THE EFFECTS OF PORTER'S GENERIC STRATEGIES ON PERFORMANCE OF HOTELS IN KUMASI: MODERATION ROLE OF MANAGERIAL CAPABILITIES

BY

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A thesis submitted to the Department of Marketing and Corporate Strategy, Kwame Nkrumah University of Science and Technology (KNUST) Business School in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

(STRATEGIC MANAGEMENT AND CONSULTING OPTION)

School of Business, KNUST

JULY, 2015

DECLARATION

I hereby declare that this is the result of my own original towards the Masters in Business Administration degree and that to the best of my knowledge, it contains no material that has already been published by another person or any part of it has been accepted for the award of any degree in this university or elsewhere, except where due acknowledgement has been made in the text.

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DEDICATION

This research work is dedicated to MY LORD JESUS CHRIST, for his immense support and Strength.

ACKNOWLEDGEMENT

I wish to express my profound gratitude to the management and staff of all the Hotels I under studied for their contributions to the success of this work.

LIST OF ABBREVIATIONS

CSF	Critical success factor
SPSS	Statistical Package for Social Sciences
GHA	Ghana Hotels Association
GOG	Government of Ghana
GTA	Ghana Tourism Authority

PWC Price Waterhouse Coopers

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ABSTRACT

It was reported in 2013 that the total contribution of the industry to the global economy was 6,990.3 billion dollars accounting for 9.5% of the world's GDP. While the global economy grew by 2% in 2013, the tourism industry grew by 3% creating about 4.7 million jobs (World tourism and travel council, 2014) . The euro monitor international considers the

Tourism industry as the world's largest industry, which contributes to 11.5% of the world's GDP and also employs 12.5% of the labour in the world. Within the past few years there have been massive changes in the hotel industry in Kumasi and Ghana as a whole. New hotels are being established and the already existing ones are being renovated and upgraded to higher ranks. Competition has also intensified to the extent that hoteliers are doing everything possible to outperform others such as poaching the employee of competitors. As a result this particular topic; the effects of porter's generic strategies on performance of hotels in Kumasi: moderation role of managerial capabilities was chosen to help understand the motivation behind this rapidly changing trend. The objectives of the study were to; examine the effects of cost leadership strategy, differentiation strategy and Managerial Capabilities on performance of hotels in Kumasi. The Data was collected from a sample size of hundred respondents from Hotels in Kumasi through questionnaires. The primary data was then analysed with SPSS. The study adopted quantitative approach to reveal that cost leadership and differentiation strategies had positive impacts on the performance of hotels in the Kumasi even though differentiation strategy was most significant and that, managerial capabilities greatly moderated the relation between the independent variables and performance. These recommendations are as follows; first subsequent studies should include many other relevant hotels to widen the sample size, hotels should adopt the best strategies that best fit their company to enhance performance, lastly managers must ensure that employees are satisfied so as to give out their best to satisfy customers.

CHAPTER ONE

BACKGROUND OF THE STUDY

1.0 Introduction

The drivers of firm performance and the sources of sustained competitive advantage have been the objective of strategic management research for many years, but with only a limited consensus as to what works best (O' Regan et al., 2011). Porter (1980) developed a framework for examining firms' strategies (cost leadership strategy, differentiation strategy, and focus strategy) and how they affect organizational performance. These have become known as "Michael Porter's generic strategies". Porter (1980) in his work posited that that firms that are unable to implement any particular strategy will be "stuck in the middle," which will lead to a fall in performance than those pursuing low-cost, differentiation, or focus strategies. There have been several studies that are in support of Porter's view that the performance of firms that undertake cost leadership and differentiation strategies are better than firms that are stuck in the middle e.g. (Kim and Lim, 1988). On the other hand, some studies suggest better performance of firms that combine both Cost leadership and differentiation strategies, "hybrid strategy," e.g., (Campbell-hunt, 2000). Added to this, other researchers outlined entirely new strategies with the aim of achieving competitive advantage. As a result, different performance measures are currently being used, and the existence of various contingencies that have the potential to affect the strategy–performance relationship. Meanwhile, this study is concerned with adding to these series of literatures by using the two basic elements of Porter's competitive strategies which are Cost leadership strategy and Differentiation strategies.

1.1 Background to the Study

All the industries in the economy have the responsibility of improving the economic wellbeing of their countries. So also is the tourism industry, it has the potential of contributing massively to the economy of every country. In the world as a whole, this sector is often considered to be one of the fastest growing. It was reported in 2013 that, the total contribution of the industry to the global economy was 6,990.3 billion dollars accounting for 9.5% of the world's GDP, while the global economy grew by 2% in 2013; the tourism industry grew by 3% creating about 4.7 million jobs (World tourism and travel council, 2014).

The Euro monitor International considers the tourism industry as the world's largest industry, which contributes to 11.5% of the world's GDP and also employs 12.5% of the labour in the world (The Euro Monitor International, 2012). Even though this industry has a great potential to the global economy, Ghana's tourism and hospitality industry have been experiencing several setbacks with its associated unstable growth over the past few years. In 2012, the sub-sector contributed 13.6% growth in the service sector, an increase from 3.6% in 2011 (Statistical service of Ghana, 2013). Despite the challenges facing the Hotels and Restaurant sub-sector, a lot more hotels are being built and old ones are expanding. The sub sector seems to be experiencing a perfect competition which allows free entry of new firms with little or no hindrance at all. Evidence can be adduced to support the fact that the hotel industry is growing, and thereby the competition, in the Ashanti Region is increasing (Price waterhouse Coopers, 2006). As a result of the intense competition in the sub-sector, hotels are rapidly gaining prominence because consumer demands stimulate such changes.

The intense competition in this sector has contributed to reshaping companies operation objectives from product-centric to consumer-centric. The fact that Customers these days request for new but less expensive services leaves hoteliers with no choice than to increase their performance as it was not the case some years back (Carlton, 2007). Hoteliers today encounter numerous setbacks from factors in this changing business environment that affect their organisational performance (Kaliappen and Hilman, 2013). These challenges to hoteliers have brought about the adoption of specific business and functional strategies in order to achieve better performance and competitive advantage.

Hotels that attract customers in the first instance and retain them by delighting them most of the time survive than hotels that do not. On the contrary, Kurtz and Clow (1998) explained that irrespective of the introduction of competitive strategies to attract and manage customers, it is not a guarantee that customers will always buy from that one organisation and there by remaining loyal to them. It is for this reason that this study seeks to assess the effects of Michael Porter's Generic Strategies on the performance of hotels in Kumasi with managerial capabilities playing a moderation role.

1.2 Statement of the Problem

Within the past few years there have been massive changes in the hotel industries in Kumasi and Ghana as a whole. New hotels are being established rapidly and the already existing ones are being renovated and upgraded and ranks increased. The Kumasi City
Hotel which was old and uncompetitive was renovated into a four Star hotel, new

ownership and management and with a new name "Golden Tulip Kumasi City". The PBC guest house now, Golden Bean Hotels, and Crystal Rose Hotel now Crystal Ambassador Hotel after a huge upgrading. Competition has also intensified to the extent that hoteliers are doing everything to outperform others such as poaching employee of competitors. Based on the aforementioned the researcher really wanted to know the motivation behind the drift change in the sector, whether all these investments were worth it and whether the industry was that profitable to warrant all these attention.

