources.

Majority (84%) agreed that the operational focus contributes to organizational value growth through positive performance, while 8% remained neutral, and 8% disagreed (mean=4.12). This reflects that spin-offs foster value growth by enhancing operational efficiency, which is crucial for Nairobi's hotels aiming for sustainable growth in a challenging market. A focused approach helps hotels build long-term value through improved performance metrics. However, the 8% who remained neutral may indicate concerns over long-term value, possibly due to market volatility or the scope of the spin-off. These findings resonate with Wambua and Muthimi (2024), who noted that operational focus drives value growth in Nairobi's luxury hotels through improved performance and market positioning.

Descriptive analysis of spin-offs' effects on organizational performance (Table 4.9), the Likert-scale means (ranging from 3.96 to 4.34, with an overall average of 4.17) exhibit a robust trend toward strong agreement that spin-offs enhance performance metrics, placing responses firmly

in the "agree to strongly agree" spectrum on the 5-point scale (1 = Strongly Disagree to 5 = Strongly Agree). The standard deviations (SDs), which gauge the degree of response scatter around these means, add important depth to understanding agreement levels among the 50 respondents, with values from 0.61 to 1.06 and an average of 0.84 denoting low to moderate variability; this low dispersion suggests high consensus and reliability in perceptions, likely attributable to spin-offs' clear benefits in creating operational focus within Nairobi's five-star hotels, with minimal disagreement influenced by uniform positive experiences across the sample rather than diverse challenges. The statement "Does the focus contribute to the increase in organizational occupancy percentages?" records a high mean (4.30), underscoring strong endorsement of occupancy gains, with 86% of responses in Agree/Strongly Agree; its SD of 0.73 reflects low variability, as the absence of Disagree/Strongly Disagree and only 14% Neutral indicate tightly grouped opinions, implying consistent recognition of spin-offs' efficiency in driving demand through streamlined operations. Likewise, "Has the operational focus influenced positive rates in customer satisfaction levels?" boasts the highest mean (4.34) and one of the lowest SDs (0.63), with 92% Agree/Strongly Agree and no disagreement below Neutral, signaling exceptional uniformity; this minimal spread highlights near-universal agreement on satisfaction improvements, possibly due to focused service delivery post-spin-off that resonates across managerial roles. On the other hand, statements with slightly higher SDs, such as "Have the organization's online rates increased due to the operational focus?" (mean = 3.96, SD = 1.03) and "Does the operational focus indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?" (mean = 4.04, SD = 1.06), show modest dispersion despite solid means, with small percentages of Strongly Disagree (8% each) introducing some variability; this could stem from transitional online visibility issues or REVPAR lags in certain hotels, though the overall clustering remains tight, with over 74% Agree/Strongly Agree. Findings align with Aberi (2018) and Osoo and Sije (2023) confirm

spin-offs' benefits in Kenya's hospitality sector, highlighting their potential to drive sustained performance in Nairobi's dynamic hospitality landscape, where a focused approach can yield substantial competitive advantages.

Table 4-9 Spin-Offs Restructuring on Organizational Performance

Statement on Spin-Offs	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	SD
Is the organization creation of operational focus a major driver in organizational performance outcomes?	0	8	8	48	36	4.12	0.86
Does the operational focus indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?	8	0	8	48	36	4.04	1.06
Has the operational focus led to an increase in the Average Daily Rate (ADR) facilitating organizational performance?	0	0	8	56	36	4.28	0.61

Does the focus contribute to the increase in organizational occupancy percentages?	0	0	14	42	44	4.30	0.73
Has the operational focus influenced positive rates in customer satisfaction levels?	0	0	8	50	42	4.34	0.63
Have the organization's online rates increased due to the operational focus?	8	0	8	56	28	3.96	1.03
Has the operational focus made the hotel profitable compared to hotels lacking such operational focus?	0	0	14	50	36	4.22	0.70
Does the operational focus contribute to organizational value growth through positive performance?	0	8	8	48	36	4.12	0.86
Average						4.17	0.84

Source: Researcher (2025)

4.8 Financial Performance of Five-Star Hotels in Nairobi

Financial performance was the research dependent variable and was quantified in terms of Revenue per Available Room (REVPAR), Average Daily Rate (ADR), Occupancy Percentage, Customer Satisfaction, and Online Rating. The analysis as seen in Table 4-11 indicated ADR, Occupancy Percentage, and Customer Satisfaction to be over 66%, while REVPAR and Online Rating registered 59.5% and 62% respectively. Expansion of five-star hotels in Nairobi is contingent upon their capacity to implement restructuring strategies and enhance performance. From the research, the Nairobi five-star hotels achieved high levels of customer satisfaction, which is an indicator that the hotels are performing well and are capable of fulfilling guest expectations in a competitive environment.

