ENTREPRENEURIAL ORIENTATION, DYNAMIC CAPABILITIES AND PERFORMANCE OF STAR RATED HOTELS IN NORTH RIFT REGION, KENYA.

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A RESEARCH THESIS SUBMITTED TO THE BOARDOF POST GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE CONFERMENT OF DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT OPTION) OF THE SCHOOL OF BUSINESS AND ECONOMICS, DEPARTMENT OFBUSINESS ADMINISTRATION

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DECLARATION AND RECOMMENDATIONS

DECLARATION BY THE CANDIDATE

This thesisis my original work and has not been presented for examination in any other university or institution of higher learning.

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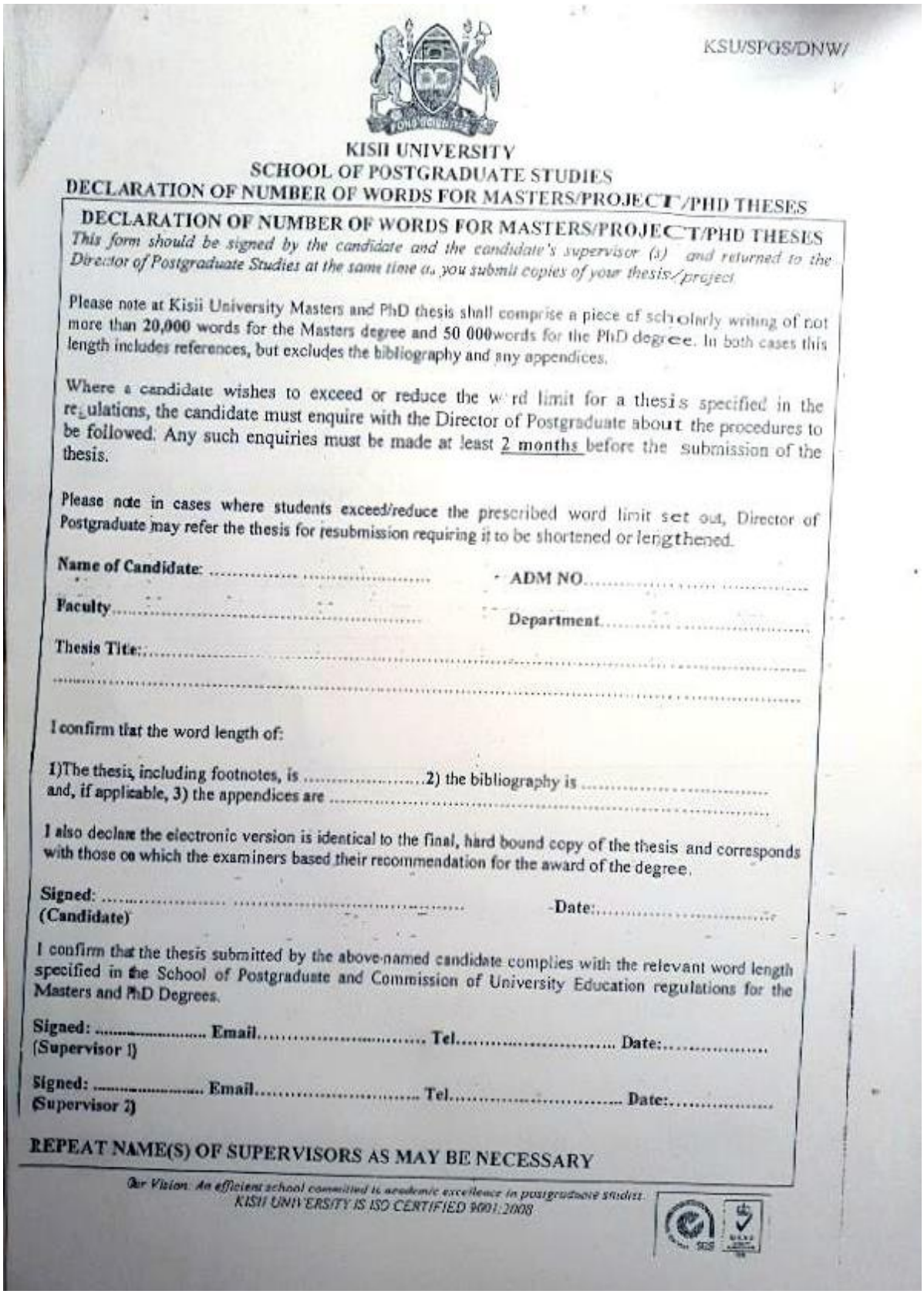

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DEDICATION

This thesis is dedicated to my spouse, Mr. Kenn Masai, and my children, Lynn and Lyle.

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ABSTRACT

Hoteliers face a challenge from global competition, which compels them to strategically reposition themselves through an entrepreneurial approach in order to enhance their performance. Despite this, managing Kenyan hotels has become increasingly difficult due to the demands of the fast-paced business climate and intense rivalry, which has led to poor performance. Therefore, in order to survive in the competitive hospitality market, hotels need keep differentiating themselves through EO and dynamic capacities (DC). Nevertheless, strategies influence the link between EO and performance, therefore analyzing EO and performance on its own is insufficient to comprehend the behaviors of the constructs. Furthermore, the majority of research on entrepreneurial orientation (EO) and dynamic capacities (DCs) has been carried out in industrialized nations. The purpose of this study was to evaluate the moderating function of dynamic skills in the relationship between entrepreneurial approach and star-rated hotel performance in Kenya's North Rift Region. These specific goals guided the study: to find out how risk-taking affects star-rated hotel performance; to investigate the impact of innovation on star-rated hotel performance; to evaluate the impact of proactiveness on star-rated hotel performance; to assess the impact of competitive aggressiveness on star-rated hotel performance; to find out the impact of autonomy on star-rated hotel performance; and to examine the moderating role of dynamic capabilities on the relationship between entrepreneurial orientation and star-rated hotel performance in the North Rift Region of Kenya. Along with dynamic capacity theory and contingency theory, stakeholders theory served as the study's primary theoretical foundation. This study used an explanatory research design based on samples taken from all of the star-rated hotels in the North Rift Region, as well as positivist philosophy. 575 hotel workers were the intended audience. In addition to applying the Taro Yamane (1967) formula to determine the sample size of 278 respondents from the target demographic, purposeful, stratified, and simple random sampling approaches were also used. The data was collected using a standardised questionnaire that participants self-administered, and SPSS version 25 was utilised for both descriptive and inferential statistical analysis of the findings. The findings showed that each of the five traits of entrepreneurial orientation innovation, proactiveness, competitive aggressiveness, autonomy, and risk-taking strongly influences the performance of star-rated hotels. The results of the hierarchical regression analysis showed that the inclusion of dynamic capabilities as a moderator to the entrepreneurial approach explained a significant and bigger variance in the performance of star-rated hotels. The study's conclusions indicate that dynamic capacities to some extent offset the effect of entrepreneurial approach on the performance of star-rated hotels. This shows that, based on the theories of dynamic capacity, contingency, and stakeholders, star-rated hotels stand to benefit more from utilizing EO with DC. The results show that in order to increase performance, star-rated hotels still have a great need to evaluate their strategic orientation and prioritize EO elements above dynamic talents. In order to sustain competitiveness for maximum performance for economic growth and the realization of Vision 2030 for the management of star-rated hotels and other stakeholders, the study's findings should help enhance EO aspects and DC.

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LIST OF ABBREVIATIONS AND ACRONYMS

BRICs : Brazil Russia India China South Africa.

DC **:**Dynamic Capabilities (DC)

EO **:** Entrepreneurial Orientation

G.O.K **:**Government of Kenya

GEM **:**Global Entrepreneurship Monitor

GSCA : Generalized Structural Component Analysis

ISO : International Standard Organization

KNBS : Kenya National Bureau of Statistics

MMR : Moderated Multiple Regression

MSMEs : MicroSmalland MediumEnterprises

NACOSTI : NationalCommission forScience, Technologyand Innovation

NOREB :North RiftEconomic Block

OECD : Organizationfor Economic Co-operationDevelopment

R & D : ResearchandDevelopment

RAI **:**Risk Attitudes Inventory

ROA **:**Return onAssets

ROE **:**Return onEquity

SDGs : Sustainable Development Goals

SMEs : Small andMediumEnterprise

SMTAs **:**Smalland Medium TravelAgencies

SPSS : StatisticalPackage for SocialSciences

VIF : Variance InflationFactor

CHAPTERONE

1.0INTRODUCTION

1.1 Background of the Study

Hoteliers face a challenge from local and global competition, which forces them to strategically reposition themselves. According to Laura (2018), increased competition has caused hotels to lose revenue, which is why they are performing poorly. Additionally, customers are more keen than ever to move their allegiance to businesses that they believe are offering consistently higher-quality goods and services (Murasiranwa, Nield, & Ball, 2010). In order to improve performance, an organization must adopt a strategic orientation, which focuses on how it interacts with and reacts to its external contexts. In order to remain in a very dynamic and competitive business environment, organizations are therefore attempting to seek out and adapt new paths within their strategic management (Beliaeva, Shirokova, Wales, & Gafforova, 2020).

Consequently, it is believed that strategic orientation types such as learning, technology, market, and entrepreneurial orientations influence and lead corporate operations and generate the behaviours necessary to sustain their performance and viability (Hakala, 2011). Strategic orientations (i.e., entrepreneurial and market) as an organization's resources and capabilities create competitive advantage, which in turn leads in better performance. This is a well acknowledged fact (Fainshmidt, Wenger, Pezeshkan, & Mallon, 2019; Tutara, Nart, & Bingoic, 2015). This highlights how crucial it is for hotels to deliberately blend their dynamic capabilities (DC) and entrepreneurial orientation (EO) in order to thrive in the cutthroat hospitality industry.

Entrepreneurial orientation (EO) is the strategic and internal direction of a business to create resources and capabilities (Hakala, 2011; Menguc & Auh, 2008). According to Rausch et al. (2009), EO is a product of the strategic decision-making process and is a reflection of the laws and customs that foster entrepreneurial thought and action. Agbeblewu and Boohene (2013) shared this perspective and defined entrepreneurial orientation as a strategy-oriented approach in organizations that reflects the attitudes, intents, and influencing factors of key decision

makers and functions in a fast-paced business environment. The entrepreneurial orientation notion first appeared in the literature on strategic management and has since grown to be a significant topic in both that field and the literature on entrepreneurship (Sarkar, Coelho, & Maroco, 2016). Innovativeness, proactiveness, competitive aggression, risk-taking, and autonomy are the five defined dimensions of entrepreneurial orientation (Dess & Lumpkin, 2005).

Risk-taking remains the fulcrum of entrepreneurial ventures however, it is not about taking extreme or uncontrollable risks but calculated risks. The more a business innovates, the more risks it takes (Kuratko, 2011). Innovation entails taking chances. A company's willingness to take risks indicates that it is open to opportunities, even if its prospects for success are questionable (Breslin & Jones, 2012). Moreover, Breslin & Jones (2012) asserted that innovation is the only recurring topic in the literature on entrepreneurship and a crucial component of an entrepreneurial strategy. Innovations support the growth of the hospitality and tourist sectors and allow companies to meet worldwide service standards in addition to dominating their respective market segments (Kozhukhivska et al., 2022). This is why being proactive is associated with leadership as opposed to following. In business, being proactive offers an edge over reactive competitors (Berry, 2019). The tendency to face competitors head-on rather than try to sidestep them is known as competitive aggressiveness (Yannopoulos, 2011). Aggressive activities include lowering prices and increasing marketing, quality, and manufacturing capacity expenditures. According to Junior (2015), competitiveness aggressiveness is the propensity of a corporation to directly and vigorously challenge its rivals when entering the market in order to outperform them. Additionally, obtaining strategic advantages and entrepreneurial achievements depends on entrepreneurial autonomy (Lumpkin, Cogliser, & Schneider, 2009).

Hotels can use the strategic orientation factor of entrepreneurial orientation as a basis for additional strategic actions, such as making entrepreneurial judgments. They will perform better in the dynamic corporate environments as a result (Felipe & Benito, 2015; Tang, 2012; Rauch, Wiklund, & Lumpkin, 2009). According to Rauch, Wiklund, and Lumpkin (2009), Tang (2012), Felipe and Benito (2015), and The current school of thought holds that an entrepreneurial mentality cultivates a strategic entrepreneurial mindset that recognizes opportunities and threats, which is essential for a company's performance in the dynamic business environment. The biggest obstacles to the growth and success of businesses have been identified as changes in customer sophistication, competition, management experience,

technology, and finance (Sharmilee & Muhammad, 2016; Singh, Garg, & Deshmukh, 2010). These factors make adopting an entrepreneurial mindset even more crucial. Hotels need to be competitive and creative in order to grow, prosper, and deliver exceptional service.

In contrast, when hotels fail to adjust to changes in their industry, they face severe stagnation and closures. This makes sense because shifts in the business environment have an impact on a company's success (Zhang, Doorn, & Leeflang, 2014). To survive in a fast-paced, global market with fierce competition, businesses must adopt an entrepreneurial mindset as a strategic fit, which will improve performance. As a result, companies that use a strategic entrepreneurial strategy ought to cultivate a set of entrepreneurial qualities appropriate for their sector (McKenny, Short, Ketchen, Payne, & Moss, 2018). Dynamic capabilities don't work well together to improve performance because of intense rivalry and unstable business environments. This is because EO instills market-focused attitudes and actions that may guide hotels in their product and service marketplaces and are articulated in strategic ways.

A number of performance metrics, including as financial performance, business growth, and overall performance, are positively impacted by an entrepreneurial strategy, according to recent trends in the study (Davis, Bell, Payne, & Kreiser, 2010; Rauch, et al., 2009). Nevertheless, other research (Chijioke & Pavel, 2017; Mahmood & Hanafi, 2013) indicates that rather than being directly connected, the correlation between an entrepreneurial attitude and the success of a firm is mediated by external factors. Furthermore, as various patterns of contacts may occur in various circumstances, identifying the intricate relationship between EO and corporate success is inadequate. This scenario emphasizes the need for a moderating element that reveals a situation in which EO affects corporate performance, according to Wales, Gupta, and Moussa (2011). Arief, Thoyib, Sudiro, and Rohman (2013) claim that strategic flexibility has a mediating role in the connection between EO and business performance. Consequently, an entrepreneurial attitude combined with organizational reconfiguration skills made possible by

dynamic capacities may be a source of competitive advantage and enhanced corporate performance (Ari, Kaisu, & Saarenketo, 2005). Dynamic capability, according to Drnevich and Kriauciunas (2011), improves response effectiveness and efficiency while managing changes in the workplace. As a result, performance is enhanced. In order to recognize and seize new chances and retain their current customers, hotels must be flexible.