1.3 Objectives of the Study

The objective of this research is to assess the effects of Porter's generic Strategies on performance of hotels in Kumasi with Managerial Capabilities moderating this relationship.

Specifically, the study has the following objectives;

1. To examine the effects of cost leadership strategy on performance of hotels in Kumasi
2. To examine the effects of differentiation strategy on performance of hotels in Kumasi
3. To measure the effect of Managerial Capabilities on performance of hotels in Kumasi
4. To examine the moderation role of managerial Capabilities on the generic strategies and performance of hotels in Kumasi.

1.4 Research Questions

This study addressed these research questions;

1. What are the effects of cost leadership strategy on performance of Hotels in Kumasi?
2. Are differentiation strategy used by hotels in Kumasi in order to remain competitive and improve their performance?
3. What is the performance of selected hotels in relation to industry wide performance?
4. Does the moderation role of managerial Capabilities affect performance of hotels in Kumasi?

1.5 Summary of research methodology

The research was conducted through an explanatory survey design. This study design was deemed appropriate because this method ensures the reliability of quantitative research study such as this. The main reason for using this method was that, it is less expensive and allows researchers to lay their hands on all data needed in a short while. The sample size for this study was hundred hotels in Kumasi. The reason for using this number was to represent the larger group from which the exact information needed for this study was derived. The study used both primary and secondary sources of data. Primary data was collected through the use of questionnaires to help gather large data in a large population in a short period hence saving time on the study. This method eliminates bias of respondents and at the same time gives well thought out answers. The targeted respondents were heads of departments, hotel managers, directors, and any other relevant key personnel. Secondary data was obtained from published works by other researchers and documents from various state institutions. After collecting the primary data, the completed questionnaires were first checked for completeness, reliability and validity. Editing, coding and tabulation of the data according to the research questions were then done. The study used quantitative approaches in the methodology to gather the data. Hotels in Kumasi were the population of the study. Hundred (100) hotels were drawn from the 4-Star, hotels to 1-Star hotels as well as some Guest houses. 100 Managers from these hotels were the first point of call for the questionnaire distribution. However, in instances where the main informants were absent any staff with the requisite knowledge was given the questionnaires to be completed.

The data was gathered using seven point likert scale ranging from (1) "much less" to (7) "much more". Descriptive statistical tools known asStatistical Package for the Social Scientist (SPSS) was used to analyse the data in tables. And finally, the Pearson's correlation analysis was used to determine the relationship between the generic Strategy and organisational performance.

1.6 Justification for the Study

The researcher specifically chose this topic even though various studies have been done on the subject matter. It was realised that previous studies concentrated on the small scale businesses in Kumasi and their relationship with performance and the Porter's competitive strategies. Another divided the hotel industry into family and non-family owned business and understudied them in relation to the topic. Also a study was conducted on the effects of the competitive strategies on performance of small and medium scale businesses. Another author included another strategy from another author known as the Hybrid strategy and measured their effect on performance. But this study combined the family and non-family owned hotels, chose only two of the Porter's generic strategies "Cost leadership strategy and Differentiation Strategy" and observed their effects on performance of hotels in Kumasi and also introduced Managerial Capabilities to explain the relationship between the variables unlike previous works.

1.7 Scope of the Study

Geographically, the study was limited to the Kumasi Metropolitan Area which can boast of over 511 hotels, with Golden Tulip Kumasi City Hotel and Golden Bean Hotel being the only four star hotels. The metropolis sits in the central part of Ghana not only in terms of Geography but trade and commerce. One hundred of these hotels from the metropolis were selected for this work due to easy accessibility to data. Contextually, the study was limited to porter's Competitive strategy and its effect on organisational performance and managerial capabilities moderating the relationship.

1.8 Limitation of the study

The duration involved to complete the work was a limitation in that the researcher was not able to critically delve into the topic to come up with all the relevant issues relating to the study. The performance indicators mirroring only financial measures as performance indicators is a major weakness of this study, because different results could be obtained by using both financial and non-financial measures such as customer loyalty and satisfaction. Also, use of cluster analysis and the small sample size did not represent the larger population size and hence even though the findings were supposed to relate to the whole industry, this objective cannot be emphatically stated based on the section excluded. Finally, because of the explanatory nature of this study, the effects of other moderating variables were not studied although they could have made unique contributions to this study. Example, industry type, firm competencies, degree of market concentration, and type of customers could have played a moderating role between strategy and performance.

1.9 Organisation of the Study

This research has five chapters. Chapter One focused on the background of the study, research problem, objectives, research questions, methodology, justification and the scope of the research. Chapter two reviewed relevant literature on empirical studies on Competitive Strategies, Organisational performance and Managerial Capabilities. Chapter three focused on presentations and detailed discussions of the research methodology and research approach. Analysis of data and discussion of results was finally presented in Chapter Four whilst the Chapter Five was devoted to the major findings of the research, recommendations for decision making and further research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed published works on this topic and it started with theoretical framework on the chosen topic which was subsequently linked to the objectives of the study. At the end of the study, the relationships that existed between the various variables were established.

2.1 What is Strategy?

A Strategy is known as a future focused action plan that is involved with a comprehensive competitive framework that shows how organizational policies and practices are associated, framed and executed to effectively assign structure and manage the corporate scarce resources to achieve goals and create organizational profitability (Jeffrey, 1992). By implementing good strategies, it enables firms to compete well and outperform competitors in volatile environments (Wheelen and Hunger, 2008). In addition, by investigating and understanding the strengths and weaknesses of Organizations a good business strategy can be formulated. This knowledge enables organizations to assess their internal resources as compared to that of competitors and hence lead to increased performance and great competitive edge (Raduan et al., 2009). Strategies are designed to add value to products and achieve superior organizational performance by utilizing core competencies in a specific market (Dess and Davies., 1984).Also, strategy guides organizations on how to distinguish themselves from rivals by determining a pool of adding value activities and setting competitive priorities with the purpose of achieving organizational goals and objectives (Wheelen and Hunger,

2008).

2.2 Types of Strategies

Porter's publication defined competitive strategy as plans a firm uses after evaluating its strengths and weaknesses to compete within an industry (Porter, 1980). The various strategies are first, Porter's competitive Strategies which he says can be attained through

Differentiation, Focus and Low cost strategies. The next strategy is the Porter's five forces published by Porter in 1979 to ask the questions of how easy it is for new competitors to enter an existing market, how many competitors offer a similar product at the same or lesser price, substitute products, buyers and suppliers bargaining power (Porter, 1979). The Resource Based View developed by Penrose (1959), the Hybrid strategy and finally the Archetypes which ensured growth through; the commodity type, competitive pricing, competitive pricing of narrow products offering broad product range and backward integration, premium priced products, small niches steady development of new channels, and selling products of high demand to different markets through forward integration. For the purpose of this study, the focus was on the Porter's Generic strategies which are broadly divided into; cost leadership and differentiation.