Table 4-10 Financial Performance of Five-Star Hotels in Nairobi

Financial Performance Factors	Mean (%)	Std Dev (%)
Revenue per Available Room (REVPAR)	59.5	14.45
Average Daily Rate (ADR)	68.0	14.07
Occupancy Percentage	68.5	10.14

Customer Satisfaction	66.0	15.81
Online Rating	62.0	18.00

Source: Researcher (2025)

4.9 Diagnostic Tests

Skewness and kurtosis were used in testing residual normality, as advocated by Hatem et al. (2022). Skewness and kurtosis measurements ranging from -2 to +2 would be deemed acceptable for demonstrating normality of distribution. The measurements must be as close to zero as possible for the observations of both skewness and kurtosis. The skewness and kurtosis values of all the regression models' residuals (franchising, joint ventures, divestment, and spin-offs) ranged from -2 to +2 and were close to zero, so the normality test was satisfactory. Further, linearity and homoscedasticity tests were conducted during performing the regression analyses and ensured that these assumptions were met. The results of the normality tests are presented in Table 4-11.

Table 4-11 Normality Test

	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Franchising	50	0.342	0.346	0.586	0.693
Joint Ventures	50	0.298	0.346	0.382	0.693
Divestment	50	-0.238	0.346	0.204	0.693
Spin-Offs	50	0.303	0.346	0.718	0.693

Source: (Researcher, 2025)

Multicollinearity is evidenced when there are high correlations of approximately 1 or -1 between independent variables (Shrestha, 2020). Multicollinearity can lead to spurious results. The intercorrelations between the independent variables were -0.333 to 0.209, indicating the

lack of multicollinearity because the values are far from 1 and -1. Multicollinearity was also checked using the Variance Inflation Factor (VIF). The guideline is that the values of VIF need to be less than 10 and greater than 1 (Kim, 2019). The values given in Table 4-12 are all 1.000 for VIF and values of Tolerance were also 1.000, thus ensuring that there was no problem of multicollinearity.

Table 4-12 Multicollinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Franchising	1.000	1.000
Joint Ventures	1.000	1.000
Divestment	1.000	1.000
Spin-Offs	1.000	1.000

Source: (Researcher, 2025)

4.10 Hypothesis Testing for Study Variables

4.10.1 Effect of Franchising on Organizational Performance

First objective of the study was to examine the effects of franchising on the organizational performance of five-star hotels in Nairobi. The hypothesis to test this objective was:

H₀₁: Franchising has no statistically significant effect on the organizational performance of five-star hotels in Nairobi.

The model significance for the franchising effect on organizational performance is indicated in Table 4.13. Notable was an F-statistic value of 113.142, which had been a model with franchising as the sole independent variable. This was justified by having a probability value of 0.000, less than the general probability of 0.05. The study therefore rejects the H₀₁ null hypothesis at 95% confidence and holds that franchising and organizational performance of

five-star hotels in Nairobi are strongly positively correlated. Franchising exerts a strong positive effect on organizational performance, and an increase in franchising activity can enhance financial performance of five-star hotels. This concurs with Kondoro and Kilei (2023), whose study established that franchising greatly improves operational efficiency and profitability for the hospitality sector.

Table 4-13 ANOVA on Relationship Between Franchising and Organizational performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.987	1	30.987	113.142	.000 ^b
	Residual	13.146	48	0.274		
	Total	44.133	49			

Source: (Researcher, 2025)

Table 4.14 reveals that franchising was statistically significant ($p = 0.000$, $\beta = 0.784$). It implies that 1 point increase in Franchising holding all other factors constant organization performance is predicted to increase by 0.784 units.

Table 4-14 Regression Model Coefficients for Franchising

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	0.936	0.267		3.511	0.001
Franchising	0.784	0.074	0.838	10.637	0.000

Source: (Researcher, 2025)

4.10.2 Effect of Joint Ventures on Organizational Performance

The second objective was to determine the effects of joint ventures on the organizational performance of five-star hotels in Nairobi. The hypothesis to test this objective was:

H₀₂: Joint ventures have no significant effect on the organizational performance of five-star hotels in Nairobi.

Model significance for the joint venture impact on organizational performance is presented in Table 4.15. With an F-statistic of 8.777, the model, in which the sole independent variable is joint ventures, is significant. This is also supported by a probability value of 0.005, which is less than the standard probability of 0.05. The study therefore rejects the H_{02} null hypothesis at a 95% confidence level and concludes that there is a positive significant correlation between joint ventures and five-star hotel organizational performance in Nairobi. Joint ventures improve organizational performance, and increased participation in joint ventures can improve the financial performance of five-star hotels. These findings are consistent with Koskey (2013), who noted that joint ventures enable resource sharing and market extension in the hospitality industry.