References to the contingency theory by Fiedler (1964), the dynamic capability theory by Teece et al. (1997), and the stakeholder's theory by Edward Freeman (1984) may be found when talking about the importance of dynamic capabilities and entrepreneurial orientation in improving hotel performance. To adjust to the kind of customer-driven complexity, hotels must align with the proper structural compositions. Consequently, hotels may achieve internal and external fit to achieve optimal performance by implementing EO and dynamic capabilities (Chowdhury, 2011). This means that hotels need to spend heavily in adopting cutting-edge business techniques that are suitable for the fast-paced business climate in order to produce value for all stakeholders, not just shareholders. In order to attain better performance, they can do this by making use of capabilities that smoothly integrate with the forces in both their internal and external contexts. Without exception, each of these demonstrates how important it is to have a dynamic skill set and an entrepreneurial mindset in order to enhance the performance of star-rated hotels.

In order to provide clients with higher value, hotelsvictims of ambiguous and fiercely competitive marketshave to contend with a variety of economic, financial, and socio-cultural issues (O'Cass & Sok, 2015). Accordingly, high EO levels in Japan are positively correlated with better performance in the hospitality and tourism industries (Roxas & Chadee, 2013). In the Asian setting, there are other factors at work, including value systems, established practices, and employee expectations of management (Jogaratnam & Tse, 2006). In order to improve the performance of Asian hotels, Western management styles have strengthened entrepreneurial

behaviors and enabling organizational structures (Jogaratnam & Tse, 2006). According to Kamal, Zawawi, and Abdullah (2016), Malaysia's travel agencies are weak and have a difficult time adapting to the somewhat constrained, competitive, and rapidly changing business environment. This reflects a lack of entrepreneurial orientation and dynamic talents. According to Tigu, Iorgulescu, and Ravar (2013), Romanian hotels' performance has been impacted by innovation and creativity in the industry. However, due to a lack of entrepreneurial skills, Sardinia, a sizable Italian island in the Mediterranean Sea and popular tourist destination, has not fully tapped into its business prospects (Fadda, 2018). In Brazil, hotels' technological advancements in recent years have altered consumer behavior and improved their commercial performance (Limberger, Anjos, Meira, & Anjos, 2014).

Only roughly five to ten percent of firms in Nigeria survive, develop, and reach maturity (Aremu & Adeyemi, 2011). According to Okechukwu (2014), this subpar performance is a result of a lack of strategic use of entrepreneurial orientation to motivate their performance. According to Ofobruku and Obia (2012), operations are now being phased out due to the high number of hospitality enterprises in Nigeria, increased rivalry, and those without internal and external strengths. The survival and expansion of entrepreneurial endeavors, such as tourist lodging facilities in Ghana, are threatened by an inability to respond to rising volatility in business environments (Amarteifio & Agbeblewu, 2020). In Uganda, it is quite difficult to differentiate out because hotels of comparable size cater to the same consumer base and provide a nearly same variety of offerings, making EO essential to improving performance (Adong & Kizza, 2019).

Previous data from Kenya shows that the country's hotel industry is growing slowly, and some have even had to close as a result of their inability to adjust to the country's shifting economic climate (Shikuri & Chepkwony, 2013; Wadongo, Odhuno, Kambona, & Othuon, 2010). Furthermore, the North Rift Region's expanding tourism sector is advantageous to several

hotels, which portends heightened competition (Ouma, 2013). According to the aforementioned, in order to improve their performance, hotels in the North Rift Region must invest heavily in tactics that make them dynamic and competitive. According to Kipchirchir (2016), without businesses generate drivers of entrepreneurial intensity, they are unlikely to function at their best, regardless of their resource bases.

According to Peake, Barber, McMilan, Bolton, and Coder (2019) and Irwin et al. (2018), entrepreneurial approach has a considerable impact on organizational success. Although works focusing on the hotel sector are relatively rare, the available literature on entrepreneurial orientation is primarily based on expertise gathered in the industry sector (Jogaratnam, 2017). Intervening factors that alter or mediate the connection have an effect on an organization's performance, claim Sok, Snell, Lee, and Sok (2017). This was made abundantly clear by the research by Lechner and Gudmundsson (2014), which found that the company's strategic orientation moderates the relationship between EO and performance. Furthermore, the majority of studies on DCs and EO have been carried out in developed nations like the US and the UK, assert Nazri, Wahab, and Omar (2015). This highlights the need of doing research in developing nations because of the differences in management practices and commercial settings. Furthermore, these structures have only been partially studied in recent research (Kropp, Linsday, & Shoham, 2008). In order to determine if the five elements of entrepreneurial orientation, although constrained by dynamic capacity, all had an equal influence on business performance in hotels, each component had to be examined separately. Moreover, rather than always being positive and linear, the effects of EO on performance are context-specific and contingency-oriented (Sciascia, D'Oria, Bruni, & Larraneta, 2014; Wiklund & Shepherd, 2011). With an emphasis on the function of dynamic capacities, this study was created to fill the knowledge gap by assessing the effect of entrepreneurial orientation on the performance of star-rated hotels in Kenya's North Rift Region.

1.2 Problem Statement

The entrepreneurial orientation (EO) of hotels determines their performance and competitiveness on a national and international level. This is due to EO's drive for strong corporate performance and global competitiveness, according to Cheers (2011) and Hassim, Asmat-Nizam, and Bakar (2011). Businesses have a stronger chance of profiting from unforeseen changes and unintentional discoveries through EO if their processes are flexible and they can adjust to a changing business environment (Ong, Ismail, & Goh, 2010). The hotels should find it difficult to develop and implement business-oriented plans in the face of the current economic turmoil. This is supported by the fact that a firm's entrepreneurial orientation places a strong emphasis on finding opportunities and building a resource base. Prospects can be utilized in this way to capture particular entrepreneurial decision-making approaches, methodologies, and practices (Schiendel & Hitt, 2007). Therefore, in order to survive in the competitive hospitality market, hotels must continue to differentiate themselves through EO and dynamic capacities (DC)

However, due to the demands of the changing business environment brought on by complex service technologies and manufacturing processes, Kenyan hotels have grown increasingly difficult to operate (Nzioka & Njuguna, 2017). In addition, hotels face intense competition as some travelers choose South Africa, Tunisia, and Morocco over Kenya (Oketch, Wadawi, Brester, & Needetea, 2010).

As a result, some hotels perform poorly. This is further demonstrated by the hotels' low occupancy rates, which in Kenya averaged 34.4% while in the Sub-Saharan market they were 59.4% (Cytonn, 2019; KNBS, 2017). Additionally, just 8% of Rift Valley hotels have occupancy rates, and there is little data on the North Rift Region, which also has low occupancy rates and low revenues in the market (Cytonn, 2019, Bor, 2018). Their inability to successfully

navigate a difficult political, social, economic, and institutional environment is causing their performance to continue to deteriorate (Mwangi & Namusonge, 2014).

Despite this, the connection between entrepreneurial attitude and organizational performance is still somewhat unclear (Karacaoglu, Bayrakdaroglu, & San, 2012). Additionally, the benefits of EO on performance are situation-specific and contingency-oriented rather than necessarily positive and linear (Sciascia, D'Oria, Bruni, & Larraneta, 2014; Wiklund & Shepherd, 2011).

1.3 Objectives of the Study

The objectives of the study included both the general and specific.

1.3.1 General Objective

To assess the effect of entrepreneurial orientation on performanceof star rated hotels in North Rift Region, Kenya: moderating role of dynamic capabilities

1.3.2Specific Objectives

The study was guided by the following specific objectives

i. To determine the effect of risk taking on performance of star rated hotels in North Rift Region, Kenya.
ii. To examine the effect of innovation on performance of star rated hotels in North Rift Region, Kenya.
iii. To assess the effect of proactiveness on performance of star rated hotels in North Rift Region, Kenya.
iv. To evaluate the effect of competitive aggressiveness on performance of star rated hotels in North Rift Region, Kenya.
v. To determine the effect of autonomyonperformance of star ratedhotels inNorth Rift Region, Kenya.

vi. To analyze the moderating role of dynamic capabilities on therelationship between entrepreneurial orientationand performanceof starrated hotels in NorthRift Region, Kenya.

1.4 Hypotheses

The study was guided by the following hypotheses

H_{01}: Risk taking has nostatistically significant effect onperformance of starrated hotels in NorthRift Region,Kenya.

H_{02}: Innovation has no statistically significant effect onperformance of star rated hotels in North Rift Region,Kenya.

H_{03}: Proactiveness has nostatistically significant effect onperformance of star rated hotels in North Rift Region,Kenya.

H_{04}: Competitive aggressiveness has nostatistically significanteffect on performance of star ratedhotels in North Rift Region, Kenya.

H_{05}: Autonomy has no statisticallysignificanteffect on performance of star rated hotels in NorthRift Region,Kenya.

H_{06} Dynamic capabilities have no statisticallysignificant moderatingrole on the relationship between entrepreneurialorientationon performanceof star rated hotels inNorthRift Region,Kenya.

1.5Significanceofthe Study

Hotels play a significant role in attaining the Sustainable Development Goals (SDGs) in all nations, regardless of their degree of development, by fostering sustainable economic growth and offering fair labour conditions and jobs to everyone(OECD, 2017). The growth of the hotel industry is an important strategic objective in the expansion of the national economy. This is a

result of hotels playing a larger role and becoming more prevalent in tourist areas. It is possible to support these hotels' internationalization and competitiveness by encouraging an entrepreneurial mindset in the fast-paced business world, which will result in a strategic position in the worldwide market. However, restrictions in the business environment and regulatory sectors, all of which are intertwined with a lack of EO capabilities, are disproportionately to blame for the excessive failures of hotels. Therefore, DC in hotels in Kenya continues to be a magic solution for maintaining their long-term commercial sustainability, with implications for reducing poverty and fostering economic growth. Nazir (2018), Rosenthal (2018), and Wainainah (2018) have further acknowledged and demonstrated the importance of ensuring hotels function well for the national economy. All of these factors negate the significance of this study to the government, businesspeople, owners/managers of hotels, organizations, and academics.

Policies that affect or specifically target hotels and are developed at several levels of government might improve policy synergy, possibly igniting trade-offs for the hotels. This is explained by the fact that, in order for hotels to become more competitive, they, like any other company, must function in an environment with supporting policies (OECD, 2017). Because of this, the results of this study may give the government data that it may use to design policies that encourage an entrepreneurial mindset among hotels and businesses in other industries. This may aid in improving the way hotels function in accordance with their core principles of strategic development objectives and international competitiveness. The study's recommendations can help government and private sector policymakers develop strategies that would prevent hotels from operating based only on trial and error.

Hotel managers and owners may find this research useful in understanding the benefits of fusing a dynamic skill set with an entrepreneurial mindset for maximum company performance.

This might raise management in the hotel sector's understanding of how situational the link is between financial success and an entrepreneurial mindset. The entrepreneurial mindset that hotels should have in order to encourage high performance is another element to consider. This research can help small business owners improve their entrepreneurial skills and benchmark against the desired characteristics of an entrepreneurial attitude across various sectors. This might advance our understanding of how dynamic talents impact business performance. In addition to giving managers in the hotel sector essential information to aid in designing and putting into practice plans consistent with a dynamic business environment for improving performance.

The study can be useful to a number of organizations, including educational institutions developing strategic management curricula. This might aid in the creation of programs and regulations that direct prospective strategic managers toward an entrepreneurial perspective. By expanding prior research on hotels' performance, entrepreneurial attitude, and dynamic capability, the study might also be useful to academics and students studying strategic management. This might provide the foundation for additional, repeatable research that extend into emerging nations. The information gleaned from this study's conclusions might help people understand entrepreneurial orientation better. This insight would therefore emphasize the significance of the stakeholder theory, contingency theory, and dynamic capacity theory in understanding how hotels operate in the context of developing nations like Kenya.

1.6 Scope of theStudy

The goal of the study was to evaluate how dynamic capacities affected the relationship between entrepreneurial attitude and star-rated hotel performance in Kenya's North Rift Region. The research location was selected due to its accessibility and abundance of hotel businesses. The independent variable of entrepreneurial orientation was examined using the following criteria:

autonomy, proactivity, inventiveness, risk-taking, and competitive aggression. Since it explains rather than describes the relationship between the variables, the explanatory research design was used. The study's administrative and service personnel from five-star hotels in Kenya's North Rift Region served as the unit of analysis. There were 1,006 employees in the target population. The research was carried out in 2022 from October to December.

1.7Assumptions of thestudy

In order to link EO with business success as mediated by DC, the underlying hypothesis of the study was that the North Rift Region's star-rated hotels varied in their degrees of entrepreneurial orientation. The sample size was sufficient to make broad inferences regarding Kenya's and the North Rift Region's hospitality industries. It was a good representation of the community. The study made the assumption that participants would answer the questionnaire truthfully since they were guaranteed anonymity, confidentiality, and the opportunity to leave the study at any moment without penalty. A pilot study ensured the validity of the replies to the research items, therefore addressing the core issue at hand.

1.8Limitations of thestudy

The limitations of this study have consequences for further research in the area. The first drawback was the possibility that the respondents' hectic schedules might cause them to react slowly. The completed surveys that were disseminated were filled out quite slowly. As a result, the study resorted to having the researcher administer the questionnaire while outlining the study's objectives.

The study was constrained by the difficulty of generalizing the findings. Due to the unique characteristics of each sector, the study's findings cannot be extended to all sectors. Therefore, the study suggests that further research be done in other areas and that sector comparisons be done in more detail.

In addition, in order to comprehend the connection between EO and organizational performance better, future study should take into account diverse sectors. The study's second drawback was that some of the pertinent data appeared too delicate for the respondents to reveal.To counter this, the responders received a guarantee of secrecy to combat this and prevent victimization.

The investigation was restricted to how dynamic capabilities affected the link between EO and organizational performance. The study delimited this by suggesting that future research can take additional mediators of the relationship between EO and organizational performance into consideration.