2.2.1 Cost leadership strategy

Is the idea where by a business organizes and manages its value chain process such that it produces the most affordable product in an industry. Cost leaders have a broader scope since they concentrate on serving the larger market. Porter revealed that, organisations that pursue cost leadership often use one or a combination of these factors in order for the low cost producer within a segment in the industry with specific product quality (Porter, 1980). He again stated that, where by firms aggressively compete on price to earn some profit competitors suffer losses and when prices decline because the industry has matured, it will only be firms that produce the cheapest product that will sustainably remain profitable. He added that, efficient production process reduces cost of production. (Porter, 1980)

2.2.2 Differentiation strategy

Is the second generic strategy, and is based on making products or services distinct from that of other organisations, Differentiation strategy places emphasis on making an offer unique in exchange with lowest cost. Porter explained the differentiation strategy as a strategy that primarily assures customers of the superior nature of a company's product to that of competitors, the firm's prime objective is to meet the needs of their client by offering unique features which allows the firm to charge a premium price. (Porter, 1985) He added that, the implementation of differentiation strategy is a difficult task but once achieved, high performance is achieved (Porter, 2001). Miller (1988) findings about product differentiated firms were that they researched well in order to be innovative and competitive. The motive of this strategy he said is to offer better products at the same price competitors are charging or a price slightly higher than them. In order for this strategy to succeed, products must be difficult to imitate, Products must have high switching costs and lastly the business must be able to ensure that their resources cannot be easily obtained by competitors (Porter, 2001).

However, very quickly competitors will be able to copy, or even improve upon product's unique attributes and therefore the perceived advantage will soon be lost and may even become the basic features of the product over time. Once competitors are able to imitate this value-creating strategy, the premium price will be lost as there will not be anything special about the offer. To prevent this from happening, businesses need to constantly develop new features for existing products or services, modify existing features, and identify new ways of using the existing product or come up with entirely new products or services so as to remain the market leader in the industry (Miller, 1988)

2.2.3 The Resource Based View

Penrose developed this theory to help understand the conditions that necessitate some firm's ability to achieve and sustain competitive advantage through their resources and capabilities (Penrose, 1959). Barney (1991) described resources as assets, capabilities, processes, features and the knowledge a firm has to formulate and implement competitive strategies. Penrose (1959) again, grouped capabilities as organizational capabilities, managerial capabilities, marketing capabilities and technological capabilities. The capabilities of a firm distinguish it from others (Hitt and Ireland, 1999). Faizal and Rozainun (2008) made their contribution on this discussion by saying that businesses need to distinguish themselves and ensure their survival with capabilities that are solely attributed to them.

Characteristics of the resource-based view are to create an advantage over rivals which are Valuable, Rare, Inimitable and Non-substitutable (Barney, 1991). In essence, the resource-based view is centered on the idea that the organization will only achieve competitive Advantage with the quality resources and capabilities it has in excess far above that of competitors. It can be noted that the mere ownership of these resources and capabilities does not guarantee competitive advantage but rather the effective and efficient application.

Businesses can only benefit from their strategies if the resources have the above characteristics. It should be noted that, Resources can be physical or intangible and its continuous improvement ensures sustained improvement in performance. Montgomery et al., (1995) supports this view and stated a good strategy must continually be modified in line with the company's scope and entering markets it can compete with its resource advantage.

2.3 Organisational Capability

Is the ability for a collection of resources owned by an organization to be coordinated to perform an activity which leads to competitive advantage. In order for a resource to gain competitive advantage, it should not be easily imitable, should not be complex to control (Harris and Helfat, 2014). The types of these capabilities are, Managerial capabilities, Marketing capabilities, Innovative Capabilities, Technological capabilities etc. For the purpose of this study, the focus was on managerial Capabilities and how it affects performance of hotels.

2.3.1 Managerial capability

Is the ability of managers of both profit and not for profit making organizations to effectively use their resources and capabilities to achieve the organizations goals and mission (Peteraf, 1993).This plays important role in making firms competitive when managers convert them into business capabilities to achieve the firm’s objectives through efficient coordination of works, functions, and employee experience (Harris and Martin, 2000).

2.4 **finition of Hotel** defined by the Cambridge Advanced rner's Dictionary and

Is

ıesaurus (2015) as a building where clients pay to have a room to sleep in, and where meals can sometimes eaten (Cambridge Advanced Learner's Dictionary and Thesaurus 2015).

2.4.1 Overview of hotel industry in Ghana

ıotel industry in Ghana is a subset of the Hospitality industry which is under the ım industry and these industries are broadly under the umbrella body, Ghana ism Authority (Statistical Service of Ghana, 2013). The tourism industry is made up of s, motels, resorts, restaurants and tourist sites. According to the Ghana national ım marketing strategy 2009, between 2005 and the third quarter of 2008, the hotel try contributed a revenue of GH¢ 647, 296, 664. 15 to the government and GH¢ 35, 011, 773. 43 to non-governmental agencies (Ghana Tourism Authority, 2009).

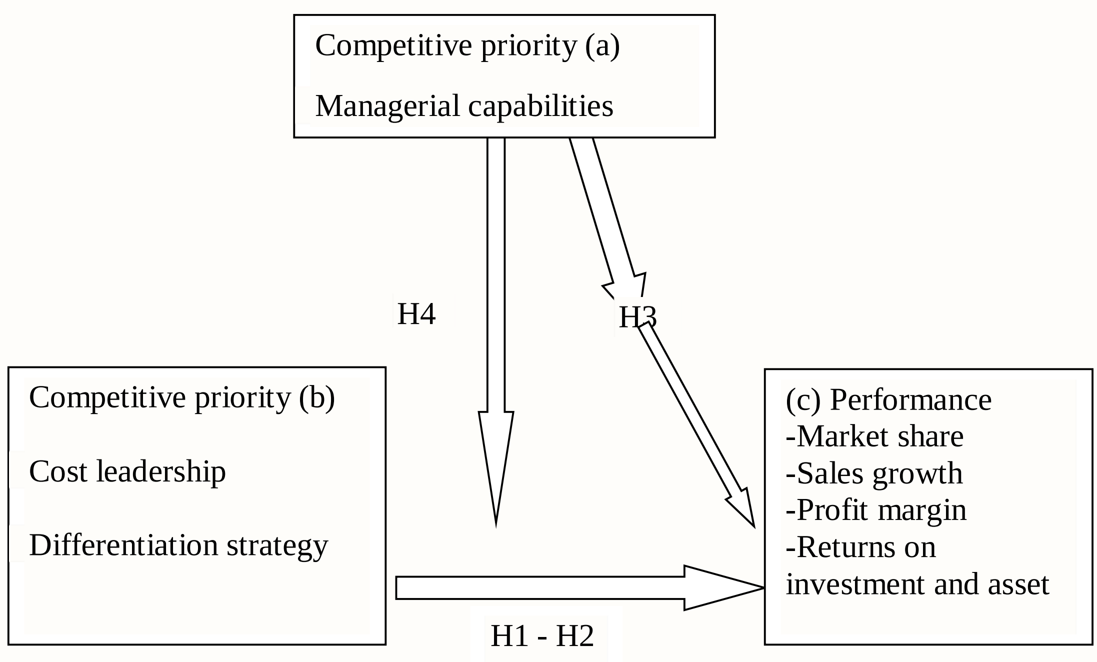
Ghana Hotels Association (GHA) was formed in 1975. It was made up of managing proprietors, managing directors or accredited representatives of hotels, motels, and guest houses that are members of the Ghana Tourism Authority (GTA). Based on the GTA categorization, members have facilities that are certified as budget, guesthouse, or one to five star hotels. www.ghanaweb.com. According to the association, hotels are classified into the following; One (1) star, Two (2) stars, Three (3) star, Four(4) star, Five(5) star, Beach resort, Budget hotels, Guest houses and Inns. The association has a national office with 11 branches spread over the 10 regions of Ghana and a total membership of more than a 1,000 (www.graphic.com.gh/business). In Kumasi, there are about 511 hotels and guest houses currently offering various services to client and employing thousands of people. Below are some of the establishments involved in this study and their rankings.