Table 4-15 ANOVA on Relationship Between Joint Ventures and Organizational performance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.662	1	4.662	8.777	.005b
Residual	25.492	48	0.531		
Total	30.154	49			

Source: (Researcher, 2025)

Table 4.16 indicates that joint ventures were statistically significant ($p = 0.005$, $\beta = 0.230$). That is, as joint ventures increase by 1 point, five-star hotels' organizational performance in Nairobi will increase by 0.230 units.

Table 4-16 Regression Model Coefficients for Joint Ventures

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.953	0.297		9.955	0.000
Joint Ventures	0.230	0.077	0.393	2.963	0.005

Source: (Researcher, 2025)

4.10.3 Effect of Divestment on Organizational Performance

The third objective was to explore the effects of divestment on the organizational performance of five-star hotels in Nairobi. The hypothesis to test this objective was:

H₀₃: Divestment has no significant effect on the organizational performance of five-star hotels in Nairobi.

Model significance for the impact of divestment on organizational performance is as presented in Table 4-17. The F-statistic value of 105.733 proved that the model, with divestment alone as the independent variable, is significant. This is corroborated through a probability value of 0.000, which is lower than the conventional probability of 0.05. The research thus does not support the H₀₃ null hypothesis at 95% confidence level and provides evidence that divestment positively correlates with five-star hotels' organizational performance in Nairobi. Divestment, in turn, has a very significant positive effect on organizational performance, and further divestment activities can enhance the financial performance of five-star hotels. These findings agree with Kiprop et al. (2023) findings that established that divestment allows firms to focus on core operations, thus improving profitability.

Table 4-17 ANOVA on Relationship Between Divestment and Organizational performance

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	30.890	1	30.890	105.733	.000 ^b
	Residual	14.023	48	0.292		
	Total	44.914	49			

Source: (Researcher, 2025)

Table 4-18 shows that divestment was significant statistically ($p = 0.000$, $\beta = 0.740$). This means that for every 1-unit increase in divestment, organizational performance of five-star hotels in Nairobi is expected to rise by 0.740 units.

Table 4-18 Regression Model Coefficients for Divestment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.840	0.261		3.212	0.002
Divestment	0.740	0.072	0.829	10.283	0.000

Source: (Researcher, 2025)

4.10.4 Effect of Spin-Offs on Organizational Performance

Fourth objective was to examine the effects of spin-offs on the organizational performance of five-star hotels in Nairobi. The hypothesis to test this objective was:

H₀₄: Spin-offs have no significant effect on the organizational performance of five-star hotels in Nairobi.

The effect of spin-offs on organizational performance is presented in Table 4-19. An F-statistic value of 16.311 indicated that the model, with spin-offs as the only independent variable, is significant. This is supported by a probability value of 0.000, which is less than the standard probability of 0.05. The study therefore rejects the H₀₄ null hypothesis at 95% confidence level and concludes that there is a significant positive correlation between spin-offs and performance of five-star hotels in Nairobi. Spin-offs have a positive impact on organizational performance,

and increased spin-off activities can improve the financial performance of five-star hotels. These findings confirm those of Aberi (2018) and Osoo and Sije (2023), who set out that spin-offs enhance operational efficiency through the creation of specialist business units.

Table 4-19 ANOVA on Relationship Between Spin-Offs and Organizational performance

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.150	1	4.150	16.311	.000 ^b
Residual	12.212	48	0.254		
Total	16.362	49			

Source: (Researcher, 2025)

Table 4.20 shows that spin-offs were statistically significant ($p = 0.000$, $\beta = 0.434$). That is, with a 1-point increase in spin-offs, organizational performance in five-star hotels in Nairobi is estimated to rise by 0.434 units.

Table 4-20 Regression Model Coefficients for Spin-Offs

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.104	0.455		4.621	0.000
Spin.off	0.434	0.107	0.504	4.039	0.000

Source: (Researcher, 2025)

4.10.5 Overall Multiple Linear Regression Model

The unfitted multiple linear regression model which represents the theoretical relationship between restructuring strategies and organizational performance, is expressed as:

$$[Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon]$$

where:

- I. (Y): Organizational performance of five-star hotels
- II. (X_1): Franchising
- III. (X_2): Joint ventures

- IV. (X_3): Divestment
- V. (X_4): Spin-offs
- VI. (β_0): Constant (intercept)
- VII. ($\beta_1, \beta_2, \beta_3, \beta_4$): Coefficients for each strategy
- VIII. (ϵ): Error term

The fitted model which was derived from the regression analysis (Table 4-22) includes the estimated coefficients and is expressed as:

$$[Y = 0.046 + 0.236X_1 + 0.226X_2 + 0.252X_3 + 0.272X_4]$$

The model explanation for the combined effect of the restructuring strategies on organizational performance is depicted in Table 4-20. The F-statistic value of 205.3 indicated that the model, as a whole with all strategies employed as independent variables, is statistically significant. This can be seen at a probability value of 0.000 which is less than the standard probability level of 0.05. The study therefore rejects the H_{05} null hypothesis at a 95% level of confidence and concludes that there is a strong positive combined impact of franchising, joint ventures, divestment, and spin-offs on the organizational performance of five-star hotels in Nairobi. The combined impact of these strategies has a strong positive effect on organizational performance, and their implementation at the same time can largely enhance the financial performance of five-star hotels. These findings are in agreement with Siongok (2021) study on the joint impacts of a number of restructuring strategies on organizational performance in European hotels. They concluded that a combination of restructuring strategies enhances overall organizational performance through complementary advantages such as cost savings and market outreach.