1.9Operational Definitionof keyTerms

Autonomy	Ability of staff members in star rated hotels to decide for themselves and take autonomous action without management interference.
Performance	Balance of the outcomes of star rated hotels in key areas in terms of business processes, against the goals initially defined.
Competitive aggressiveness	The tendency of star rated hotels to adopt a confrontational stance toward rivals and to engage in intense competition in an effort to outperform them
Dynamic Capabilities	Processes which help star rated hotels in gaining and maintaining a competitive edge over other lodgings despite a constantly shifting business environment

Entrepreneurial Orientation	a method of developing strategies that gives hotels with stars a foundation for taking calculated risks and acting entrepreneurially.
Innovation	Tendency for star rated hotels to promote and participate in fresh concepts, experiments, and creative processes that might lead to the creation of new goods, services, or technical advancements.
Proactiveness	Strategic orientation of star rated hotels that reflects certain entrepreneurial decision-making approaches, attitudes, and practices.
Risk taking	Tendency of star rated hotels to engage in risky behavior, including foraying into uncharted sectors, investing a significant amount of capital in projects with unclear results, and borrowing significantly in the hopes of earning large returns.
Star Rated Hotels	hotels that satisfy the standards of a widely accepted system for evaluating hotels based on their general quality, amenities, services, and facilities.

CHAPTERTWO

2.0 LITERATUREREVIEW

2.1Theoretical Review

The theories of Edward Freeman's Stakeholder Theory (1984), Teece et al.'s Dynamic Capability Theory (1997), and Fiedler's Contingency Theory (1964) influenced the link between dynamic capability, entrepreneurial orientation, and star-rated hotels' performance. The three theories provide a characterization of the dynamic talents and entrepreneurial orientation structures needed by entrepreneurs to improve business success.

2.1.1StakeholdersTheory

Edward Freeman put out the stakeholder idea in 1984 (Horisch, Freeman, & Schaltegger, 2014). The interconnectedness of a company's interactions with its clients, partners, workers, investors, communities, and other parties with an interest in the firm is emphasized by the stakeholder theory (Hitesh, 2020). The idea states that a business should provide value for all parties involved, not only shareholders. In order to create value in a sustainable and moral way, managers need to strike a balance between the interests of many stakeholders. The foundation of stakeholder theory is the notion that prioritizing stakeholders enhances organizational performance by helping businesses create value in a number of ways (Harrison & Wicks, 2013; Harrison, Bosse, & Phillips, 2010).

Offering products and services that are seen as offering a very favourable ratio between the

value given up and the utility obtained is a legitimate objective for a business in relation to its clients (Barney & Hesterly, 2011). Entrepreneurial orientation is believed to improve organizational innovation, competitive aggression, risk taking, and proactiveness, hence increasing the total value received by the firm's base of stakeholders (Shahzad, Wales, Sharfman, & Stein, 2016). This suggests that an organization's ability to generate value for stakeholders depends significantly on its ability to operate entrepreneurially. Therefore, a strategic entrepreneurial mindset is essential for meeting the needs of many stakeholders. Hitt, Ireland, Sirmon, and Trahms' (2011) finding that organizational competitiveness and performance increase for businesses that adopt strategic initiatives adds support to this. Therefore, hotels should make sure that the utility their stakeholders receive is enough to support continuous and cooperative participation with the hotel for increased performance. This is made possible by their entrepreneurial mindset and dynamic skills. The foundation of the stakeholder theory is the idea that organizations can only be deemed successful when they provide value to the majority of their stakeholders (Wright, 2021). Stakeholder theory has been criticised for assuming that the desires of several stakeholders may, at most, be reconciled or balanced against each other (Moriarty, 2014).

2.1.2Dynamic CapabilityTheory

Teece, Pisano, and Shuen (1997) created the dynamic capability hypothesis, which proposed that environments and routes influence the processes that produce dynamic capacities (Li & Liu, 2014). Among these processes are reconfiguration, learning, integration, and coordination. Positions and routes are examples of internal and external elements that support and obstruct dynamic capabilities (Breznik & Hisrich, 2014). The hotel's assets, which comprise its stock of technical, complementary, financial, reputational, and structural assets, are discussed in the internal position. The hotel's institutional setting and market are referred to as its external position. According to Teece et al. (1997), an organization's position will affect its strategic

posture, how it might achieve a competitive advantage, and ultimately how well it performs. The fundamental objective of the theory is to comprehend how businesses employ dynamic capabilities to obtain and keep a competitive edge over rival businesses in spite of a continuously changing environment (Mwangi & Gathungu, 2012; Helfat, et al., 2007). To do this, organizational skills and operational capabilities must be adequately adjusted, integrated, and reconfigured to a changing environment. Steven, Abby, Junzheng, and Shisong (2017) assert that dynamic talents provide organizations a competitive edge and enhance organizational performance. How well hotels integrate and realign their resources in the face of conflict and changing business conditions to improve performance determines the returns on their resources. Social, human, financial, organizational, and physical capital are some of these resources. DCs therefore lead to an improvement in the performance of companies (Yung-Chul, 2013). Thus, it is possible that a hotel's ability to self-reconfigure and its deliberate adoption of an entrepreneurial mindset might provide it a competitive edge and improve performance (Marta & Jean, 2015).

However, by strengthening current practices, organizations tend to become stuck in a "success or competence trap" as a result of DCs. This results in a decreased exploration of new competencies and a greater exploitation of existing competencies (Sitkin, See, Miller, Lawless, & Carton, 2011; Lant, Milliken, & Batra, 1992). Success traps, according to Wang, Senaratne, and Rafiq (2015), have a significant detrimental effect on DCs. This makes the case that in order for hotels to operate at their peak, they need acquire new skills rather than get mired in their current specialties in order to respond quickly to changes in the surrounding environment.Wang et al. (2015) discovered that DCs had significant moderating impacts on performance in addition to their indirect but relatively small impact on financial performance. The link between the sources of competitive advantage and performance, however, was

demonstrated to be moderated by dynamic skills (Mwangi & Kiiru, 2017; Adomako, 2017). According to the dynamic capability hypothesis, coordination and integration, learning and reconfiguration, and dynamic capabilities all have an impact on performance. The current study is based on this hypothesis to close the information gap about whether the DC theory moderates the link between EO and hotel performance, given the discrepancies in previous findings on the moderating influence of DC.

2.1.3 Contingency Theory

According to Fiedler's 1964 contingency theory, an organization's success is determined by how well its strategy, structure, and resources interact with the external environmental conditions (Laplume, 2017). The contingency approach is based on flexibility and equifinality, two essential characteristics of open systems. To maintain the essential features of the system, its constituent parts must first adjust to one another. Second, a system can arrive at the same ultimate state through a range of beginning places and routes, according to the concept of equifinality (Rust, Lemon, & Zeithaml, 2004).

According to the contingency viewpoint, the success of different managerial methods, styles, strategies, and functions varies depending on the specific situational factors (Shao, Feng, & Hu, 2016). Therefore, it is the responsibility of hotel management to look for significant contingencies that may ensure good performance in the face of changing business situations. The organization's internal and external settings are the primary factors of contingency perspective. Hotels' entrepreneurial inclinations and capacities must thus be aware of and seamlessly integrate with the dynamics that shape both their internal and external environments. Contingent leaders are adaptable in their decision-making and adaptation of their tactics to meet changes in the environment at a certain point in the organization's operation (Armstrong, 2011). As a result, hotels need to be aware of their degree of competitive advantage and their ability to adapt to changes in the extremes of environmental instability.

A hotel's suppliers, partners, competitors, and patrons all have an impact on its business climate. Given the erratic nature of the economic environment, star-rated hotel operations demand a dynamic capability and an entrepreneurial approach. This theory is supported by Johannesson and Palona (2010), who note that contingency-based organizations achieve better performance and a competitive advantage by evaluating their external business environment and creating strategies suitable for varying levels of environmental turbulence and strategic orientation. According to Chowdhury (2011), in order to address the sort of customer-driven complexity, such hotels should align themselves with suitable structural compositions. In this sense, the star-rated hotels may accomplish the internal and exterior fit to achieve maximum performance through EO and dynamic capabilities. One critique of the contingency theory is that it makes the premise that the environments or circumstances in which businesses operate are fixed and beyond of their control.

2.2EmpiricalLiterature Review

The empirical literature study demonstrated the link between the performance of firms and the EO aspects of creativity, autonomy, competitive aggressiveness, and proactiveness. In addition to the association between EO and company performance as moderated by Dynamic Capabilities.

2.2.1.Risk Takingand Performanceof Star Rated Hotels

Risk-taking is the tendency to devote resources to recognized market possibilities that have equal probability of losing money and making money. It demands audacious action without considering the results. As a result, the company is intentionally allocating resources to initiatives that have a high potential for success but also a high potential for failure (Mahmood & Hanafi, 2013). According to Breslin and Jones (2012), psychological theories of locus of control and need for accomplishment that call for a moderate amount of risk-taking propensity

have also been linked to improved performance in SMEs. This would indicate that a moderate tendency for taking risks would be linked to better levels of corporate performance, according to Callaghan and Venter (2011). Risk inclination and risk perception are key factors in risk taking. Risky decisions are more likely to be taken when risk inclination is higher and risk perception is lower (Hamid, Rangel, Taib, & Thurasamy, 2013). Additionally, Yeh (2021) points out that due to the volatile nature of the industry, effective risk management is crucial in the day-to-day operations of any organization associated to tourism.

It is anticipated, however, that the implications of a propensity for taking chances would vary in terms of how they impact performance based on the specific circumstances. Businesses that engage in entrepreneurial activities face three different types of risks, according to Rauch et al. (2009): financial risks associated with the necessary financial exposure; business risks associated with breaking into new markets or endorsing unproven technologies; and risk/return characteristics specific to the new venture. Financial risks include taking on large debt or spending a sizable portion of one's resources, whereas personal risks include the effects of commercial success or failure on one's reputation. Giving the owner significant control over the future course of the company is essential to its success; failure might have the opposite impact.

Risk-taking is often associated with entrepreneurial activity, and successful entrepreneurs are risk-takers, claim Huang, Wang, Ding, and Xia (2016). According to Drucker (1985), who was referenced by Acar and Goc (2011), entrepreneurs don't often seek out danger; instead, like all sensible people, they take precautions to reduce it. This may include coming up with methods that call for a higher tolerance for risk, but it also likely involves calculating the risks.

As a result, many business owners have realized that risk and uncertainty are crucial components of entrepreneurship (Lammers, Willebrands, & Hartog, 2010). Political ties mitigate the association between an entrepreneur's degree of risk-taking and economic success, making it more positive and meaningful. According to Adomako and Danso (2014), in order to expedite business transactions, owner-managers in Sub-Saharan Africa and numerous other developing nations form networking relationships with public servants such as politicians at different tiers of government and bureaucratic officials in regulatory institutions. According to this novel contribution to the literature, firms that operate in less developed market economies are more likely to experience the negative effects of entrepreneurs' risk-taking on their performance (Danso & Ofori, 2016).

Therefore, Wood and Lewis (2018) looked at how risk culture was developing and how it affected the Caribbean Development Bank, which has its headquarters in Barbados. It was expected that the risk culture setting within development banks, due to their unregulated nature, would differ from that of regulated organisations and provide as a strong foundation for novel discoveries. Primary data was gathered in August 2015 through an interview with the Chief Risk Officer and a three-month field observation at the Bank. Using the KPMG risk culture maturity model and the Horst Simon risk culture maturity scale, the study categorized the Bank's risk culture's maturity level. The study's findings indicated that the Caribbean Development Bank's risk culture is strongly influenced by responsibility, awareness, communication, and leadership. These factors have also aided in raising management concerns and increasing understanding of risk management and risk data gathering. The Bank's risk management practices are now more successful as a consequence. However, it is challenging to apply the study's findings to Kenya's tourist industry because it was conducted in the banking industry. Additionally, the research focused on responsibility, awareness, communication, and leadership rather than financing operations, introducing new methods, or breaking into new

markets as the current study did. Because it is not statistically representative, qualitative research methodology was used in this study.

In contrast, Sheedy, Griffin, and Barbour (2017) suggested a multilevel framework for analyzing the risk environment, as well as its causes and consequences, and establishing the validity of a novel metric. The term "risk climate" describes how staff members collectively see the relative value placed on risk management, as well as the risk-related behaviors and practices that are accepted, encouraged, and anticipated. Three different banks, each with locations across different nations, conducted a survey with 10,544 employees in total. Prior to concurrently analysing fit and consistency across individuals and business unit levels of analysis, an online survey approach was utilised to first assess and then validate the component structure, fit, and consistency of our risk climate measure at the person's level of analysis. Four unique risk climate features were found to be consistent across two countries, three businesses, and two levels of study (individual and business unit), according to the findings. However, the assessment gave little consideration to the performance of Kenya's hotel industry. Online surveys, which are subject to responder bias, were used in the study. Furthermore, the study did not focus on the dynamic attributes of a moderator.

Additionally, Ban (2021) looked at how risk management affects business performance and how board ownership influences the aforementioned connection in Iraq. A survey questionnaire was used to gather data from 110 respondents for this study, which was based on the quantitative paradigm. Each component found in the model was represented by a number of questions in the questionnaire. Iraqi industry was used to choose the responses. The findings demonstrated that risk management has a considerable impact on organizational performance and that the link is moderated by board ownership equity. The study, however, was carried out outside of Kenya and relied on board ownership rather than dynamic capacities as a moderator.

The occupancy rate, customer loyalty, and customer recommendations were not examined as indications of organizational effectiveness.

Egiyi and Eze (2022) did an empirical review to assess the significance of risk management on organizational effectiveness. The information was gathered via staff answers at various Nigerian organizations. The questionnaire included 510 respondents from the organizations that were the subject of the study, which adopted the organizational culture theory. Data analysis methods including correlation and regression analysis were used using SPSS 28.0. Google Forms were used by each organization to answer to the questions. Five Likert scale points were used in the questionnaire's design. The study's findings demonstrated that, at a 5% level of significance, risk analysis, risk evaluation, the threat of risk, and monitoring and review of risk all had a statistically significant beneficial impact on organizational efficiency. However, at a 5% level of significance, the risk identification was not statistically significant, hence it had no impact on organizational effectiveness. Despite this, the study was not done in the hospitality sector, and its main focus was organizational effectiveness rather than the performance of star-rated hotels. The present study employed the stakeholder, contingency, and dynamic capacities theory, whereas the previous study adopted the organizational culture theory.