The major players in the Kumasi metropolis are the Four Star, Three Star and the Two Star hotels but depending on the needs of the clientele, the one star Hotels, Guest Houses and Budget Hotels get their share of the market.

2.4.2 Measurement of Performance of Hotels

There have been questions on why some firms always outperform others (Barney and Arikan, 2001). Several theories have been propounded to explain the reason behind some firm's success and the failure of others within the same industry. A dominant factor in determining an organizational performance is competition which establishes the relationship between a firm and the industry. In measuring the performance of firms in the service sector, such as hotels (Gronroos, 1997) asserted that service enhance performance through customer relationships and not on concentrating on transactions that are short-lived. There are two broad performance measures in hotels namely financial measures published and non-financial measures and recommended that performance management enables managers make decisions not only on financial but also other measures that reflect market conditions (Atkinson and Brander-Brown, 2001). Arias - Aranda (2013) suggested that the non-financial measures enhance performance of hotels, control the causes instead of effect events. Fitzgerald et al ., (1991) introduced a frame work as a result of several weaknesses they found with either financial and the non-financial measures . This was known as the Result (performance outcomes) and Determinants (performance dimensions) models which take into account both financial and non-financial measures. Competitive advantage is the relative performance of rivals in a given market environment (Peteraf, 2003).

Figure 2.1 <u>Conceptual Framework and Hypothesis development</u>



Author's own framework (2015)

2.4.3 Conceptual Framework and Hypothesis development

Though there are many objectives for which every organization exists, the two major ones are to achieve a competitive advantage and to enhance their performance as opposed to competitors (Raduan et al., 2009). Competitive advantage does not occur out of the blues but are accrued from many contributory factors. The hypothesis above establishes the various relationships between the individual variables relevant to this study.

This framework intended address all the relevant issues in this work, grouped the various theories involved in this study into three practical sections. The independent variables were categorized into competitive priorities (a) and (b) whereby the (a) being the Managerial capabilities was supposed to oversee the effective utilization of the competitive priority (b) in order to achieve performance (c). The (b) that is the competitive strategies also indicated the complementary responsibility just as the priority (a) in achieving performance (c). Meaning, in this particular study performance cannot be achieved without the help of the competitive strategy (priority b). Lastly Performance (c) being the Dependent Variable and the ultimate goal for the implementation of the two priorities was supposed to be the final destination after the objectives of the competitive priorities have been achieved.

2.5 How Cost leadership strategy influence performance of hotels in Ghana A study conducted by Ofunya (2013) showed the significant relationship between cost leadership and performance with regards to growth in revenue, asset, net income and market share.

He added that Low cost strategy makes a firm the lowest cost producer to increase profit consistently. Cost leadership strategy is significantly related to

organizational performance in such a way that in Abdul and Basri (2012) study of hotels in Malaysia, it was a known fact that, these hotels opted to be cost leaders to increase organizational performance.

Cost-leadership strategy is only attractive when competitors face a cost disadvantage in their quest to imitate the strategy. Due to the scope of this particular study, emphasis was solely placed on competition among hotels in Kumasi. In the study conducted by (Darko, 2002) on assessment of sustainable competitive advantage of selected hotels in Kumasi using the porter's generic strategy. It was deduced that the competitive advantage of the 1-Star to 3-Star hotels is mainly in cost focus strategy.

2.6 How Differentiation Strategy influence Performance of hotels in Ghana Customers have currently been more satisfaction conscious to the extent that they have become less loyal to a particular business offering they pay for. According to Porter (1980), competitive advantage grows based on the value a firm creates for its customers higher above the firm's production cost. It is built and maintained when customers get value for monies spent (Prahalad and Hamel, 1990).

In an organisation's quest to attain a competitive advantage over its business rivals can be brought into reality by adopting a differentiation strategy. This strategy is very expensive but successful and a firm is able to charge high price for its products and most often sell more quantities. Many buyers become over excited by the differentiated product making businesses achieve buyer loyalty with these products and this supports the statement that for differentiation strategies make products expensive to be imitated (Thompson et al., 2012).

It was uncovered that brand differentiation strategy is a more successful type of differentiation, and that the ones using this strategy go about their activities based on their brand image (Darko, 2002). With differentiation strategy a firm's competitive advantage can be achieved with ease but without it, a customer will not be obliged to patronize a firm's product for any reason. Hence, specific segment of customers can have their needs met if hotels make the effort to identify and understand customers' desires and needs, than merely reacting to their dissatisfaction (Darko, 2002).

Many hotels in Ghana are using Wi-Fi as a tool for differentiation. Also some hotels along the Volta River are using Ski boat riding as a tool for differentiation notable among them is the Aqua Safari. The Holy Trinity Spa in Sogakope can also be mentioned when it comes to the use of product differentiation. This strategy looks at how a company's customers will be "wowed". It involves the development of unique goods or services to delight customers. Differentiation Strategy ensures customer loyalty to a brand, this is because the product when patronized exactly satisfies the need for which it was bought and even more making the customer consistently glued to its usage. A company can offer higher quality, higher performance or unique features in a product that customers and even competitors can justify its higher prices eventually (Porter, 1980). Again, Darko

(2002) observed that most successful hotels in Kumasi were the high class hotels (that is 3-Star and 4-Star ones) due to their unique core competence which is hard to imitate

2.7 How Managerial Capabilities influence Performance of hotels in Ghana

Organizations whose leaders are confident and aggressive to innovative strategies have a better and positive correlation with performance (Jothibasu, 2014). Management capabilities have significant effect on performance of businesses (Holy, 2009). Manager's dynamic capabilities can assist them to attain ultimate goal improving their firm's performance through customer satisfaction and market performance (Tracey et al., 1999). Hence, competitive capabilities influence, directly or indirectly, the firm performance (Kim, 2009). Chow stressed that human resource management practices and business strategy have a good relationship with organizational performance (Chow, 2006).