Table 4-21 ANOVA on Relationship Between Restructuring Strategies on Organizational performance

Model	Sum of Squares	df	Mean Square	F	Sig.
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1	Regression	31.987	4	7.997	205.3	.000 ^b
	Residual	1.753	45	0.039		
	Total	33.740	49			

Source: (Researcher, 2025)

Table 4-22 indicates that the strategies were all statistically significant ($p < 0.001$) with betas ranging from 0.226 to 0.272. Spin-offs were the most effective ($\beta = 0.272$), followed by divestment ($\beta = 0.252$), franchising ($\beta = 0.236$), and joint ventures ($\beta = 0.226$). This indicates that organizational performance improves by the respective coefficient values for each 1-point improvement in each strategy.

Table 4-22 Regression Model Coefficients for Restructuring Strategies

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.046	0.144		0.318	0.752
Franchising	0.236	0.019	0.429	12.582	0.000
Joint ventures	0.226	0.015	0.341	15.043	0.000
Divestment	0.252	0.015	0.698	16.840	0.000
Spinoffs	0.272	0.024	0.400	11.176	0.000

Source: (Researcher, 2025)

4.11 Summary of Findings

The findings of research hypothesis are illustrated in Table 4-23.

Table 4-23 Summary of Hypothesis Testing Results

Hypotheses	Std. Error of Estimate (SEE)	t-value	Results	Conclusion
H₀₁: Franchising has no significant effect on the organizational performance of five-star hotels in Nairobi	0.074	10.637	Positive and statistically significant	Reject H ₀₁
H₀₂: Joint ventures have no significant effect on the organizational performance of five-star hotels in Nairobi	0.077	2.963	Positive and statistically significant	Reject H ₀₂

H₀₃: Divestment has no significant effect on the organizational performance of five-star hotels in Nairobi	0.072	10.283	Positive and statistically significant	Reject H ₀₃
H₀₄: Spin-offs have no significant effect on the organizational performance of five-star hotels in Nairobi	0.107	4.039	Positive and statistically significant	Reject H ₀₄

Source: (Researcher, 2025)

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The chapter provides an overview of findings of this thesis investigating the effects of restructuring strategies on organizational performance of five-star hotels in Nairobi. It provides conclusions based on theoretical frameworks from the findings and makes recommendations to guide hotel management and stakeholders. Suggestions for future studies are offered to address limitations and expand the contributions of the study.

5.2 Summary of Findings

The study investigated the impact of four types of restructuring strategies, i.e franchising, joint ventures, divestment, and spin-offs, on organizational performance of six Nairobi five-star hotels: Villa Rosa Kempinski, Radisson Blu, Tribe Hotel, The Boma Nairobi, Sankara Nairobi, and Hemingway's Nairobi.

5.2.1 Effect of Franchising on Organizational Performance

Franchising had a positive effect on the organizational performance of Nairobi five-star hotels. The null hypothesis that franchising has no effect on performance was rejected. The respondents concurred that franchising improves key performance indicators, such as REVPAR, ADR, and customer satisfaction, by tapping into brand identification and standardized processes. The strategy enables market penetration, which brings in foreign guests vital for bouncing back from economic turmoil. However, some of the respondents were indifferent to value appreciation in the long term, blaming it on potential high franchise fees or economic instability.

5.2.2 Effect of Joint Ventures on Organizational Performance

Joint ventures had a positive impact on organizational performance, providing evidence that supported the null hypothesis rejection that joint ventures bear no impact. The strategy improves REVPAR, ADR, and customer satisfaction through collaborative effort permitting the sharing of resources and market expansion. However, limitations of misaligned partner objectives, for instance, constrain the efficacy of such a strategy in certain cases, as echoed by a notable proportion of respondents.

5.2.3 Effect of Divestment on Organizational Performance

Divestment positively impacted organizational performance to the extent of nullifying the null hypothesis that divestment does not have an effect. By means of disposing of non-core assets, hotels focus resources on high-performing operations, achieving full occupancy and profitability. The strategy reduces overhead expenses, enhancing financial effectiveness in the competitive Nairobi environment. Few of the respondents were, however, worried about potential reductions in service offerings, which could affect guest impressions.