Asamoah and Arkoh (2019) looked at how enterprise risk management strategies affected the financial performance of rural and community banks in Ghana's Ashanti Region. Utilizing a survey questionnaire, a quantitative technique was used to gather information from Ghana's rural and community banks. Both primary and secondary data were used in the investigation. A total of seventy-five (75) questionnaires were sent to respondents after 25 rural and community banks were selected through the use of purposeful sampling. The data was analyzed using Pearson Correlation analysis in SPSS. The findings demonstrated a positive linear relationship between enterprise risk management and the financial performance measures of

liquidity, asset quality, and leverage. On the other hand, the analysis also revealed a somewhat negative correlation between enterprise risk management and the asset turnover and return on asset financial performance indicators. Positively, the study's findings also demonstrated a strong relationship between enterprise risk management strategies and the general financial success of rural and community banks. That being said, the poll was not conducted in the hotel industry. The previous study mostly focused on financial performance indicators of leverage, asset quality, and liquidity. The present analysis covers this gap by focusing on occupancy rate, customer loyalty, and customer referrals.

Danso and Ofori (2016) compared the likelihood of taking risks, social ties, and business success in a developing nation. When examining the relationship between entrepreneurs' willingness to take risks and firm performance, this research acknowledges the importance of management networks, especially in Ghana, a developing nation with relational and collaborative cultures where networks have a big impact on business success. The findings show a favourable correlation between entrepreneurs' willingness to take risks and their companies' success. The study's unique cultural backdrop and Ghanian setting limited its generalizability beyond the Kenyan context. Additionally, the study argues that risk-taking and business performance are positively correlated when entrepreneurs establish stronger ties with the corporate, governmental, and community networks. As opposed to the current study's focus on the dynamic capability of a moderator.

In Malaysia, Fauzilah and Mohamed (2011) investigated the demographic variations in risk-taking tendency among Micro and Small Business owners. of the East Coast, a research of small- and medium-sized business owners was done. Small and Medium Industries Development Corporation (SME Corp) provided a stratified sample of 260 names and addresses. The study employed the Gene Calvert (1993) Risk Attitudes Inventory (RAI) to assess respondents' propensity for taking entrepreneurial risks. According to the study's

findings, there are no disparities between a person's tendency for taking risks and their demographic traits, including their gender, age, level of education, and business experience. The study did not, however, pay attention to how taking risks affected business performance.

Accordingly, Mat, Yusoff, Zainol, and Afthanorhan (2020) looked into how risk-taking propensity and personality traits related to the success of women entrepreneurs in Malaysia. The success of businesses is often attributed to the risk-taking attitudes of entrepreneurs; however, this overlooks the protective function that risk-taking tendencies perform. Structural equation modelling is used to evaluate the direct and indirect effects of personality factors and risk-taking inclination on the study hypotheses using a data set of 316 female entrepreneurs. It was shown that the effect of personality factors on the achievement of female entrepreneurs is entirely mediated by the propensity for taking risks. This indicates that the perceptual framing of a situational context in the mental processes of the women entrepreneurs grew and dominated the personality variables with respect to whether they are risk-seeking or risk-averse. Consequently, the propensity to make risky choices has a greater psychological basis, and the implications of this finding are further examined. The study, however, concentrated on taking risks as a mediator rather than as a predictor of organizational performance. In addition, the survey was not undertaken among hotels with stars. The researcher addressed the gap by employing both probability and non-probability sampling in the study since non-probability sampling makes it difficult for the researcher to determine if the population is adequately represented.

According to the panel analysis's findings, there is a negative correlation between taking risks and both asset and equity return rates. This outcome supports a 2007 research on 88 groups done in Nigeria, which was discussed earlier. It was shown that taking risks had adverse connections with both returns on equity and assets. The finding of this study has the consequence that Nigerians have widely accepted and implemented entrepreneurial oriented

aspects like risk-taking. It has yet to favorably link to Return on Assets and Return on Equity, nevertheless. However, this study was not carried out in Kenya's hotel sector, restricting its ability to generalize outside of Kenya. Other performance indicators were not included in the research, which mainly focused on performance aspects like Return on Assets and Return on Equity.

Egele, Muhammad, and Mutenyo (2018) also demonstrated the effect of entrepreneurial risk taking on the performance of small and medium-sized enterprises (SMEs) in Kano State, Nigeria. Data for the study were gathered by questionnaire and interview from 393 owners, managers, and staff members of SMEs in Kano state, Nigeria, using a cross sectional research technique. Using Pearson linear correlation and regression analysis, it was demonstrated that the performance of SMEs and entrepreneurial risk taking are positively and significantly connected. Entrepreneurial risk-taking improved the performance of SMEs in Kano State, Nigeria. However, generalizing the findings was challenging due to the study's focus on small and medium-sized enterprises (SMEs) in Kano State, Nigeria, rather than hotels. Additionally, the research did not pay attention to markers of risk-taking include financing operations, implementing new strategies, and expanding into new markets.

Girangwa, Rono, and Mose (2020) investigated how Kenyan state businesses' organizational performance was impacted by enterprise risk management. The study used an explanatory cross-sectional survey approach. Primary data was gathered using surveys that followed a predetermined framework. A survey of 218 state-run businesses was done in Kenya. The collected data was evaluated using both descriptive and inferential statistics. The research results demonstrated that the governance, process, and risk frameworks had positive and significant influence on organizational performance. The previous study only investigated corporate risk management, in contrast to the present study, which looked at how risk-taking and other characteristics of an entrepreneurial orientation impact the performance of star-rated

hotels as controlled by dynamic capacity. Additionally, the research placed more of an emphasis on corporate risk management than on risk-taking, which is a little more reactive and a response to prospective threats.

In Eldoret, Kenya, the efficacy of small and medium-sized businesses and the degree of entrepreneurship were compared, according Kitigin's (2017) research. An ex-post facto research design was used in the study. All of the SMEs in Eldoret town were included in its goals. The study's sample of 100 SME managers and owners was chosen using a rigorous selection procedure. Both descriptive and inferential statistics were applied to the acquired data in order to analyze it. Pie charts, graphs, frequencies, and percentages were used to present descriptive data. The study employed Pearson correlation analysis to evaluate its hypothesis. The success of SMEs in the Eldoret municipality was shown to be strongly correlated with taking calculated risks, according to the study. But star-studded hotels were not used for conducting the election. Additionally, the study only employed correlation analysis, which has the drawback of producing several lines from a single set of data points when identifying the "line of best fit" given the available data. One technique that may be used in the study to get around this problem is regression analysis.

However, Mburu, Gichira, and Kyalo (2019) demonstrated the connection between risk-taking and the prosperity of small- and medium-sized family-owned businesses in Kenya. The study's theoretical foundations were the psychological/entrepreneurship theory and the McClelland Motivation theory. There was use of both exploratory and descriptive research designs. Nairobi City County-based manufacturing family-owned businesses that were registered with the Kenya Association of Manufacturers made up the study's sample. The responders were the company's founders, CEOs, directors, and managers. After being gathered by a questionnaire, the quantitative data was subjected to descriptive and inferential statistical procedures in order to draw conclusions. The content analysis method was used to investigate the qualitative data.

The study's findings showed a strong and favourable correlation between a family-owned business' propensity for risk-taking and its performance. However, the performance of highly rated hotels was not the study's primary objective. The psychological/entrepreneurship theory, which helps a corporation produce value across a range of dimensions but pays little regard to stakeholders, and McClelland motivation theory serve as the study's theoretical foundations. Additionally, the study did not examine dynamic capacity as a mediating factor in the association between risk-taking and star-rated hotels' performance.

The influence of enterprise risk management on the operational performance of Kenyan state-run firms was also noted by Kakiya Rono and Mose (2020). The inquiry was guided by agency theory. The study used an explanatory cross-sectional survey approach. Primary data was gathered using surveys that followed a predetermined framework. A survey of 218 state-run businesses was done in Kenya. The collected data was evaluated using both descriptive and inferential statistics. The research hypotheses were put to the test using multiple regression analysis. The research results demonstrated that the governance, process, and risk frameworks had positive and significant influence on organizational performance. This study contributes to theory by concentrating on enterprise risk management and empirically evaluating agency theory about the relationship between enterprise risk management practices and organizational performance.

The results cannot, however, be generalized because the study was limited to state enterprises and not the hotel sector. The research, however, concentrated on corporate risk management rather than risk-taking, which is a little more reactive and a response to potential risks. Additionally, the research concentrated on risk structure, governance, and process practices rather than funding operations, implementing new techniques, or entering new markets. In addition, the study did not pay attention to how well star-rated hotels performed. According to empirical data, risk-taking businesses are better equipped to expand and maintain long-term

profitability than risk-averse ones (Ahimbisibwe & Abaho, 2013; Wang & Poutziouris, 2010). However, Olawoye et al. (2016) discovered that risk taking had a negative link between Return on Equity and Return on Assets, two metrics that measure how well a company is performing.

2.2.2 Innovation and Performance of Star Rated Hotels

Innovative acts produce new goods, markets, processes, raw material sources, and organizations, in Schumpeter's view (Hashi & Stojcic, 2013). Schumpeter was one of the first to stress the significance of invention in the entrepreneurial process, according to Lumpkin and Dess (2001). They called this process "creative destruction," whereby new goods or services, the reallocation of resources from current enterprises to new firms, and development upended preexisting market arrangements.

Consequently, Stojanovic and Stankovic (2021) looked into how innovation impacted Serbian company success. The study's findings indicate that process and product innovation are advantageous for business performance. These two facets of innovation can boost a company's ability to compete with competitors and boost market profitability. Activities that create value are essential for both new and existing SMEs. While innovation does affect business performance, not all innovations are beneficial. However, the study's major focus was not on how well-rated hotels performed. The study did not employ inferential statistics to demonstrate the clear connection between innovation and business performance. Research on the impact of innovation on entrepreneurial spirit and how it influences company performance in Indonesia was carried out by Joko, Syamsurijal, Zakaria, and Muchsin (2021). The survey was completed by 215 PT Pegadaian (Persero) agents spread over the South Sumatra region of Indonesia. The analytical methods used in this study's design are quantitative and based on structural equation models (SEM). The LISREL application was utilized to facilitate the data analysis. The study's findings showed that innovation has a big impact on

entrepreneurial spirit. It also has a major and favourable impact on corporate success. Because the indirect effect is more significant than the direct effect, the entrepreneurial spirit serves as an effective mediator for the link between innovation and company success. Innovations in management and technology are created to promote an entrepreneurial mindset. Because the study was carried out in Indonesia, its findings cannot be applied to the Kenyan setting. Furthermore, the study concentrated solely on the advantageous connection between innovation and a company's financial performance. By analyzing the direct and indirect relationships between innovation and company performance—with dynamic capabilities acting as a moderator—the current study aims to close the gap.

Thus, Altuntas, Cinar, and Kaynak (2018) investigated the connections between innovation, export, technological advancements in manufacturing (AMT), and business success using information from 310 Turkish companies that manufacture. The links between AMT, inventiveness, export, and company efficiency in Turkish manufacturing enterprises operating in various industries were examined using structural equation modelling. The suggested conceptual model looks at the relationships, both direct and indirect, between these components. The results show that innovation and the use of AMT, as well as export and company performance, are significantly positively correlated. Additionally, The links involving AMT and export and company performance are mediated by innovation. Export also acts as a mediating factor in the link between innovation and firm performance and the association between AMT and business performance. By emphasizing innovation as a mediator rather than the direct effect of innovation on business success, the research left a gap.

The impact of several innovation types on the growth of manufacturing SMEs' sales in Kosovo was examined by Ramaj, Cucovic, and Jusufi in 2022. The research sample consisted of 200 SMEs in the manufacturing sector. The data were processed and then analyzed using logic regression using the statistical program SPSS. The findings validated the hypotheses that

increased sales for these SMEs are a result of better marketing and products. However, organizational changes have minimal impact on the increase in sales of manufacturing SMEs. On the other hand, the study focused on how innovation may lead to an increase in revenue. The study closed the gap by examining how innovation affects star-rated hotels' performance. Furthermore, the conclusions cannot be transferred to the service sector because the study was conducted in the industrial sector.

Comparably, Khin, Mohammad, Ying, and Yeap (2016) studied the relationship between innovation and business performance by conducting a descriptive study on 60 SMEs in Malaysia. The study's initial goal was to comprehend the relationships among organizational power, experience, and culture, as well as commitment and creativity in Malaysian SMEs. The second objective examined the relationship between work effort and decision-making engagement and innovation and business outcomes. Stronger organizational innovations, commitments, and company performance are associated, and the findings validated this theory. The results also demonstrated that power, experience, and cultural commitment to the organization are the most important factors of innovations. There are some inherent problems with this study that warrant further investigation. The Malaysian context of the study limited its generalizability outside the Kenyan setting. Furthermore, there was a smaller sample size in the research. While dynamic capabilities were the main focus of this study, it also examined the moderating impacts of job effort and decision-making engagement on innovation and corporate performances.

In the Golestan Province, Tajpour, Hosseini, and Salamzadeh (2020) examined the relationship between innovation components and organizational performance. The study used descriptive-correlative applied research methods for data collection. A systematic 32-item questionnaire that was created by drawing on existing research was used to assess hypotheses. The administration and workforce of the Golestan provincial government comprised the study's

statistical population. Using Cochran's technique, 94 individuals in the research population were randomly allocated to receive one of the research questionnaires. The SmartPLS 3 tool was then used to analyze the data using structural equation modelling. Studies show that the effectiveness of businesses is significantly impacted by innovation in technological processes, administrative procedures, and services. On the other hand, the study was not conducted in Kenya. Furthermore, the research was limited by a small sample size, which undermines a study's internal and external validity. This study closes the gap by employing a larger sample size to assess the influence of innovation on the performance of star-rated hotels. Muhumed (2017) investigated the relationship between innovation and small- and medium-sized business performance using empirical data from Hargeisa, Somaliland. The study's target population of 6930 SMEs in Hargeisa was given by the Ministry of Trade and Investment and the Hargeisa Local Government, which provide business licenses to small and medium-sized enterprises, respectively. A sample of 378 SMEs was selected from this group. Regression and descriptive analysis were employed in the study to determine the impact of innovation.

The study's regression analysis showed that innovation has a major impact on Hargeisa firms' success. The study discovered that these SMEs were significantly impacted by organisational, marketing, and product innovation. The findings unequivocally demonstrate that innovation has a significant effect on sales volume, which in turn affects the viability of Hargeisa's small and medium-sized enterprises. Star-rated hotels were not included in the poll, which was limited to SMEs. research on product innovation, marketing innovation, and organizational innovation are among the other research on indicators of innovation, in addition to the current study, which focuses on implementing new technologies, customizing services, and providing efficient service delivery.