2.8 Moderating role of cost leadership strategy in the relationship between Managerial capabilities and performance hotels in Ghana.

A positive correlation between managerial capabilities and performance has been observed. No business exists without the contribution of managers or stakeholders. Once the managers involved have a policy to improve performance, all their efforts and resources will be towards ensuring the success of this objective and definitely performance will improve (Rosenzweig et al., 2003). Penrose (1959) has emphasized managerial capability as the source of a firm's competitive edge and increased performance.

2.9 Moderating role of Differentiation strategy in the relationship between Managerial capabilities and performance of hotels in Ghana.

The findings of Acquaah and Agyapong (2013) indicated that cost leadership and differentiation strategy positively influence the performance of family owned hotels in Ghana, with strategic leadership playing a moderating role. He posited that because most hotels are family owned, they were characterized by their dependence on their paternalism, guaranteed long-term employment, and sustained work relationship with executives. These enable them to offer their services in areas that only benefit from cost leadership strategy such as engaging in innovative activities that enhance their product or service quality and focus on building customer loyalty from implementing a differentiation strategy.

The Management of a business decides whether or not their business will pursue a competitive strategy. Once they accept any strategy, implementing it will not be a headache as management is in total support. Companies need managerial capability to be able to develop both cost leadership and Differentiation strategies in order to achieve higher performance in the hotel industry. Therefore, integrating cost leadership strategy and managerial capability can influence performance in the hotel industry. At the same time, integrating differentiation strategy with managerial capabilities can also influence performance in the hotel industry. Jothiabasu (2014) added to the understanding that, there was a significant positive effects of cost leadership, differentiation and focus strategies on performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction of Methodology

This chapter talks about the research design, the population considered, sample size, sampling technique, sources of data, data collection instruments and data analysis techniques. The findings and quality of this study can be affected either positively or negatively depending on the methodology used. As a result, this section describes the methodology used and why it was appropriate for this work.

3.1 Research design

The research design encompasses the broad plan of how the research questions were answered. According to Saunders et al., (2009), there are three types of research design; exploratory, explanatory and descriptive. In line with this study, the researcher adopted the explanatory approach which denotes that the research in question is projected to explain, rather than simply to describe, the phenomena studied. Traditionally, the research denoted by the term explanatory research is quantitative in nature and typically tests prior hypotheses by measuring relationships between variables; the data are analyzed using statistical techniques. As this study aims to assess the effects of porter's generic strategies on performance of hotels in Kumasi: moderation role of managerial capabilities via hypotheses, the researcher used explanatory study in order to a have an in-depth understanding of the variables, and ascertain the relationship between the dependent and the independent variables.

3.2 Population

The population of a research refers to the total number of all units of the issue or phenomenon to be investigated into. All possible observations of a population are known to be of the same kind (Kumekpor, 2002). The population for the study were hotels in the Kumasi metropolis and thus estimated to be five hundred and eleven (511).

3.3 Sample size

A choice of sample size is vital and depends on the margin of error the investigator can bear, the size of the total population and the kind of analysis to be performed. The chosen size of sample is thus the researcher's prerogative (Saunders et al., 2009). Stutely, (2003) recommended thirty (30) as a minimum to ensure statistic effectiveness in research should the features of the respondents be considered akin. Hence, for the study's purposes, a sample of 100 respondents was selected from the population.

3.4 Sampling Technique

Sampling is defined as a process of selecting a section to represent a whole (Polit and Beck, 2004). For this study's purpose, convenience sampling technique was used to select respondents. This sampling technique involves selecting respondents that are readily obtainable to the researcher. The sample selection process endures till the needed sample size is achieved (Saunders et al., 2009). This was considered to be cost effective and meaningful way of sampling from such a large population of potential respondents.

3.5 Data Collection Instruments

The main instrument for collecting data was questionnaires. The instrument had items measuring, Cost leadership, differentiation, marketing capabilities, managerial capabilities and performance. Items asking of background information from respondents were also included. A likert scale that ranging from (1) “much less” to (7) “much more’’ was used to gauge responses. The questionnaire was adopted from a proven set of questions from Acquaah and Agyapong (2013) study conducted on family owned hotels in Kumasi.

3.5.1 Questionnaire administration

A total of 100 questionnaires were administered. Prior to that, a pre-test of the instrument was conducted on 30 respondents. This was done to guarantee the validity of the instrument. The questionnaires were administered to management and staff who were present at the premises of the hotels during the time of each visit throughout the data collection period. The questionnaires retrieved were assessed and found to be acceptable for usage.

3.6 Data Analysis Techniques

Subjecting gathered data critically to analysis and examinations aids in making recommendations appropriately. The analysis was performed after the questionnaires were all coded into the Statistical Package for Social Sciences (SPSS) software. Descriptive results were offered in frequency distribution tables. The cronbach alpha to ascertain the reliability of the data was also established to be acceptable. The data was quantitatively analysed based on the responses gained from the respondents. Statistical

tools like mean and standard deviation, Pearson's correlation and regression analysis were used to determine the relationship and the extent of effect between the competitive strategies and organisational performance and the results presented in tables.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the findings gathered from the 100 respondents on the effects of

Porter's Generic Strategies on performance with Managerial Capabilities moderating the relationship and how the findings helped address the objectives set for this study. The research explained the effects of cost leadership strategy, differentiation strategy and managerial capabilities on the performance of hotels in Kumasi.The information was presented in tables on a total of Hundred (100) representatives of the various Hotels depending on their availability and willingness to take part in the survey. Meanwhile, all the questionnaires shared were received representing a 100% response rate.

4.1.2 Descriptive summary of Variables

This section provides brief descriptions on the nature of the data collected. Descriptive values characterized the sample used in the data analysis. It checked the variables for conformity with the statistical techniques. This table explained the total number of respondents of the questionnaires. In all 100 questionnaires were successfully distributed and also completed for each of the variables. Cost leadership had a mean of 3.944, median of 4, standard deviation of 1.0618, minimum of 0.861 and maximum of 6.027. Differentiation also had its mean as 4.061, median 4.102, standard deviation 1.1864, minimum 0.877 and maximum 6.142. From the outcome of the responses for Managerial capabilities also 4.185 was the mean distribution, 4.138 median, 1.0256 was the Standard deviation, 1.861 minimum, and maximum, 6.027. Performance had the following results respectively according to how the values appear on the table below; 3.916, 3.96, 1.1604, 1.48 and 5.88. Firm age, 13.61, 11, 9.5577,3 and50, Firm size, 23.19, 15, 22.217, 1 and 145 and Industry, 1.95, 2, 0.2190,1 and 2.