5.2.4 Effect of Spin-Offs on Organizational Performance

Spin-offs had a significant positive effect on organizational performance, with the null hypothesis that spin-offs have no significant impact being rejected. The creation of independent entities for non-core units allows hotels to enhance operational focus, leading to improvements in customer satisfaction and occupancy. The strategy is particularly effective in Nairobi's reputation-sensitive market, where service quality is paramount. Respondents consistently perceive spin-offs as beneficial, with minimal variation in responses.

5.3 Conclusions

Franchising enhance REVPAR, ADR, and consumer satisfaction through leveraging global brand status and standardized systems, consistent with Agency Theory emphasis on principal-agent relationships. Franchisee-franchisor cooperation enables consistent service standards, fueling competitiveness in Nairobi's five-star hotels. Now and then discrepancies, like the tendency of franchisees to short-term profit against brand standards, create challenges as evidenced by neutral responses on growth in value. The study concludes that franchising is a necessary market penetration and operating stability technique, particularly during economic

adversities. Its success lies in aligning franchisor and franchisee interests such that brand standards are preserved to protect guest trust and loyalty.

Joint ventures enable sharing resources and accessing markets, which emphasizes Transaction Cost Theory's mandate of minimizing transaction costs through partnership. The strategy optimizes REVPAR and guest satisfaction, which enables hotels to recover from economic disturbances. Misaligned partner goals and coordination problems, however, increase transaction costs, which caps performance advantages in some cases. The study concludes that joint ventures are effective for operational collaboration but require clear agreements and mutual objectives to maximize benefits. For Nairobi's five-star hotel sector, joint ventures offer a pathway to leverage external expertise, but their success hinges on effective partnership management.

Divestiture significantly improved performance by focusing resources in core business, as provided by Core Competencies Theory. Sale of non-core assets reduces operational costs and enhances profitability and occupancy and enhances financial effectiveness. Perceived reductions in services warn that actions should be undertaken to maintain guest expectations through strategic management of assets. The study concludes that divestment is a critical strategy for financial optimization, provided 5 star hotels carefully select assets to divest and communicate maintained service standards. This approach ensures that divestment strengthens core operations without compromising guest satisfaction.

Spin-offs significantly enhanced organizational performance by creating operational focus, aligning with Resource-Based Theory's emphasis on leveraging unique, inimitable resources. Independent entities for non-core units improve efficiency and guest satisfaction, making spin-offs highly effective in Nairobi's reputation-sensitive market. The consistent positive perception across hotels highlights the strategy's robustness and applicability. The research

concludes that spin-offs are an effective performance enhancement tool, allowing hotels to simplify operations and focus on guest-oriented services.

The synergetic effect of the restructuring strategies also increased organizational performance in the direction of an integrated application of the theory frameworks since various strategies addressed distinctive dimensions of operations. Divestment and spin-offs maximized efficiency levels, while franchising and joint ventures maximized market representation. The study ascertained that a coordinated restructuring approach was most appropriate for Nairobi five-star hotels to enable them recover from economic recessions by synthesizing complementary strengths provided implementation was strategically targeted.

5.4 Recommendations

Conclusions drawn from this study on the impact of restructuring strategies to provide a strong foundation for actionable policy and managerial recommendations and are designed to guide hotel managers, investors, and policymakers in leveraging these strategies to enhance competitiveness, financial performance, and resilience in Nairobi's hospitality sector.

For franchising, the study's findings highlight its role in enhancing REVPAR, ADR, and guest satisfaction through global brand leverage and standardized systems, consistent with Agency Theory's focus on principal-agent alignment. Hotel managers should prioritize strengthening franchisor-franchisee relationships by implementing performance-based incentives, such as bonuses for meeting brand standards, and regular training programs to ensure adherence to quality protocols. Flexible franchise fee structures, such as temporary reductions during economic downturns, can mitigate financial strain and align interests, addressing the study's noted challenge of franchisees prioritizing short-term profits over brand standards. Managers should also capitalize on franchisor global distribution networks to boost market visibility, particularly targeting international tourists to drive REVPAR and ADR. For instance,

partnerships with global brands can promote Nairobi as a premier tourism destination, enhancing guest inflow. Policymakers should support this strategy by offering tax incentives for hotels adopting international franchise models, ensuring compliance with global standards while fostering economic independence.

Joint ventures, as supported by Transaction Cost Theory, enable resource sharing and market access, optimizing REVPAR and guest satisfaction while aiding recovery from economic disturbances. Hotel managers should establish clear partnership agreements with well-defined roles, objectives, and performance metrics to minimize transaction costs and align partner goals. Regular performance audits and conflict resolution mechanisms are essential to address coordination challenges identified in the study, ensuring partnerships maximize collaborative benefits. Selecting partners with complementary assets, such as advanced reservation systems or local market expertise, can enhance operational efficiency. For example, partnering with international hotel chains can facilitate technology adoption, improving booking processes. Policymakers should incentivize joint ventures through tax relief and grants, encouraging collaborations that drive economic recovery and technology transfer in the hospitality sector, aligning with the study's finding that joint ventures are effective when managed strategically.