Abdissa, Ayalew, Illés, and Dunay (2021) examined the performance of SMEs in the Ethiopian town of Holeta in connection to the effects of corporate entrepreneurship (CE) features. The study utilized both survey and descriptive research designs in order to meet its predefined objectives. The researchers employed primary and secondary data sources, and the former were collected from 173 individuals utilizing both types of data. The results of the study showed that each explanatory variable was statistically significant and positively impacted the performance of SMEs. Nevertheless, the study focused primarily on the risk-taking, inventiveness, and proactivity components of corporate entrepreneurship. By considering innovation and the four entrepreneurial orientation variables and their effects on the performance of star-rated hotels, this study closes a gap in the literature.

As a result, Ndesaulwa and Kikula (2016) examined how innovation affected Tanzanian small- and medium-sized businesses' performance. The study's methodology was developed using computer and research from libraries. After an examination of the literature, it was discovered that Africa has produced very little empirical data, with most research on innovation and its effects on performance taking place in the west, middle east, and far east. An extensive examination of the topic of innovation and its connection to a company's success was needed. The review's conclusions on the question of whether technical development as a whole influences the success of enterprises produced a variety of findings. The nature of the empirical results further demonstrated the need for these studies, especially in Africa where the research gap was well acknowledged. The only part of EO that was taken into account in the study was innovation; all other factors were ignored, which is different from the goal of the current research, which is to integrate all aspects and examine how they impact performance. Additionally, the study made use of a desktop and library research approach, which is constrained by the resources at its disposal and can only offer a restricted assessment of the

timeliness or correctness of the content. Through the use of an explanatory research approach, the study addressed the gap.

Purwati, Budiyanto, Suhermin, and Hamzah (2021) looked at the value of creative abilities to boost the performance of Indonesian SMEs. With regard to social capital, entrepreneurial leadership, creative potential, and SME efficiency, this study used a flexible approach. A sample of 352 small and medium-sized businesses, made up of 19 medium-sized businesses and 333 small businesses, was used for the study out of a total of 2887 small and medium-sized enterprises in Pekanbaru, Indonesia (the sampling methodology used was chance sampling and simple random sampling methods). The findings showed that social capital, when mediated by creative talents, has an indirect impact on SMEs' performance, rather than having a substantial direct impact on the economic performance of SMEs in Pekanbaru. Entrepreneurial leadership has a big influence on SMEs. The study had a flaw in that it only examined SMEs in Indonesia and failed to clearly identify a relationship between innovation and financial performance.

In their 2020 study, Alosani, Yusoff, and Al-Dhaafri investigate experimentally how innovation and strategic planning work together to improve organizational performance at the Dubai Police. An online survey was used to assess the study's underlying premise. The data was given by the general division of overall quality of the Dubai Police. Only 95 of the 150 surveys that were initially delivered were returned and could be analyzed. The data were analyzed, and the theories were assessed, using SPSS's regression technique. The data's findings show how strategic planning and original thought impact Dubai Police's organizational effectiveness. Although the study's small sample size was a drawback, it nonetheless yielded information about the relationship between innovation and strategic planning and organizational performance. This led to a breakdown in the current study's attempt to classify the effects of entrepreneurial orientation on the performance of hotels with star ratings, which left a hole in its analysis.

Kawira (2021) examined the relationship between the success of Micro, Small, and Medium Enterprises (MSMEs) in Kenya and product and service innovation as an entrepreneurial marketing approach. The descriptive survey design of the study and positivism as the overarching theoretical framework. There were 8,526 licensed MSMEs in the Tharaka-Nithi County population that was the subject of the study. By handing out and dispersing questionnaires, data was gathered. Both descriptive statistics and inferential statistics were used to analyze the quantitative data. According to the study's findings, MSMEs performed much better thanks to product/service innovation. Product/service innovation and MSMEs' success have a strong and positive link, according to the Pearson product moment correlation coefficient. Nonetheless, because the hotel business received insufficient attention in the research, this analysis was made feasible. The study did not, however, look at how innovation affects dynamic capacities in relation to performance measures like client referrals, occupancy rates, and customer loyalty.

Kiprop, Osodo, and Nyiva (2017) looked at the impact of entrepreneurial innovation on the performance of small and medium-sized businesses in Iten Town, Kenya. The link between the dependent and independent variables was examined using inferential analysis, and the findings demonstrated that innovation significantly impacted SME performance. On the other hand, Wambui, Kahuthia, and Gakenia (2018) examined the impact of innovation efforts on organizational performance using Telkom Kenya Limited as a case study. Using a descriptive case study methodology, the study assessed how administrative and procedural changes affected business performance. For the study, Telkom Kenya Ltd.'s 40 workers were all counted. To assess the data, the researcher utilized SPSS, statistical software designed for social scientists. According to the respondents, the study found that administrative innovation and process innovation techniques improve organizational performance. To properly equip employees with skills and provide them the chance to grow, management must prioritize

administrative innovations, such as building innovation centres, feedback platforms, process automation, and culture change efforts. The study's conclusions demonstrate that process innovation improves organizational performance the greatest. Businesses may raise the quality of their goods and services while also increasing operational effectiveness, brand recognition, sales growth, and competitive positioning by making better use of technology and equipment. According to these assessments, innovation and organizational performance are significantly positively correlated, as reported by Masood et al. (2013), Mohd and Syamsuriana (2013), and Kiprop et al. (2017). Iavoska (2014) found no proof that innovation and increased business performance are related. According to Ombaka et al. (2015), there is a statistically significant intervening impact of innovation between non-financial performance and resources. Furthermore, not much study has been done on the effectiveness and originality of star-rated hotels.

2.2.3 Proactiveness and Performance of Star Rated Hotels

According to Sharma and Dave (2011), being proactive means seizing first-mover advantages while exploring new prospects. This is similar to the dictionary concept of anticipating future issues, requirements, or adjustments. Lumpkin and Dess (2001) believe that proactivity may be a prerequisite for possessing an entrepreneurial orientation, as it signifies a forward-looking outlook coupled with innovative and entrepreneurial endeavors. However, being the first to join a market is associated with a number of outcomes (Gomez-Villanueva & Ramirez-Solis, 2013) and is not necessarily a guarantee of a sustained competitive pioneer advantage (Cahill, 1996). According to Cahill's (1996) theory, higher levels of proactivity may not always be predictably correlated with increased income.

Whether or if proactiveness, a facet of entrepreneurial orientation, is appropriate in this specific circumstance would determine this (Lumpkin & Dess, 2001). Lumpkin and Dess (2001) suggest viewing proactiveness as a continuum with passiveness, as opposed to reactiveness, as

the opposing extreme of proactiveness (Brimah, 2020). This definition of proactiveness is based on this approach. This definition of passiveness states that it is the inability to seize opportunities or lead a market. (Lumpkin & Dess, 2001). In contrast to passivity, proactiveness entails reacting to competitors (Wijethilake & Ekanayake, 2018). Passivity is seen to be associated with lower gross earnings since it indicates a less proactive and entrepreneurial person's dedication to growing their market share.

De Massis, Chirico, Kotlar, and Naldi (2014), on the other hand, examined the connection between proactiveness and firm age. In particular, they suggest that family businesses develop in a proactive manner in an S-shape. Additionally, by taking into consideration the moderating effect of the managerial control distribution among family members, their study offers a contingency viewpoint. They discovered that when a family business expands, proactiveness first declines, then increases, and then declines once again using a sample of Swiss family businesses. This link is significantly more evident when multiple family members have administrative duties in common. Proactiveness leads to better performance. This study was conducted in a non-Kenyan context inside the hotel business. The study did not take into account the contingency perspective, but it did incorporate dynamic capabilities as a contingent factor influencing the outcomes of proactiveness.

Lumpkin, Brigham, and Moss (2010) examined family enterprises' profitability and entrepreneurial spirit. The study specifically examined how entrepreneurial family businesses may be from a long-term perspective. Propositions linking the long- and short-term management time horizons of family enterprises to the five qualities of entrepreneurial orientation are constructed using the notion of EO. Long-term orientation was found to have a negative link with risk-taking and competitive aggression, but a good correlation with innovativeness, proactiveness, and autonomy. Since this study also examined the short- and long-term impacts of EO on family business success, future research on the relationship

between EO and long-term orientation should take these factors into account. This survey left a vacuum for the current study since it only covered family businesses and left out star-rated hotels. It looked at the collective five facets of entrepreneurial orientation and how they affect businesses' performance.

Accordingly, Zellweger, Nason, and Nordqvist (2012) explored family transgenerational entrepreneurship. The research argued that by moving from a business level of analysis to a family level, one may be able to better understand the ability of family firms to generate wealth over generations. The concept of family entrepreneurial orientation was developed and experimentally investigated in this study; this might be considered a precursor to families creating transgenerational value. The research placed more emphasis on promoting transgenerational ideals across families and all elements of entrepreneurial orientation than it did on hotel performance.

A configurational method was used in similar study by Casillas, Moreno, and Barbero (2010) to investigate the connection between family company growth and entrepreneurial orientation. The study discovered a link between environmental dynamism and environmental antagonism, among other external qualities, and between environmental development and generational engagement, an internal component. Based on data from 317 family businesses in Spain, the findings show that: (a) generational involvement has a moderating effect related to the risk-taking dimension; (b) EO only favourably impacts the expansion of second-generation family companies; and (c) environmental hostility and dynamism positively moderate the relationship between EO and growth. In this study, family business development took precedence above performance.

Du, Ren, Chen, and Zhang (2010), thus, examined the relationship between proactiveness and company performance in addition to the applicability of ISO certification as a means of

demonstrating the legitimacy of small and medium-sized businesses in developing nations. The study finds that ISO certification has a moderating influence on the relationship between initiative and business performance. Utilising a sample of 632 businesses from a national survey on SMEs carried out by the Chinese SME Association, the study evaluated the premise. The results show that proactivity and business growth are positively correlated, and that proactive companies frequently employ ISO certification as a form of validation to accelerate their expansion. This study cannot be applied to the Kenyan context because it was conducted in China. In addition to examining the direct correlation between proactiveness and organizational performance and the moderating effect of dynamic skills on this connection, the study also examined the validity of ISO certification as an intermediary.

Furthermore, Jalali and Jaafar (2019) in Tehran examined how mediating the relationship between companies and their stakeholders through proactiveness affects the performance of SMEs. 150 SMEs in Tehran were surveyed using a questionnaire and the cluster sampling technique. SmartPLS 3.0 was utilized to evaluate the measurement and structural model. The study's findings demonstrated that proactiveness affects performance indirectly by fostering relationships between the organization and its stakeholders. The results also indicated a link between stakeholder connections and organizational proactiveness. This study is one of the few to address the importance of proactiveness as a critical mechanism for converting the advantages of an organization's stakeholder relationship to enhance performance. In this study, proactivity was used as a mediator rather than a predictor of organizational performance. This study was designed to bridge the gap by assessing proactiveness as a predictor of performance of star-rated hotels.

The study conducted by Hamilton (2020) investigated the correlation between proactivity and performance in small and medium-sized firms located in the Nigerian states of Rivers and Bayelsa. The study population consisted of three hundred sixty (360) small and medium-sized businesses, and the Krejcie and Morgan table was used to calculate a sample size of one hundred eighty-six (186). The respondents were given questionnaires to complete in order to gather data. The aforementioned hypotheses will be assessed using the Statistical Package for the Social Sciences version 22 and inferential statistics including regression, p-values, and Pearson Product Moment Correlation Coefficients. The findings showed a favorable and substantial correlation between proactiveness and performance measures for small and medium-sized businesses. On the other hand, the primary focus of the current study was on how star-rated hotels performed in terms of occupancy rate, customer loyalty, and customer recommendations. However, this study placed more emphasis on customer satisfaction, development, and social performance.

The mediating effect of organizational competency in the link between proactiveness, innovation, and SME success was evaluated by Bature, Sallehuddin, Rosli, and Saad (2018). Using the cluster sampling approach and self-administered survey questionnaires, data were collected from 305 manufacturing small and medium-sized firms in Nigeria's north-central geopolitical zone for these studies. Partial least squares structural equation modeling, version 3.2.7, was used in the study to look into the relationships. The research showed that innovation and proactivity had a significant indirect impact on SME performance through organizational competency. However, hotels with varying star ratings were not the subject of the study. Furthermore, in this study, organizational capability was used as a mediator instead of dynamic capability.

Similarly, Mburu, Githira, and Kyalo (2021) used a descriptive study approach to examine the impact of proactiveness on the performance of family-owned businesses in Nairobi County. Structured questionnaires were utilized to gather the data, and descriptive statistics and regression analysis were performed to analyze the results. The study's findings showed a strong and favorable correlation between family-owned businesses' success in Nairobi County and proactivity. However, establishing cause and effect is difficult due to the cross-sectional research style of the study. Furthermore, the picture's timing cannot be seen as provocative. The study was created using an explanatory research approach in order to close the gap.

Depending on the situation, proactiveness is stated to improve performance (De Massis et al., 2014; Zellweger et al., 2012; Lumpkin et al., 2010). Casillas et al. (2010) claim that being proactive increases financial performance, however this also depends on the generation running the company (De Massis et al., 2014; Zellweger & Sieger, 2012). Many academics concur that proactiveness is essential for long-term survival in changing contexts like the hotel sector, despite the fact that not much study has been done on the topic (Hjalager, 2010; Tajeddini & Mueller, 2009). Proactiveness and corporate performance are linked, according to Du et al. (2010), however ISO certification acts as a small mediating factor in this relationship. Osoro, Mukulu, and Sakwa (2012) looked at how an entrepreneurial mindset affected the information technology SMEs' commercial performance in Nairobi. The exact association between small and medium-sized firm success and the proactive component of the entrepreneurial strategy could not be ascertained by the study. A modest link was found by Wambugu et al. (2015) between proactiveness and company performance.

2.2.4Competitive Aggressivenessand Performance ofStar RatedHotels

Competitive aggressiveness is the attitude, behavior, or course of action adopted or demonstrated by company to outperform the competitors. Competitive aggression is still vital

for firms to maintain a significant market share in the sector they serve. Competitive aggressiveness necessitates vigorous behavior intended to exceed sector competitors (Bleeker, 2011). An aggressive approach to competition that conflicts with the hypercompetitiveness model and dynamic competitiveness line is compatible with the traditional view of strength, weakness, opportunity, and threat. Muhonen (2017) asserts that a company's market share and profitability rise in proportion to the number of activities it takes and the speed at which they are completed.