Table 4.1: Showing Descriptive Results

Variables	N	Mean	Median	Std. Dev.	Min.	Maxi.
Cost Leadership	100	3.944	4	1.0618	0.861	6.027
Differentiation	100	4.061	4.102	1.1864	0.877	6.142
Managerial Capability	100	4.185	4.138	1.0256	1.861	6.027
Performance	100	3.916	3.96	1.1604	1.48	5.88
Firm's Age	100	13.61	11	9.5577	3	50
Firm's Size	100	23.19	15	22.217	1	145
Industry	100	1.95	2	0.2190	1	2

Source: Researchers Field Survey, 2015

4.2 Reliability Analysis

The reliability of the variables assessed the effects of Porter's generic strategies on performance through Cronbach alpha. The Cronbach Alpha was used to test consistency among the measures above. Responses were taken from 100 participants answering questions on cost leadership relationship with performance through the following Six variables; Offering broad range of products/services, Ability to achieve operating efficiency, Offering products or services for high priced markets segment, Forecasting market growth on sales, Control of operating and overheads cost and Offering competitive pricing for products/services and this gave a Cronbach's Alpha value of 0.821. For the Differentiation variables, respondents opinions were based on; Innovation in marketing products/service, Upgrading or refining existing products/services, Developing new products or service offering, Improvement of existing customer service, Advertising and promotion of products/services, Building brand and company identification and Achieving innovation in production process or service offering which also resulted ina Cronbach's Alpha value of .945.

Meanwhile, a Cronbach's Alpha value of .925 was derived from Marketing capabilities which had six variables namely,Developing marketing information about specific customer needs, Pricing the firm's product and services and monitoring pricing in the Market, Designing products that can meet customer needs, Focusing on customer recruitment and retention, Controlling access to distribution channels and Providing better after-sales service capability. A Cronbach's Alpha value of .950 can be attributed to the five variables; under performance; Sales growth, Profit growth, Productivity growth, Net profit and Sales revenue. Lastly, Managerial capabilities also had six variables and led to a Cronbach's Alpha value of .887. However, in reliability statistics, Values above 0.65 are considered acceptable hence these figures are all above the recommended 0.65 resulting in a strong consistency between variables and their responses.

Table 4.2: Showing Reliability Results

Variables	Cronbach's Alpha	Cronbach's Alpha (Standardized Items)	Items
Cost Leadership	.821	.821	6
Differentiation	.945	.948	7
Managerial Capability	.925	.925	6
Performance	.950	.951	5

Source: Researchers Field Survey, 2015

4.3 Correlation Analysis

Correlation coefficient observes the relationship between the variables (Dependent and Independent). Correlation coefficient less than three is small, correlation coefficient between four and seven is moderate and correlation coefficient of eight and above is high. An acceptable coefficient is .5 and so will not pose any problems of multi Collinearity during regression.

Table 4.3: Showing Correlation Results

Variables	1	2	3	4	5	6	7
1. Firm's Age	1						
2. Firm's size	-0.01	1					
3. Industry	0.02	0.091	1				
4. Cost Leadership	0.009	.252*	.203*	1			
5. Differentiation	0.028	.234*	.294**	.409**	1		

6.	Managerial Capability	0.169	.315**	0.168	.338**	.494**	1	
7.	Performance	0.192	.215*	0.193	.366**	.435**	.655**	1

**Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Source: Researchers Field Survey, 2015

4.3.1Correlation Results

The Pearson Correlation statistics was used to analysis the data to find the significance of the relationship between the independent Variables and Performance. The correlation analysis showed significant relationships between the generic strategy variables and firm performance on one side and managerial capabilities and firm performance on the other side. A negative sign in front of a value signifies no relationship at all between the two variables. The Stars behind the various figures assure a very significant relationship between the two variables. But the figures without any stars attached, do not explain any relationship at all between variables.

From the survey, even though the correlation effect between firm's age and performance is positive, the figure being.192 makes the relationship very weak. This can be explained in this way, in the hotel business the performance of individual entities can in no way be explained by how long the hotel had been in existence because this cannot guarantee how well a customer is served and eventually lead to increase in the Hotel's performance. No potential client might be interested in the age of a hotel before making a booking. In the next instance, the model depicted a significant but small relationship of $.215^{*}$ that is between Firm size and the performance of Hotels. In that, the staff strength of the business contributes immensely to the type of service rendered in terms of quality, speed and accuracy by hotels. On the other hand a coefficient of .193 shows no significant relationship between the Industry within which the hotel operates and its overall performance.

Differentiation showed a very strong relationship with performance hence, the $.366^{**}$value. The more differentiated a hotel's services are, the greater it performs in terms of Innovation in marketing its services, Upgrading or refining existing services, Developing new products or service offering, Improvement of existing customer service, Advertising and promotion of products/services, Building brand and company identification and Achieving innovation in production process or service offering.

Managerial Capabilities indicated a very strong correlation of .435** with Performance in relation to Sales growth, Profit growth, Productivity growth, Net profit and Sales revenue. The degree of relationship between the variables can explain at best 65.5% increase in performance as a result of an increase in Managerial Capabilities. Majority of the sizes are all moderate thus not more than five and as a result, there is no problem of multi Collinearity and hence the research then proceeded to the Regression Analysis.

4.4 Regression Analysis

Regression analysis is used to analyse inter linked models. With this particular study, four

different but connected models were used. In model 1 the study examined the effect of the control variables on performance. In model 2 the study included the independent variables of cost leadership and differentiation to the control variables and examined their effects on performance. In model 3, managerial capability and cost leadership were brought together with the control variables. And then in model 4 being the overall model, the interactive variables were also added to reach a conclusion.

Table 4.3: Showing Regression 1

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig.
1	.336[a]	0.113	0.085	1.11005	0.113	4.063	3	96	0.009
2	.523[b]	0.273	0.234	1.01533	0.16	10.374	2	94	0.000
3	.686[c]	0.471	0.437	0.87108	0.198	34.711	1	93	0.000
4	.708[d]	0.501	0.457	0.85527	0.03	2.735	2	91	0.070

Source: Researchers Field Survey, 2015

4.4.1Regression test results

As it is shown in Model 1, the independent variables from the R square values explain 11.3% of differences in performance. In model 2, when the control variables were added, there was an incremental change from 11.3% to 27.3% which means the independent variables explain 27.3% of differences in performance. In model 3, 47.1% of differences in performance of Hotels were explained by the models thus cost leadership, differentiation and managerial capabilities controlling for firm age size and industry. Lastly, model 4 explains 50.1% of differences in performance. The impact of managerial capability on performance is explained by the R^2change which means that in model 1 by adding cost leadership alone increased the explanatory power by 11.3%., in model 2 cost leadership and Differentiation enhances performance by 16.0%. In model three, when managerial capability item was added to the model, it increased explanation by 19.8% so it suggests that managerial capability plays some moderating role on performance. There is no problem of multi collinearity as all the VIFs are below the recommended value of 10 hence making the regression results good for analysis as can be seen in the table below.