Divestment, grounded in Core Competencies Theory, significantly improves performance by focusing resources on core operations, reducing costs, and enhancing profitability and occupancy. Hotel managers should conduct comprehensive asset valuations to identify non-core assets for divestment, ensuring core competencies remain intact. Strategic communication, such as promotional campaigns emphasizing sustained service quality, is critical to counter guest perceptions of service reductions, as noted in the study. Proceeds from divestment should be reinvested in core areas, such as staff training, property upgrades, or eco-friendly initiatives, to boost online reviews and guest satisfaction. For instance, renovating guest rooms can enhance occupancy rates. Policymakers should streamline approval processes

for divestment transactions to facilitate financial optimization while ensuring service standards are maintained, supporting the study's conclusion that divestment strengthens core operations when strategically managed.

Spin-offs, aligned with Resource-Based Theory, enhance efficiency and guest satisfaction by creating focused, independent entities for non-core operations. Managers should prioritize spin-offs for units like catering or event management, equipping them with strong leadership and access to technologies, such as reservation systems, to maximize performance. For example, a spin-off catering unit specializing in corporate events can enhance the hotel's reputation. Policymakers should simplify regulatory processes for spin-offs and offer tax breaks to promote their adoption, reinforcing the study's finding that spin-offs are highly effective in Nairobi's reputation-sensitive market.

To maximize organizational performance, hotel managers should adopt an integrated restructuring model combining franchising, joint ventures, divestment, and spin-offs. This approach leverages the synergistic effects identified in the study, where divestment and spin-offs enhance efficiency, while franchising and joint ventures expand market reach. A strategic plan prioritizing spin-offs and divestment for operational streamlining, alongside franchising and joint ventures for global appeal, is recommended. For example, hotels can franchise with global brands to build equity, partner with tech firms for booking systems, divest underperforming restaurants, and spin off event management units. Quarterly performance reviews should ensure strategic alignment and address implementation challenges. Policymakers should support this integrated approach through subsidies for staff training, tax exemptions for diversified strategies, and public-private partnerships to enhance sector resilience. A hospitality sector task force could provide tailored support, including simplified regulations and incentives, to bolster competitiveness in Nairobi's five-star hotels.

5.5 Suggestions for Further Studies

Study's findings on the efficacy of restructuring strategies in Nairobi's five-star hotels provide new insights that inform the following suggestions for future research and also address limitations and build on the knowledge gained. First, the study's focus on five-star hotels limits generalizability. Future research should examine three- and four-star hotels across Kenya to assess the scalability of franchising, joint ventures, divestment, and spin-offs in diverse market segments, building on the study's evidence of their effectiveness in high-end hotels. Second, the emphasis on financial (REVPAR, ADR) and customer satisfaction metrics suggests a need to explore non-financial outcomes, such as employee satisfaction, retention, or environmental sustainability, to provide a holistic view of restructuring impacts, aligning with the study's findings on operational efficiency. Third, the identification of short-term transition challenges warrants longitudinal studies to evaluate the long-term sustainability of these strategies, particularly during economic cycles. Fourth, the urban focus of the study calls for comparative research between urban (Nairobi) and rural Kenyan hospitality markets to uncover contextual influences on restructuring effectiveness, extending the study's findings on market representation strategies. Fifth, the reliance on quantitative data suggests incorporating qualitative methods, such as in-depth interviews with managers or case studies of successful spin-offs, to explore practical challenges in aligning franchisor-franchisee interests or managing joint venture partnerships. Finally, the confirmed synergistic effects of combined strategies encourage further research to model the optimal balance of these strategies using advanced statistical methods, such as structural equation modeling, to quantify their complementary impacts on performance.

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APPENDICES

APPENDIX I: CONSENT FORM

Project title: An analysis of the effects of restructuring strategies on organizational performance of five-star hotels in Nairobi

Am a student at Mount Kenya University pursuing Masters of Business Administration-Strategic Management course. As part of my study requirements, I'm conducting a research within the Five-star hotels in Nairobi County. The research is intended to investigate the relationship between restructuring strategies and performance and I wish to request you to participate in the research.

A questionnaire will be used to collect data which will be treated with utmost confidentiality and only used for the purposes of the research. Transcripts, notes and computed data will be stored securely and will be destroyed once the research is completed. Your responses will be made anonymous and no part of the findings of this research will be linked to you but will be used strictly for the purposes of the Researcher's thesis.

You have a right to/not to respond to any questions asked. Pseudonyms will be used during journal and conference presentation of the results to further ensure confidentiality. Your participation in this research is voluntary and you may pull out at any time without reason, simply inform the Researcher.