Blackford (2010) looked into how competitive hostility affected American businesses' performance. The study's premise states that companies with more assertive CEOs do not always have more assertive comments. The companies with the biggest revenue in the retail and automotive manufacturing sectors made up the research sample. Between 2003 and 2007, a five-year period of data collection was observed, with performance data collected a year later. The findings demonstrated that CEOs' strong statements had little impact on the performance or competitiveness of their companies. It was also demonstrated that groups functioning well would be those with higher levels of hostility. Because of the study's narrow scope, its conclusions cannot be applied to the local community or the hotel industry. In addition, the research focused on the manufacturing and marketing of cars rather than the hotel industry. Furthermore, the study only looked at financial performance measures from secondary sources and left out other consumer-focused performance indicators including occupancy rate, customer loyalty, and customer from its analysis.

Panjaitan, Cempena, Trihastuti, and Panjaitan (2021), on the other hand, examined the connection between private institutions' commercial success and their network capacities, knowledge production, innovativeness, and competitive aggression. To investigate the function of competitive aggression as a mediating factor, one model is put forth. Academics from East Java, one of Indonesia's top 10 private institutions, make up the majority of them. SEM analysis

using a random sample of 230 respondents. The findings confirm the validity of the model by demonstrating that competitive hostility has a positive mediation influence on the link between network capability, knowledge generation, innovativeness, and company performance. The findings also shown that network capacities have little bearing on competitive aggression, but knowledge development and inventiveness do. Given that the research was carried out in an academic setting, it is likely that the results cannot be applied to the hotel sector. The current study concentrated on competitive aggressiveness as a predictor of corporate success, whereas an earlier study examined the function of competitive aggressiveness as a mediating variable.

Furthermore, the relationship between competitive strategy and French business success was examined by Christian and Sveinn (2015). The outcomes showed how different components of entrepreneurial orientation affect competitive strategies, and how cost leadership and differentiation affect performance. The strategy that had the strongest correlation with innovation was differentiation. Taking chances and being active in the marketplace were negatively connected with both uniqueness and cost leadership methods. There was a favourable correlation found between the efficacy of cost leadership and uniqueness efforts. The research examined risk-taking and distinctiveness as competitive tactics in opposition to the current paradigm, which emphasizes competitive aggressiveness as demand cycle time, aggressive marketing, and enduring competitive advantage. Furthermore, the study was conducted in a French environment, making it unable to extrapolate findings to a Kenyan one.

In a similar vein, Covin and Teresa (2011) endorsed the notion that successful South African businesses depend on fierce competition. The research examined the relationships that exist between an organization's competitive attitude, its level of aggressiveness, and the complex and hostile technological environment. Using correlation analysis, information from 143 small manufacturing-based enterprises was investigated. The findings indicated that whereas low-performing businesses tended to be more passive, high-performing businesses usually

displayed an aggressive competitive attitude while operating in harsh settings. There was no appreciable difference in the connections between competitive aggressiveness and environmental technological sophistication for the high- and low-performing groups. However, in technologically advanced situations, younger enterprises often outperformed older ones when they acted less aggressively. On the other hand, the sample size and context of the study were the causes of its shortcomings.

Aroyeun, Adefulu, and Asikhia (2018) examined the tactics used by small and medium-sized businesses (SMEs) in Ogun State, Nigeria, to capitalize on their aggression in the marketplace. In this study, a survey research design was used. To gather primary data, SMEs self-administered a set of standardized questions on competitive aggressiveness and competitive advantage. A set of 386 companies was examined in order to provide a representative sample. Both descriptive and inferential statistics were utilized to examine the gathered data. The study's findings demonstrated that the competitive advantage of SMEs is significantly boosted by competitive aggressiveness. However, because this study was conducted in Kenya, its applicability to other star-rated hotels was limited. Furthermore, organizational success as a consequence of competitive antagonism was the study's main focus rather than competitive advantage.

In Kenya, Linyiru and Ketyenya (2017) studied how competitive aggressiveness affected state business performance. The research design used in the study was explanatory. The study's population consists of Kenya's 187 state firms as of 2013. The analytical unit was the state-owned enterprise. A purposeful sample of fifty-five commercial state firms is included in the research. In the study, primary data gathered via questionnaires were employed. The findings demonstrated that competitive aggressiveness is one of the most crucial elements affecting the success of Kenya's commercial state companies. The results of the study indicate that competitive aggressiveness has an impact on business performance. Commercial state

companies may be sure to obtain a significant competitive advantage and better outcomes if they embrace and promote corporate entrepreneurship programs. Since the study was conducted in commercial state companies with management and organizational structures that are different from those of star-rated hotels, there is a gap for the current study. In addition, rather than focusing on occupancy rates, customer loyalty, and word-of-mouth recommendations, the study focused on the performance of star-rated hotels in terms of profit before tax, total assets, and return on assets.

2.2.5 Autonomy andPerformance of StarRated Hotels

As a result, Pratono, Ratih, and Arshad (2018) assessed how technological upheaval affected the association between autonomy, pricing competence, and company performance in Indonesia. To study the complex interplay between the variables that were observed, a structural equation model was proposed. For this reason, a survey of small and medium-sized enterprises (SMEs) in Indonesia was carried out. The results demonstrated that the relationship between corporate performance and autonomy is mediated by pricing competence. Companies having high degrees of autonomy increase their ability to set prices so they can operate successfully in the face of minor technological uncertainty. On the other hand, businesses with great entrepreneurial autonomy struggle in an environment of intense technological change. However, unlike this study, which examined dynamic capabilities, the previous study employed technological turbulence and pricing capability as moderators between autonomy and business performance. The study examined non-financial metrics including occupancy rate, customer loyalty, and customer referrals in contrast to the other study, which concentrated on financial indicators of business performance.

Yu, Lumpkin, Praveen Parboteeah, and Stambaugh's (2019) comparison of the combined impact of national contexts of culture (performance-based vs. socially supportive cultures) and environmental vibrancy on the autonomy-performance connection of family businesses in the

US and Taiwan. For the configurational method research, data from 130 family companies were used, 53 of which were located in the US and 77 in Taiwan. According to the research, higher performance is correlated with greater autonomy. under dynamic settings in the United States, while in Taiwan, it had the opposite effect on firm performance. Profit, growth, and market share were the family firms' performance metrics during the five years prior to the current study's focus on non-financial success factors. Additionally, the study did not look at how dynamic capabilities affect the connection between performance and autonomy.

Kusumawardhani, McCarthy, and Perera (2012) conducted research on the impact of SME autonomy on performance in Indonesia. The study concentrated on two aspects of entrepreneurial orientation: innovation and autonomy. The results of the quantitative data analysis supported the acceptability of freedom and innovation by Indonesian SMEs. Therefore, it was discovered that there were no meaningful connections between these EO characteristics and business performance. These findings were made clearer by qualitative data study, which showed that the owners' and managers' diverse cultural backgrounds contributed to the firms' restricted usage of autonomy. The innovative traits of the sample industry had an effect on the creative behavior of the respondents. However, Indonesian SMEs were the focus of the study rather than Kenya's hotel industry. Moreover, the results were in opposition to those of other researchers who discovered a strong and favorable correlation between company performance and autonomy.

The managerial discretion model proposed by Chang and Wong (2006) was subjected to experimental testing. The model proposed that the use of discretion by managers in joint ventures across borders (IJVs) was influenced by task autonomy, contractual regulation, and management remuneration. In the end, these elements had an impact on the company's overall success. Data from 136 IJVs in China showed that managers' organizational commitment and usage of firm-specific abilities were more clearly correlated when they had the necessary degrees of discretion. The findings indicate that there is no statistically significant correlation between greater managerial discretion and improved company performance when contractual restrictions are taken into account. The study contributed to the theories of managerial capitalism and strategic management by demonstrating how managers' performance and discretion positively mediated the relationship between work autonomy and compensation, with IJV managers obtaining more managerial discretion. But rather than being a predictor of financial success, autonomy was looked at as a mediator in this study. Additionally, autonomy was examined in combination with other variables. Unlike this study, where autonomy was the sole factor that predicted performance.

Xiaoyang (2007) investigated the impact of managerial autonomy and incentive compensation on the performance of Chinese companies. It resulted in a straightforward organizational structure where the main used a pay contract and authority delegation to balance the advantages of delegation with agency expenses. The study used data from a poll on China's investment climate to conduct an empirical analysis. The company's performance improved even though the general manager had less control over labor decisions, according to the results. Since the hotel business was not the study's main focus, the results' applicability is restricted.

DeVaro (2018) found no statistically significant correlation between corporate performance and autonomy using a structural model of teams, autonomy, and financial success in conjunction with a cross-section of British enterprises. The study's conclusions showed that autonomous teams did not outperform the teams of the traditional institution in terms of financial performance when compared to carefully supervised or non-autonomous teams. The results showed that unobserved factors that made a company more likely to adopt teams had a positive correlation with unobserved financial performance determinants; when teams were adopted, unobserved factors that made a company more likely to give teams autonomy had a negative correlation with unobserved financial performance determinants.

A comparative study of the effect of autonomy on the financial performance of Kenyan-controlled commercial state enterprises was carried out by Ong'onge and Awino (2015). 24 out of 31 participants in the study—which employed a descriptive survey methodology—achieved a 77% response rate. The study found that as autonomy increased, so did consumer satisfaction and civic duty. The study's conclusions suggest that the government should give businesses the latitude to choose whether to expand their present activities, make regular commercial expenditures, or take on new ventures. The government provided funding for the study, but it wasn't carried out in the hotel sector. Insufficient sample size can also lead to a type II error, when there is no mention of a distinction within the research groups and the null hypothesis is wrongly accepted. According to Deeksha (2022), when using the current customer satisfaction methodologies, consumers are more likely to identify problems and potential solutions or to consider innovative suggestions for changes.

2.2.6 Dynamic Capabilities,Entrepreneurial Orientation andPerformance ofStar Rated Hotels

No corporate organization can operate effectively in the absence of supportive institutions, factors, and conditions (Oginni, 2010). In summary, businesses operate in settings with

intricate relationships between different activities and networks connecting different systems, such as those that employ material, human, and other resources. Hotels need to be particularly aware of their surroundings when creating strategies to adjust to the dynamics of the business environment in order to support their goals of survival, expansion, and profit. Ali et al. (2020) claim that hotel businesses may combine, reorganize, and continuously update their resources and competencies through the use of continuous service improvement. Ackdilli and Ayhan (2013) assert that the fusion of two fundamental constructs—entrepreneurial orientation and dynamic capacities—is necessary for the expansion of services and goods. Hotel businesses may enhance their performance by combining, adapting, and renewing their resources and competencies via continuous service improvement and an entrepreneurial mentality (Ali et al., 2020).

The collective pressure from all of these points to hotels taking an entrepreneurial approach, which would rely on other factors to support performance. This also supports the assertion made by Pereira-Moliner et al. in 2021 that the dynamics of a hotel company's relationship with its environment and the actions it takes to achieve its objectives via the prudent use of resources enhance the company's success. This study looks at the moderating role that dynamic skills have on the relationship between organizational performance and EO. This is based on the claim made by Rauch et al. (2009) that further investigation is required to identify the factors affecting the relationship between EO and business success.

Rauch et al. (2009) examined the connection between economic success and an entrepreneurial mindset. To gauge the strength of the EO-performance association and find any pertinent factors, the study conducted a meta-analysis. A very strong association between EO and performance was found through analysis of 53 samples from 51 research, including a total of

14,259 firms. However, the strength of this relationship varied depending on the cultural context. The results suggest that in addition to the internal and environmental moderators that have already been identified, fresh moderators should also be assessed. This implies that the relationship between an entrepreneurial inclination and company performance is affected by modifiers. Nevertheless, the study did not concentrate on hotels or DC's function as a moderator.

On the other hand, Augusto, Moeljadi, and Rohman (2014) used an explanatory research approach to examine how the entrepreneurial style affected the Timor firms' commercial success via the prism of government policy. Generalized Structured Component Analysis (GSCA) was used to analyze the data. The study's findings demonstrated the relationship between corporate performance and an entrepreneurial attitude. It implies that small and medium-sized businesses could operate more effectively if they adopt an entrepreneurial mindset. The impact of an entrepreneurial attitude on business success cannot be lessened by executive branch legislation. It demonstrates that there is no appreciable relationship between governmental policy and the effectiveness of organizations. The government's current efforts to support small firms through different programs that improve company performance were at odds with this outcome. This suggests that the link between EO and organizational performance may be significantly impacted by a moderator, or not at all. But the research was not on DC as a moderator, but rather on government policy in a non-hospitality domain.

Furthermore, Mahmood and Hanafi (2013) studied the relationship between the competitive advantage of women-owned enterprises and the performance of small and medium-sized firms in Malaysia. The study evaluated two hypotheses: that entrepreneurial orientation and company performance are mediated by competitive advantage, and that there is a high link between these two factors. The questionnaire was created using a five-point Likert scale, and only numerical data was collected. The results show that having an entrepreneurial attitude and a company's

success are strongly correlated. Competitive advantage, however, was also demonstrated to somewhat lessen these connections. Given that they predict competitive advantage, this suggests that EO and dynamic capabilities can control or mediate hotel performance. The study has come under fire for being conducted outside of Kenya and using individuals from industries other than hospitality. Furthermore, the study's exclusive mode of data collection was a questionnaire, which is susceptible to common-method variation. Furthermore, competitive advantage was used in the study as a moderator instead of DC.

Bahram and Azhdar evaluated Iran's SMEs' performance and technological focus in 2016. The research design used in the study was exploratory. Survey information from 154 SMEs situated in Science Parks was included in the study. The findings showed that learning capability was the most successful mediator between technology orientation and performance across the three different categories of dynamic skills. The study indicates that SMEs with a strong technological emphasis and agility do better. The study's small sample size reduced the statistical power of the findings.

In light of this, Ari, et al. (2005) investigated entrepreneurial orientation, dynamic skills, and global success using survey data from 217 manufacturing and service enterprises. According to their results, an organization's performance overseas may be influenced by its entrepreneurial spirit and capacity for reconfiguration. These results provide credence to the company's dynamic capabilities concept. In this way, combining organizational reconfiguration expertise with an entrepreneurial strategy would provide hotels a competitive edge and boost performance. The study was conducted outside of the hospitality sector and limited its generalization to star-rated hotels in Kenya. The current research also focused on integrating these resources and capturing new opportunities in addition to reconfiguring capacity, which was only one aspect of DC.