Table 4.4: Showing Regression

Model	Unstandardized Coefficients		Standard Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1. (Constant)	.246	.846	.291		.772		
Firm's Age	.011	.009	1.239	.094	.219	.963	1.038
Firm's Size	.001	.004	.246	.020	.806	.790	1.266
Industry	0.47	.421	.113	.009	.911	.867	1.153
2. Cost	.052	.111	.471	.048	.639	.534	1.873
Differentiation	.194	.118	1.640	.199	.104	.374	2.671
3. Man*Cap	.597	.105	5.668	.527	.000	.634	1.577
4. Cost*Man	.031	.101	.307	.032	.760	.508	1.968
Diff*Man	-.174	.083	-2.105	-.212	.038	541	1.850

Source: Researchers Field Survey, 2015

4.5 Results and hypothesis assessment

Hypothesis one (H1) argued that cost leadership strategy influence performance of hotels in Ghana. But data collected and analysed did not support this hypothesis and concluded that, cost leadership had an effect but insignificant relationship with performance.

Hypothesis two (H2): stated that Differentiation strategy influence performance of hotels in Ghana. This was statically in line with results obtained from the study. Such that it was discovered that differentiation strategy greatly influenced performance and significantly demonstrated that.

Hypothesis three (H3): was also of the view that, managerial capabilities had a positive relationship with performance of hotels in Kumasi and was supported by the data analysed.

Hypothesis four (H4): Lastly, it was concluded in this hypothesis that managerial capabilities had a control over cost leadership strategy and differentiation strategy which automatically affects performance of hotels in Kumasi. This was very true based on the statistics from the analysis.

4.6 Discussion of findings

To begin with, the findings of this study reveal that, The study adopted quantitative approach to reveal that cost leadership and differentiation strategies had positive impacts on the performance of hotels in the Kumasi even though differentiation strategy was most significant and that, managerial capabilities greatly moderated the relation between the independent variables and performance. These findings do not support empirical findings in this area. For example, Darko (2002) study of hotels in Kumasi concluded that almost all the 1-Star to 3-Star hotels which were understudied in 2012 were cost leadership minded whiles the 4-Star hotel(s) and few others from 3-star implement differentiation strategy.

Below are the details of the findings, the Significance level of the control variables were observed to see whether variables consistently held their significance or not (thus strong or weak). In model 1 when the study explored the effects of the control variables firms size, industry and age, they had direct effect on performance but the three variables were not significance. The Beta also had a positive impact on the dependent variables. In model 2, cost leadership and Differentiation were all not significant even though they had positive impact performance. This can be due to the location, service package and the clientele base of the hotel. There are some hotels whose location cannot guarantee high patronage no matter how low their prices are. There are some others whose locations automatically draw clients closer to them irrespective of their price. This can be explained by the fact that, the needs of the prospective client determines which hotel they patronize (Acquaah, 2011) stated that increased competition resulting from economic reforms in Ghana is the only factor that can lead a firm pursuing a cost-leadership or a differentiation strategy to emphasize quality in order to achieve higher performance.

In model 3, managerial capabilities held on to its significance of .000 and a Beta value of .527 due to the fact that, it takes only good and highly efficient managers to initiate a good competitive strategy to achieve the performance required. Once the manager has the quality to change a dying situation and also to sustain and increase the success story of an already performing entity, then the firm's performance objectives are assured. This assertion is supported by the following authors. Eisenhardt and Martin (2000) advanced their opinion on how managers and entrepreneurs can create value through their capabilities. They explained that a firm can gain competitive advantage and increased performance with managerial capability as the source. Also, Hitt and Ireland (1999) said that, firms that develop and diversify their capabilities, and deploy them strategically, are able to achieve greater efficiency and higher performance than competitors.

In model 4, Cost leadership had a positive Beta of .032 but lost its significance (.760) with the introduction of Managerial Capabilities**.** However**,** even though differentiation had a negative Beta of -.212 when Managerial capability was added, this relationship was very significant at the value of .038 on performance. This inverse relationship was due to the fact that, managers always like to beat down expenses in that matter cost but once differentiation is adopted cost automatically shots up hence this negative coefficient. Pure strategies are associated with specific managerial objectives. Growth in sales revenue and employment are associated with differentiation, while financial performance is related to cost containment activities. Hence, there is the need to match generic strategies with the desired goals or else they will pursue multiple goals (Parker and Helms, 1992). Darko (2002) study of hotels in Kumasi, he concluded that almost all the 1-Star to 3-Star hotels which were understudied in 2012 were cost leadership minded whiles the 4-Star hotel(s) and few others from 3-star implement differentiation strategy. But the analysis of these two competitive strategies revealed that the implementation of differentiation strategy through employees was more effective than cost leadership through employee due to high labour turnover (Darko, 2002).

4.7 Chapter summary

This chapter focused on presenting the results and the findings of the study and discussed in detail the findings in relation to the work and its objectives. Particularly, this chapter concluded on the notion that though Cost leadership strategy hugely affected performance, its significance on performance of hotels in Kumasi was poor. It was also observed that Differentiation strategy though, it had a weak relationship with Managerial capability the relationship was very significant on performance.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

In this chapter, the researcher summarized the findings in the previous chapter in relation to the objectives of the study, made recommendations and then concluded the study based on the study as presented below.

5.2. Effects of Cost Leadership on the Performance of Hotels in Kumasi

The analysis indicated that, the Beta value of cost leadership strategy on performance is 0.48 showing a positive relationship to performance. Meaning, when all the other independent variables, (Differentiation strategy and managerial capabilities) are held constant, performance would increase by 48% through effective utilisation of Cost leadership strategy. This was however not significant as the variable makes no contributions to the overall performance objective because it has a significant value of 0.639 (.639 < .05). Acquaah and Eshun (2010) study confirms that, cost leadership strategy have no effect on performance.

5.3Effects of Differentiation Strategy on the Performance of Hotels in Kumasi The Beta analysis revealed that, the coefficient value for Differentiation strategy adopted in anticipation to enhance performance was .199. This can be explained that all other things being equal, when the independent variables (Cost leadership, Managerial capabilities) are held constant, performance would increase by 19.9% if there is 100% implementation of Differentiation strategy by Hotels. However, strategy was statistically significant and by supporting performance because it has a significant value of 0.104. This conclusion supports Acquaah (2011) publication which indicated that, differentiation strategies implemented by family owned hotels create entry barriers to new entrants giving them a competitive edge through their unique product characteristics in exchange for customer loyalty.

5.4 Effects of Managerial Capabilities on the Performance of Hotels in Kumasi The analysis revealed that, the Beta value of Managerial Capabilities was 0.527 showing a positive relationship to performance. This means that, all other things (Cost leadership and differentiation) being equal, performance would increase by 52.7% if Managerial Capabilities is the only strategy implemented by the Hotels in Kumasi. This was statistically significant as it made a unique contribution to performance because it has a significant value of 0.000 (0.000 > .05). A study conducted by Boamah and Agyapong (2013) added that managerial capability moderates the relationship between the cost leadership and differentiation strategies and performance for MSBs in Ghana.

5.5 Moderating effect of managerial Capabilities on the generic strategies (cost leadership and differentiation) and performance of hotels in Kumasi.