If you have questions pertaining to the research or its findings, contact the Researcher through marynimmaina@gmail.com or mobile +254705835575. Should you wish to make any complaint, feel free to contact:

Office of the Secretary
MKU Ethics Review Committee

P.O. Box 342 – 1000
Thika.

Consent

I have read, I understand the above information and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason. I voluntarily agree to take part in this study.

Participant's signature _____ Date _____

Researcher's signature _____ Date _____

APPENDIX II: QUESTIONNAIRE

The purpose of this questionnaire is to collect information on the effects of restructuring strategies on the organizational performance of five-star hotels in Nairobi County. The survey is conducted in partial fulfillment of the Master of Strategic Management. Please answer the questions honestly and accurately as possible. Participation in the study is anonymous. All responses will be treated with confidentiality. Thank in advance for your participation and cooperation.

PART A: GENERAL INFORMATION

1. What is your gender?

- i. Male []
- ii. Female []

2. Indicate the level of management you fall under;

- i. Middle level []
- ii. Top level []

4. Indicate your managerial position

- i. Front office manager []
- ii. Sales and marketing manager []
- iii. Food and beverage manager []

- iv. Kitchen and food production manager []
- v. Housekeeping manager []
- vi. Human resource manager []
- vii. General manager []
- viii. Chief financial officer []
- ix. Operations manager []
- x. Quality manager []

3. Kindly indicate the organization you work for?

- i. Villa Rosa Kempinski []
- ii. Radisson Blu []
- iii. Tribe hotel []
- iv. The Boma Nairobi []
- v. Sankara Nairobi []
- vi. Hemingway's Nairobi []

5. How many years have you worked in the middle-management position?

- i. 0-5 years []
- ii. 5-10 years []
- iii. 10-15 years []
- iv. Above 15 years []

6. How many years have you worked in the organization?

- i. 0-5 years []
- ii. 5-10 years []
- iii. 10-15 years []
- iv. Above 15 years []

7. What is your education level?

- i. Diploma []
- ii. Bachelor []
- iii. Masters []
- iv. Doctorate []

8. How long has your organization been star-rated?

- i. 0-5 years []
- ii. 5-10 years []
- iii. 10-15 years []
- iv. Above 15 years []

PART B: ORGANIZATIONAL RESTRUCTURING STRATEGIES

1. Indicate the extent to which you agree or disagree with the following questions on the organization's adoption of franchising restructuring strategy in your organization. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Has your organization issued rights to another company to operate under its name?					
2	Has the giving of the rights to the other company contributed to the sustainability of your hotel?					
3	Has this agreement increased the competitive advantages of the hotel?					
4	Does the existence of the other company align with your hotel's development strategy?					
5	Has the agreement increased the demand for organizational products and services?					
6	Has this agreement increased your room occupancy rates?					
7	Does the agreement align with current and future dynamics of your organization?					
8	Has the agreement contributed to positive customer feedback for your organization?					

2. Indicate the extent to which you agree or disagree with the following questions on the organization's adoption of joint ventures restructuring strategy in your organization. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Has your organization collaborated with another company to operate as one entity?					
2	Has the collaboration with the other company contributed to the sustainability of your hotel?					
3	Has this collaboration increased the competitive advantages of the hotel?					
4	Does the collaboration align with your hotel's development strategy?					
5	Has the collaboration increased the demand for organizational products and services?					
6	Has this collaborative venture increased your room occupancy rates?					
7	Does the collaboration align with current and future dynamics of your organization?					
8	Has the collaboration contributed to positive customer feedback for your organization?					

3. Indicate the extent to which you agree or disagree with the following questions on the organization's adoption of divestment restructuring strategy in your organization. Use

the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Has your organization reduced hotel assets, subsidiaries, and investments through sale, closure or liquidation?					
2	Has the reduction of the assets contributed to the sustainability of your hotel?					
3	Has this asset reduction increased the competitive advantages of the hotel?					
4	Does the reduction align with your hotel's development strategy?					
5	Has the reduction increased the demand for organizational products and services?					
6	Has this asset reduction increased your room occupancy rates?					
7	Does the reduction align with current and future dynamics of your organization?					
8	Has the reduction contributed to positive customer feedback for your organization?					

4. Indicate the extent to which you agree or disagree with the following questions on the organization's adoption of spin-offs restructuring strategy in your organization. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Has your organization created entities enabling it to focus on core hotel functions?					
2	Has the operational focus contributed to the sustainability of your hotel?					
3	Has this operational focus increased the competitive advantages of the hotel?					
4	Does the operational focus align with your hotel's development strategy?					
5	Has operational focus the increased the demand for organizational products and services?					
6	Has this operational focus increased your room occupancy rates?					
7	Does the operational focus align with current and future dynamics of your organization?					
8	Has the operational focus contributed to positive customer feedback for your organization?					