In a related research, social networking's moderating effects on the link between small- and medium-sized businesses' performance and their entrepreneurial strategy were examined by Kiprotich, Kimosop, Kemboi, and Chepkwony (2015) in Nakuru County, Kenya. Learn how initiative and taking risks impact small and medium-sized businesses' performance. Learn how social networking influences the relationship between an individual's entrepreneurial mindset and small- and medium-sized businesses' performance. The resource-based perspective theory was applied to the study (Barney, 1991). The research design utilised in the study was explanatory.. The findings indicated that taking chances, being proactive, and being innovative had a significant impact on how well organizations performed. The findings also showed that social networking had a beneficial moderating effect on the association between proactive risk-taking and organizational performance. This suggests that businesses may leverage social media to amp up the impact of EO on output. But businesses also need to use their flexible workforce to meet the expectations of these social networks. The study's generalization, which solely applied to SMEs, did not apply to the hospitality sector. Additionally, the study employed an explanatory research technique, which makes it challenging to draw the proper inferences from findings of causal research. This is the result of several elements and forces influencing the social environment.

Rotich, Wanjau, and Namusonge (2015), on the other hand, looked at the link between relationship lending and the financial success of Kenyan manufacturing companies when using an entrepreneurial strategy. The approach of the study was cross-sectional survey research. In this work, hierarchical moderated multiple regressions (MMR) and structural equation modeling were used to examine the assumptions. During the investigation, evidence was discovered to support the hypothesis that EO modifies the association between Kenyan companies that manufacture's financial achievements and relationship financing. The study also discovered that relationship lending has a favorable effect on a company's financial

success. This suggests that EO is a modulator of relationship relationships and performance in addition to being a predictor. The hotel business works in a different organizational culture than the industrial sector, hence the study's conclusions cannot be applied to it. Moreover, EO was employed as a moderator in the study as opposed to a predictor.

According to Ackdilli and Ayhan's (2013) research on dynamic capabilities and entrepreneurial mindset, EO influences the development of innovative goods. They concluded that the two fundamental ideas of dynamic capacity and entrepreneurial mentality must be combined in order to create new goods. However, these findings were founded on theoretical exposition observations rather than being substantiated by statistical evidence.

2.3 Research Gaps

Although studies on the connection between an entrepreneurial orientation and organizational success. There has been few empirical research on the relationship between business performance and entrepreneurial orientation (Shihping & Yu-Lin, 2011). Studies have looked at the connection between an entrepreneurial orientation and business-level performance, including financial performance (Wang, 2008), intra- and extra-industry networks (Stam & Elfring, 2008), and firm innovation (Wiklund & Shepherd, 2005). Though the findings of these research have typically not shown conclusive proof of this association, it may be assumed that companies with a more entrepreneurial orientation do better. According to Sciascia et al. (2014) and Wiklund & Shepherd (2011), the impact of EO on performance is often context-specific and contingency-oriented rather than necessarily positive and linear. In particular, the link between EO and performance is not constant; depending on the industry, stage of growth, market volatility, and financial crisis, EO's influence on company performance may change (Fuentes-Fuentes, Bojica, & Ruiz-Arroyo; Jones, Coviello, & Tang, 2011). Although EO-performance links are receiving more attention and awareness, further study on this topic in many industrial contexts is still necessary for a deeper understanding of the relationship. These

have the consequence that different outcomes will occur in various settings as a result of the prevalent factors in various business contexts.

Contradictions have also been discovered about the influence of a number of EO elements on corporate performance (Tachia et al., 2016; Kamedi, 2016; Ndesaulwa & Kikula, 2016; Udin & Bose, 2014). Gholami and Birjandi (2016), Vishal and Safal (2015), and Covin, Green, and Slevin (2006) have all found that entrepreneurial orientation significantly affects business performance, but Affendy, Asmat-Nizam, and Farid (2015), Smart and Conant (2011), or Affendy, Asmat-Nizam, and Farid (2015) have not. Mason and Gos (2014) claim that further research on EO and business performance is necessary because the results of past studies appear to be inconsistent. The present study must resolve all of the inconsistencies in the data from the aforementioned studies in order to determine the precise influence of EO on corporate success in star-rated hotels.

The majority of the evaluated research (Kamedi, 2016; Simiyu, Namusonge, & Sakwa, 2016; Owoseni & Adeyeye, 2012) had restrictions on the variables that were taken into account for entrepreneurial orientation. Three factors were taken into account by Tachia, et al. (2016): innovativeness, risk-taking, and proactiveness. Along with creativity, taking risks, and initiative, Udin and Bose (2014) and Muthee and Karanja (2014) investigated the autonomy and management competency of entrepreneurs. According to the literature, EO has five characteristics, including a willingness to take risks, initiative, inventiveness, autonomy, and competitive aggressiveness (Rauch et al., 2009). Because few factors were taken into account, the results of the examined studies did not fully investigate the effect of all five aspects when taken together on company success. This creates a variable gap that this study can cover.

Only China, among the BRICS countries—Brazil, Russia, India, China, and South Africa—whose major economies are quickly growing, has gotten systematic attention, according to Wales, Patel, Parida, and Kreiser (2013). In developed economies like the United States and the United Kingdom, EO has also received substantial study. Affendy, et al. (2015), Vishal and Safal (2015), Udin and Bose (2014), and Rauch, et al. (2009) have reviewed studies on the topic that were conducted in non-African countries, while Ndesaulwa and Kikula (2016), Owoseni and Adeyeye (2012), and Simiyu, et al. (2016) have reviewed studies that were conducted in African countries. The results of every study link an entrepreneurial mindset to successful business operations. The research was not done in the hotel industry, though, and EO is context-specific. It is hard to generalize EO and business success across studies undertaken in the same country because to the varied industrial contexts..

Few studies have examined the moderating role that dynamic cababilities have in entrepreneurship and hotel success. In their investigation on the role of entrepreneurial attitude and dynamic talents in the creation of innovative products, Acikdilli and Ayhan (2013) claim that DC and EO aid in the production of new products; nevertheless, The study had no statistical support and was solely based on observation. This backs up the idea advanced by Adomako (2018), Mwangi and Kiiru (2017), and Mwangi (2016) that dynamic skills may act as a moderator for the factors that determine competitive advantage and business performance. However, there has been no consistency in the association between an entrepreneurial attitude and corporate success (Karacaoglu et al., 2012). This calls for more research to clarify the specific relationship between EO and business performance and to address any disparities. Furthermore, the effect of EO on corporate performance is context- and contingency-specific rather than always positive and linear (Sciascia et al., 2014; Wiklund & Shepherd, 2011). Investigating the moderating influence of dynamic capacities on the effect of EO on the

performance of star-rated hotels in the context of developing nations is crucial to close the research gap.

2.4ConceptualFramework

This study conceptualises the relationship between entrepreneurial mentality, dynamic capacity, and firm performance.

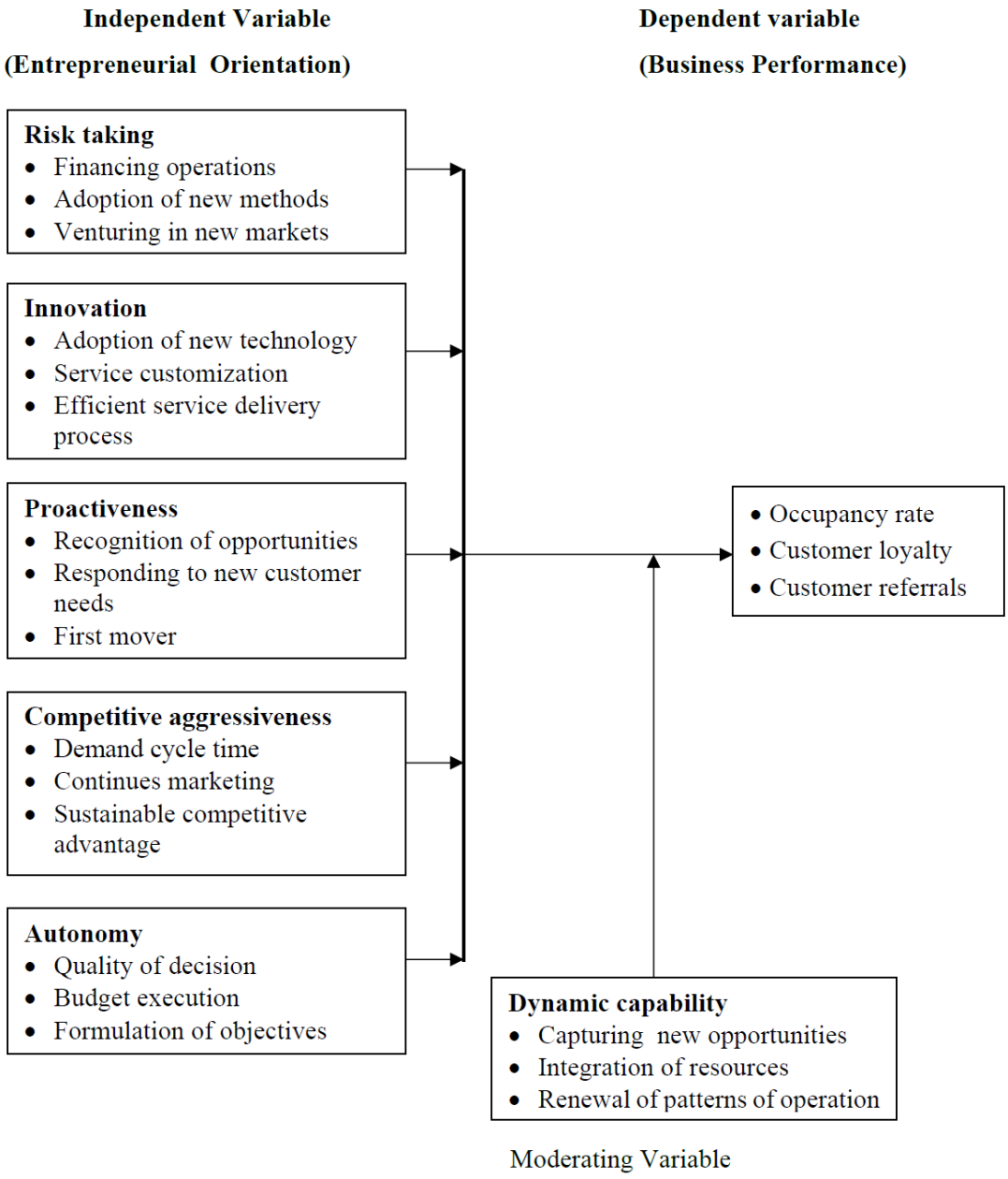

Figure 2.1 Conceptual Framework
Source Author (2023)

EO is an important concept when executives are coming up with ideas in the hopes of doing something new and taking advantage of opportunities that other companies cannot take

advantage of. Lumpkin and Dess (1996) claim that EO refers to the practices, techniques, and styles of decision-making employed by businesses that function entrepreneurially. Entrepreneurial orientation (EO), according to Kraus, Ringtering, Hughes, and Hosman (2012), is commonly mentioned as a factor influencing business performance. According to Pearce, Fritz, and Davis (2010) and Voss, Voss, and Moorman (2005), EO is a firm-level disposition of engaging in behaviors suggesting risk-taking, innovation, proactiveness, autonomy, and competitive aggressiveness. The study used EO as a metric for EO. According to Kraus et al. (2012), taking a risk is the uncertainty that arises from investing a significant portion of resources in a venture that is likely to fail. The profitability and expansion of a company are connected to how willing it is to take risks (Wambugu et al., 2015). According to Larisa and Margarita (2015), the financing of activities, the adoption of novel techniques, and the exploration of new markets were used to gauge risk-taking. According to Okeyo, Gathungu, and K'Obonyo (2016), innovativeness is defined as a company's behavior in generating fresh concepts connected to creativity that improves corporate performance. The embracing new technologies, service customisation, and efficient provision of services processes were used to quantify innovation (Milovanovic & Wittine, 2014; Giudici & Reinmoeller, 2013).

According to Venkatraman (1989, quoted in Zhongfeng & Dong (2013)), being proactive means looking for new possibilities and discontinuing operations that are nearing the end of their useful lives. The performance of the firm is directly correlated with the EO proactiveness component, according to Kruus et al. (2012). According to Kusumawardhani, McCarthy, and Perera (2009), proactiveness was assessed based on the ability to anticipate opportunities, satisfy emerging customer needs, and gain an edge over competitors. Competitive aggressiveness is the firm's drive to improve its position to surpass its rivals (Lumpkin & Dess, 1996 as cited in Azlin, Amran, Afiza, & Zahariah, 2014), and it is positively connected with

corporate performance (Sonja, 2017). The study measures competitive aggressiveness using demand cycle duration, continuous marketing, and sustained competitive advantage. Lumpkin and Dess (1996) defined autonomy as the capacity to make decisions for oneself and act independently of the organization. According to Li, Huang, and Tsai (2009), autonomy was assessed based on how well decisions were made, budgets were carried out, and goals were defined.

Because it emphasizes the growth of skills that are already existent inside an organization and is directly tied to how effectively it operates, dynamic capacity is essential for that company (Hsu & Wang, 2012). The moderating role of dynamic characteristics on the impact of EO on the financial achievements of hotels with stars was examined in this study. Dynamic capabilities were evaluated using three criteria: finding new opportunities, integrating resources, and altering operating patterns (Teece, 2014).

It is feasible to measure business performance using both subjective and objective indicators. Idar and Mahmood (2011) contend that while subjective measurements entail asking owner/managers about their perception of their overall achievements over a certain time period in comparison to those of their closest rivals, objective measurements are derived from an organization's annual reports or financial records. It is challenging to collect objective measurements since owner/managers are frequently circumspect and reticent to disclose to others accurate financial details (Chao & Spillan, 2010; Wang & Poutziouris, 2010). In line with empirical studies, this justifies the adoption of arbitrary performance criteria in the business sector (Idar & Mahmood, 2011). Current empirical studies frequently use a variety of indices. Business success is typically evaluated using perceived financial, perceived non-financial, and historical financial criteria (Rauch et al., 2009). In this context, this study

employed non-financial strategic measures and techniques to assess business success, such as client referrals and customer service quality (occupancy rate, customer loyalty).

CHAPTERTHREE

3.0 RESEARCHMETHODOLOGY

3.1Research Philosophy

According to Ormston, Spencer, Barnard, & Snape (2014), a paradigm is the conceptual foundation or explanation for a research strategy and the selection, sampling, and analysis of

certain data collecting, instruments. A paradigm is composed of ontology, epistemology, methodology, and methods. Research paradigms may be classified into two philosophical categories: ontology and epistemology (Burrell & Morgan, 2017). Ontology is concerned with the relationship between the researcher and the research, whereas epistemology is concerned with determining the nature of reality in the world(Ormston et al., 2014). In this regard the researcher used appropriate methods to understand the link between the study variables. Epistemology also includes the study of the possibility of justification, the sources and nature of justification, the sources of beliefs, and the nature of truth. In this regard the study focused on the provision ofevidence on the link between study variables sourced from informed responders who might offer information that is reliable.