The analysis revealed Beta values of .032 and .212, Significance .760 and .038 for the effect of managerial capabilities on cost leadership and Differentiation respectively. The Beta value for differentiation strategy adopted by some Kumasi Hotels means that, Managerial Capabilities has an inverse relationship with Differentiation. Thus the more Managerial capabilities increases in the Hotels the less Differentiation strategies are implemented as these two variables do not move hand in hand. Managers will always want to reduce cost but the implementation of Differentiation rather increases cost and hence reduces profit. However .032 Beta value signifies that the mere fact that cost leadership strategy reduces cost of production and eventually increases profit, Managers invest much concentration in that direction. Meanwhile despite manager's interest in cost leadership strategy it is very insignificant to the achievement of overall performance of hotels in Kumasi. Meaning that, differentiation has a significant effect on performance of hotels in Kumasi. These findings compliment the conclusion drawn by Boamah and Agyapong (2013) on the moderating influence of strategic leadership on business strategies and performance of family hotel businesses in Ghana. Their survey indicated that cost leadership, differentiation and strategic leadership enhance the performance of family hotel businesses in Ghana and further showed that strategic leadership moderates the influence of the generic strategies on the performance of family hotel businesses. A similar assertion that, managerial capability strongly determines the success of cost leadership strategy on performance, while it weakens the impact of differentiation on performance was made by Acquaah and Agyapong (2015).

5.6 Limitations of the study.

The duration involved to complete the work was a limitation in that the researcher was not able to critically delve into the topic to come up with all the relevant issues relating to the study. The performance indicators mirroring only financial measures as performance indicators is a major weakness of this study, because different results could be obtained by using both financial and non-financial measures such as customer loyalty and satisfaction. Also, use of cluster analysis and the small sample size for this work did not represent the larger population size and hence even though the findings were supposed to relate to the whole industry, this objective cannot be emphatically stated based on the section excluded. Finally, because of the explanatory nature of this study, the effects of other moderating variables were not studied although they could have made unique contributions to this study. Example, industry type, firm competencies, degree of market concentration, and type of customers could have played a moderating between strategy and performance.

5.7 Recommendations

Following the findings of this study, the following are the recommendation by the researcher;

- The sample used was very small and did not exactly represent the total population. Depending on the number of hotels in Kumasi, the sample selected was not up to half (50%). Should there be a larger sample than the hundred hotels used for this study, a different outcome might have been established or a much stronger conclusion might have been drawn to compliment the outcome of this research. Therefore, in the future it is recommended that a larger number of hotels should be included in the survey.

- A number of variables can be examined that moderate the relationship between the generic strategy type and performance such as, type of industry, competitive threats, environmental complexity, and dynamism. Hence in further study into this topic, the net of the variables thus, dependent and independent variables should be widened to cover all relevant factors.

- This research offered valid evidence for the hotels to make strategic choices in determining the best business strategies that enhances performance. Therefore, in the quest to strive for the superior organizational performance, hoteliers may consider the findings of this study by adopting the best possible strategy in their hotels strategic business model.

- From the study it was revealed that managerial capabilities have a positive relation with performance. It is then essential to ensure these employees are satisfied with their work so that they can contribute their best to the success of the business. Their conditions of service should be properly structured and periodically reviewed so that competitors do not poach them.

- The management of hotels can achieve positive performance if they make it a policy to interrogate customers about their perception of their hotel after the customers have patronized their services. Once their views are made known it must be acted upon to ensure that any unfortunate occurrences are not repeated.

5.8 Conclusion

Hotel management efforts are much predisposed towards cost cutting. The continuing decline in profitability for many hotels has made cost cutting a critical success factor

(CSF) for many in the industry. This situation makes the choice of Cost leadership much more appealing a strategy than the differentiation strategy. In other words, cost leadership has become a matter of course rather than of choice. But a critical look at the findings of the study, hotels in Kumasi opted for differentiation strategy with the aim of gaining competitive advantage. It must be made aware that no two strategies can result in the same performance outcome. Also the strategy that has succeeded in one hotel cannot guarantee the same success rate in another hotel. Therefore before a specific strategy is selected for implementation, there must be a critical evaluation of the pros and cons. The ability of the hotels to satisfy customers' needs through good strategy helps them to retain and make customers satisfied and loyal and hence improve performance.

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APPENDIX

QUESTIONNAIRES

Assess the extent to which your company has placed emphasis on the various business practices for the past three years on a seven point scale ranging from (1) “much less” to (7) “much more”.

Cost leadership	Much less			Much more			
1. Offering broad range of products/services	1	2	3	4	5	6	7
2. Ability to achieve operating efficiency							
3. Offering products or services for high priced markets segment							
4. Forecasting market growth in sales							
5. Control of operating and overheads cost							
6. Offering competitive pricing for products/services							
Differentiation							
7. Innovation in marketing products/service							
8. Upgrading or refining existing products/services							
9. Developing new products or service offering							
10. Improvement of existing customer service							
11. Advertising and promotion of products/services							
12. Building brand and company identification							
13. Achieving innovation in production process or service offering							

For each of the following, indicate your firm’s strength relative to competition over the past three years on a seven point scale ranging from (1) “much weaker than” competitors.

Iarketing capabilities	Much weaker			Much stronger			
1. Developing marketing information about specific customer ne	1	2	3	4	5	6	7
2. Pricing the firm's product and services and monitoring pricing in the Market							
3. Designing products that can meet customer needs							
4. Focusing on customer recruitment and retention							
5. Controlling access to distribution channels							
6. Providing better after-sales service capability							
ManagerialCapabilities							
7. Skills and expertise in developing a clear operating							
8. Procedures to run the business successfully							
9. Ability to allocate financial resources to achieve the firm's goa							
10. Ability to coordinate different areas of the business							
11. Ability and expertise to design jobs to suit staff capabiliti interest							
12. Skills and expertise to design jobs to suit staff capabilities int							
13. Ability to attract and retain creative employees							

Please rate the actual performance of your company's planned performance over the past three years.

Performance	Much weaker			Much stronger			
Sales growth	1	2	3	4	5	6	7
Profit growth							
Productivity growth							
Net profit							
Sales revenue							

<u>BACKGROUND OF RESPONDENTS</u>

This section focuses on demographic information which is used for statistical control purposes, the information requested here will *ONLY* be used to study the effect of such background factors. It will *NOT* be used to identify individuals or companies.

<u>CONFIDENTIALITY IS GUARANTEED</u>

1. How long has your company been in operation since its establishment----------------years.

2. Which of the following applies to you?

(a) Owner-manager (b) Manager (c) Executive

3. How many people are working for this company?...................................

4. What is the industry sector of your organization?-----------------------------

5. What are the principal activities of your business?....................................

6. Is your company a family owned business?

(a) Yes…………….. (b) No………………….

7. If yes, do family members:

8. Control the business?

(a) (1) Yes………… (b) No………………….

9. Involved in the business as director?

(a) Yes…………….. (b) No………………….

10. Are you a member or employee?

(a) Yes…………….. (b) No………………….

THANK YOU