PART C: RESTRUCTURING STRATEGIES AND ORGANIZATIONAL PERFORMANCE

1. Indicate the extent to which you agree or disagree with the following questions on franchising restructuring strategy impact on organizational performance. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Is the organization rights agreement a major driver in organizational performance outcomes?					
2	Does the agreement indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?					
3	Has the agreement led to an increase the Average Daily Rate (ADR) facilitating organizational performance?					
4	Does the agreement contribute to the increase in organizational occupancy percentages?					
5	Has the agreement influenced positive rates in customer satisfaction levels?					
6	Have the organization's online rates increased due to the adopted agreement?					
7	Has the agreement made the hotel profitable compared to hotels without a similar agreement?					
8	Does the agreement contribute to organizational value growth through positive performance?					

2. Indicate the extent to which you agree or disagree with the following questions on joint ventures restructuring strategy impact on organizational performance. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Is the organization collaboration with the other company major driver in organizational performance outcomes?					
2	Does the collaboration indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?					
3	Has the collaboration led to an increase the Average Daily Rate (ADR) facilitating organizational performance?					
4	Does the collaboration contribute to the increase in organizational occupancy percentages?					
5	Has the collaboration influenced positive rates in customer satisfaction levels?					

6	Have the organization's online rates increased due to the adopted collaboration?					
7	Has the collaboration made the hotel profitable compared to hotels without collaborations?					
8	Does the collaboration contribute to organizational value growth through positive performance?					

3. Indicate the extent to which you agree or disagree with the following questions on divestment restructuring strategy impact on organizational performance. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Has the reduction of assets become a major driver in organizational performance outcomes?					
2	Does the asset reduction indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?					
3	Has the reduction led to an increase the Average Daily Rate (ADR) facilitating organizational performance?					
4	Does the reduction contribute to the increase in organizational occupancy percentages?					
5	Has the reduction influenced positive rates in customer satisfaction levels?					
6	Have the organization's online rates increased due to the adopted asset reduction strategy?					
7	Has the reduction made the hotel profitable compared to hotels heavy asset hotels?					
8	Does the reduction contribute to organizational value growth through positive performance?					

4. Indicate the extent to which you agree or disagree with the following questions on spin-offs restructuring strategy impact on organizational performance. Use the Likert scale of 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Disagree.

No.	Question	1	2	3	4	5
1	Is the organization creation of operational focus a major driver in organizational performance outcomes?					
2	Does the operational focus indicate a positive impact on the organization's Revenue per Available Room (REVPAR)?					
3	Has the operational focus led to an increase the Average Daily Rate (ADR) facilitating organizational performance?					

4	Does the focus contribute to the increase in organizational occupancy percentages?						
5	Has the operational focus influenced positive rates in customer satisfaction levels?						
6	Have the organization's online rates increased due to the operational focus?						
7	Has the operational focus made the hotel profitable compared to hotels lacking such operational focus?						
8	Does the operational focus contribute to organizational value growth through positive performance?						

APPENDIX III: WORK PLAN

Duration Activity	2023		2024				
	Apr- Sept	Oct- Dec	Jan	Feb	March- April	May	June
Research project writing							
Project defense and corrections							
Pre-testing questionnaires and data collection							

Data analysis and writing of research project							
Correction of research project and defense							
Submission of final copies							

APPENDIX IV: RESEACRH BUDGET

	Activity	Cost (Ksh)
A	Project Preparation	
	Laptop	80,000
	USB Flash disk	2,000
	Writing of project	5,000
	Data collection instruments	5,000
	Transport	30,000
	Airtime and data bundles	10,000
	Sub-total	132,000

B	Bureau Services	
	Photocopy and printing (6 copies)	3,000
	Binding (6 copies)	3,000
	Research Assistant fee	40,000
	Publication of final project	40,000
	Sub-total	86,000
	Total	218,000
	Contingencies (10% of the total)	21,800
	Grand Total	239,800

Source of funding: Self.

APPENDIX V: PILOT STUDY RELIABILITY RESULTS

Franchising Reliability Results

Case Processing Summary

		N	%
Cases	Valid	6	100.0
	Excluded ^a	0	.0
	Total	6	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's	N of Items
Alpha	

.980	8
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Joint Ventures Reliability Results

Case Processing Summary

		N	%
Cases	Valid	6	100.0
	Excluded ^a	0	.0
	Total	6	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's	
Alpha	N of Items
.978	8

Divestment Reliability Results

Case Processing Summary

		N	%
Cases	Valid	6	100.0
	Excluded ^a	0	.0
	Total	6	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's	
Alpha	N of Items
.962	8

Joint Venture Reliability Results

Case Processing Summary

		N	%
--	--	---	---



Cases	Valid	6	100.0
	Excluded ^a	0	.0
	Total	6	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's	
Alpha	N of Items
.963	8