Therefore, the underlying philosophy of knowledge generation from the empirical literature washinged on positivism using a deductive approach. The positivistic method is quantitative and founded on the concepts of validity, truth, and reason. The facts that are found from direct experience and observation are the only ones that are examined through experiments, statistical analysis, and quantitative survey approaches (Bahari, 2010; Erikson & Kovalainen, 2008). Positivism holds that knowledge ought to be based on concrete realities as opposed to theoretical concepts. A positivist research paradigm, according to Saunders and Lewis (2012), is characterized by the belief that theory should come before research and statistical support of findings from hypotheses that have been evaluated through experiments. In the positivist tradition, deductive reasoning is widely utilized to validate or test concepts (Wahyuni, 2012).

Because it is employed in answer to relationship inquiries of variables within the research, this study chose a quantitative technique. By revealing objectivity in the gathered data, quantitative research gives the data significance (Gunasekare, 2015). Furthermore, positivist philosophy is allegedly employed in conjunction with a quantitative method and empirical investigation to

methodically show the relationship between the research variables (Saunders and Lewis, 2012). This study used positivist philosophy to show how dynamic capacity moderates the effect of entrepreneurial orientation on the commercial performance of star-rated hotels in Kenya's North Rift Region.

3.2ResearchDesign

A blueprint or framework for doing research is known as a research design. It outlines the procedures needed to collect the information needed to create or address a research problem (Relivingmbadays, 2015). A study's research design logically structures the investigation and is predicated on a framework of sufficient testing of variable correlations (Bhattacherjee, 2012). The explanatory research design was used in this investigation. Elahi and Dehdashti (2011) state that the study technique may be used to forecast the probability of social or physical events occurring as well as to ascertain how closely variables are related to one another. An explanatory research design, according to McNabb (2015), attempts to offer an explanation for the phenomena under study as opposed to merely describing them.

Cooper and Schindler (2008) state that the 'why' questions are at the center of explanatory research. The research produced explanations to address the "why" inquiries. The explanations give the facts and demonstrate how much entrepreneurial orientation, or variable X, affects firm success, or phenomena Y. This design was selected because it closely aligns with the investigation's research goals and is useful for evaluating the study's hypotheses and producing its findings. The study's independent, moderating, and dependent variables were entrepreneurial mentality, corporate performance, and dynamic talents.

3.3Study Area

The North Rift Region of Kenya, which lies in the country's old Rift Valley province, is where the study was conducted. Turkana, Nandi, West Pokot, Elgeyo-Marakwet, Keiyo, Trans-Nzoia, Baringo, and Uasin Gishu are the eight counties that make up the area. The Western Kenya tourism circuit, which was introduced as a travel destination in 2002, includes the North Rift area. The area is blessed with a variety of fascinating natural features, rich cultural attractions, and a high-altitude environment ideal for outdoor activities, forests, and animals. The area was chosen for the study because the hotel sector there is steadily expanding (Nyamori, 2013). The country's transition to a devolved system of government, which has sparked major development efforts at the county level, has caused this increase. In order to direct the region's economic growth, the North Rift Region has specifically structured its counties into the North Rift Economic Block (NOREB). The counties in this area have given increasing hospitality facilities a lot of attention as a way to assist other economic activities including tourism, conferences, and sports.

The ever-rising demand for lodging and conference spaces brought on by the area's ongoing urbanization is largely responsible for the hospitality sector's upward trend. Investors in the hospitality sector now have a greater appetite due to the rise in demand for lodging. Although there is just one four-star hotel in the whole North-Rift region, the area lacks contemporary amenities, according to Wanzala (2013). Only Boma Inn qualifies as a four-star hotel when amenities, the caliber of services provided, and personnel qualifications are taken into account. The current three-star and lower-rated accommodations do not satisfy the requirements of upscale guests (Shiladitya, 2018). The subject of the moderating function of dynamic capacities on the effect of entrepreneurial orientation on performance of star rated hotel in the North Rift

Region is raised by the dearth of star-rated accommodations and the region's restricted bed capacity.

3.4TargetPopulation

The research components and all individuals who make up a real or fictitious group of individuals, events, or objects to which the findings may be applied collectively constitute the target population (Pandey & Pandey, 2015). Employees at starred hotels in Kenya's North Rift Region served as the study's target group. Star-rated hotels served as the study's analytical unit. 575 respondents, who were selected from the 14 star hotels in Kenya's North Rift Region, made up the target demographic. Because they interact with guests and are familiar with the hotels' entrepreneurial approach, the administrative and service personnel were chosen as a target group because they could for the sake of generalisation, comment on the causal relationship involving the study's variables.

Table 3.1:Target Population

Ratings	Cluster	Category of staff	Target population (Nh
4 star	Boma Inn Hotel	Administrative staff	5
		Service staff	52
3 star	Noble Hotel	Administrative staff	7
		Service staff	61
	Kerio View Lodge	Administrative staff	6
		Service staff	45
	Samich Resort Elgeyo	Administrative staff	5
		Service staff	44
	Lake Bogoria Spa Resort	Administrative staff	5
		Service staff	42
2 star	Poa Place	Administrative staff	7
		Service staff	31
	Aturukan Hotel	Administrative staff	5
		Service staff	28
	Hotel Winstar	Administrative staff	4
		Service staff	32
	Hotel Comfy	Administrative staff	3
		Service staff	22
	Star Bucks Hotel	Administrative staff	5
		Service staff	32
	Hotel Horizon	Administrative staff	4
		Service staff	29
	Rift Valley Hills Resort	Administrative staff	4
		Service staff	34
	*Queens Garden*Hotel	Administrative staff	4
		Service staff	22
	Kenmosa Resort	Administrative staff	5
		Service staff	32
	TOTAL		575

Source: Tourism Regulatory Authority 2015-2018

3.5Sampleand SamplingDesign

3.5.1Sample Size

While choosing the components of each sampling frame included in the research was part of determining the sample size, the sample size selection process required methods for choosing certain components from the population (Etikan, Musa, & Alkassim, 2016). Selecting the appropriate sample size depends on a number of factors, including the population size, the accuracy level, the risk or unpredictability, the study's goals, as well as the level of variance in the variables being evaluated (Denscombe, 2014). In this study, the hotels with the highest star ratings in the North Rift Region were selected through the use of purposeful sampling. A set of individuals or units are selected for analysis based on their characteristics through the use of the "purposive sampling" technique (Cameron & Miller, 2015). In this sense, only hotels with stars were sampled.

Taro Yamane, (1967), referenced in Adam (2020), modified the sample size method by Kent and Myers (2008) as reported in Etuk and Akpabio (2014), and used it to choose 286 employees from the target population of 575. The results are presented below:

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

Where:

n = Samplesize

N = Populationsize

e = the error ofSampling

This study allowed the error ofsampling of 0.05.

$$n = \frac{575}{1 + 575x0.05^2}$$

Thus, sample size was 236

Non-response, in the words of Lundström and Särndal (2002), results in non-response bias in the estimations. Additionally, because the effective sample size is less due to non-response, estimates have a higher variation. Using the following formula, which was adapted from (Nilima, 2017), a non-response rate was taken into consideration based on this sample size. Effective sample size / (1 - predicted non-response rate) equals the ultimate sample size.

Since the study expected a 15% non-response rate, The final sample size was calculated using the subsequent formula:

236/1-0.15= 278

Therefore, 278 responders made up the final sample size.

The claim made by Stedman, Connelly, Heberlein, Decker, and Allred (2019), Nix, Pickett, Baek, and Alpert (2019), and Lundström and Särndal (2002) that a 15–20% non-response rate is typical in many business and individual surveys led to the adoption of the 15% non-response rate. Neyman's allocation algorithm was used to disperse the sample size proportionately

(Carfagna & Arti, 2007). Given a fixed sample size, the method's goal was to increase survey precision. The ideal sample size for cluster h using Neyman's allocation would be:

$$n_h = \left(\frac{N_h}{N}\right) n$$

Where;

n_h- The sample size for cluster h,

n - Totalsample size,

N_h -Thepopulation sizefor cluster h,

N - The totalpopulation

Table3.2:Sample Size

Table 3.2: Sample Size

Ratings	Cluster	Category of staff	Target population (Nh)	Sample Size
4 star	Boma Inn Hotel	Administrative staff	5	2
		Service staff	52	25
3 star	Noble Hotel	Administrative staff	7	3
		Service staff	61	30
	Kerio View Lodge	Administrative staff	6	3
		Service staff	45	22
	Samich Resort Elgeyo	Administrative staff	5	2
		Service staff	44	21
	Lake Bogoria Spa Resort	Administrative staff	5	2
		Service staff	42	20
2 star	Poa Place	Administrative staff	7	3
		Service staff	31	15
	Aturukan Hotel	Administrative staff	5	2
		Service staff	28	14
	Hotel Winstar	Administrative staff	4	2
		Service staff	32	16
	Hotel Comfy	Administrative staff	3	2
		Service staff	22	11
	Star Bucks Hotel	Administrative staff	5	2
		Service staff	32	16
	Hotel Horizon	Administrative staff	4	2
		Service staff	29	14
	Rift Valley Hills Resort	Administrative staff	4	2
		Service staff	34	16
	Queens Garden Hotel	Administrative staff	4	2
		Service staff	22	11
	Kenmosa Resort	Administrative staff	5	2
		Service staff	32	16
TOTAL			575	278

Source: Tourism Regulatory Authority 2015-2018

3.5.2SampleFrame

Martinez-Mesa, Gonzaez-Chica, Duquia, Bonamigo, and Bastos (2016) define a sample frame as a subset of people who may be selected from the target population based on the study's

sampling strategy and methods of outreach. A sample frame is a piece of equipment or source material that is used to acquire a sample. It is a list of every person, house, or group that is part of the population and may be sampled. Every administrative and service staff member of the 14-star hotels in the North Rift Region made up the sample frame for this study.

3.5.3 Sampling Techniques

Sampling is the act of choosing portions of an interested population so that, after analyzing the sample, the researcher may reasonably extrapolate the findings back to the population from which they were drawn (Cameron & Miller, 2015). Due to sampling's shown cost effectiveness and capacity to produce findings faster and with a high degree of precision, the study focused on it rather than gathering data from all population elements (Reddy & Acharyulu, 2008). The technique the study used to choose the sample is known as sampling design (Cameron & Miller, 2015). The goal of sampling design is to make sure that the researcher can generalize the results to the full population being studied using the sample that was chosen. The study included stratified, simple random, and purposive sampling methods.

Based on their star rating, the hotels were sampled using a deliberate sampling strategy. Administrative and service workers were sampled using stratified random sampling. After determining how many people from each of the star-rated hotels were to participate, simple random sampling was employed to choose the respondents within the stratum to take part in the research. Simple random sampling (SRS) is a technique for selecting samples with n or more units from a population with N or more units, with the goal of ensuring that each unit has an equal probability of being picked (Collis & Hussey, 2009). This sampling strategy tries to identify groups that exhibit different manifestations of a specific phenomena (Collis & Hussey, 2009). In a basic random sample without replacement, the population's N units are first

identified using the numbers 1 through N, and then participants are chosen at random using the lottery method of sampling (Alvi, 2016).

3.6Data Collection

Data collection is the process of obtaining and analyzing information on relevant variables in a predetermined, organized manner with the goal of testing hypotheses, assessing results, and answering specific research questions(Khoa, Hung, & Hejsalem-Brahmi, 2023). The study gathered primary quantitative data. The unique characteristic of primary research is that the researcher concentrates on gathering information directly as opposed to relying on information gathered from earlier study. The major quantitative data for the study was gathered via a questionnaire. By examining a sample of that group, a questionnaire design can quantitatively describe the trends, attitudes, or views of that population(Stockemer, Stockemer, & Glaeser, 2019).

3.6.1Instrumentation

The data was gathered using structured questionnaires that were presented to hotel management and sample staff along with star ratings. The questionnaire included of closed-ended questions as well as items utilizing the five-point Likert scale, which is widely used in the social sciences to assess behaviour, attitudes, perceptions, and values (Mugenda & Mugenda, 2008). The 5-Point Likert Scale provides respondents with alternatives without overwhelming them, in contrast to higher-point scales. It also takes less time and energy to finish. With five alternative answers on a Likert scale—1 for strongly disagree, 2 for disagree, 3 for undecided, 4 for agree, and 5 for strongly agree—the items were utilized. A structured questionnaire was used to extract specific data on respondents' evaluations of the predictors (EO features, moderator (DC), and performance) of star-rated hotels. The researcher used the study parameters to design

the questionnaire. Because standardized questionnaires simplify data preparation for rapid statistical analysis and lessen the possibility of interview bias, the researcher employed them(Stockemer, Stockemer, & Glaeser, 2019).

3.6.1 Pre-testing of Research Instruments

The main study was planned with the aid of a pilot study that tested the instruments, verified the statistical and analytical processes, assessed potential hazards, and considered the research economy (Schwab, 2013). Kisumu City, the only city in Western Kenya and a major centre for business travel, served as the pilot site (Cytonn, 2019). Using a deliberate sampling technique, two top-notch, three-star hotels in Kisumu were selected. The questionnaire was tested in the Grand Royal Swiss Hotel and the Sovereign Hotel in Kisumu. There was a 10% sample population involvement (Kothari & Garg, 2014). This suggests that the data instrument pilot had 28 respondents, or 17 from each hotel. Following piloting, modifications were made to the questions' validity, sequence, structure, and wording. Throughout the primary investigation, the respondents received the questionnaire's final draft.

3.6.1.1 Validityof the ResearchInstrument

Collis and Hussey (2009) defined validity as the degree to which the study's conclusions fairly summarize the subject matter. Validity is a property given to a claim or an indicator of how closely something conforms to reality or common sense, according to Nuzzo (2014). It is the degree to which the research's data accurately represent the study variables. An attitude scale is deemed reliable when its findings are consistent with those of other measures of attitude possession (Rahman & Uddin, 2009). The degree to which data collection, analysis, and interpretation align with the research variables was demonstrated by the use of internal validity.

By guaranteeing the applicability of study findings through theoretical approaches and a literature review, content validity was attained (Saunders, Lewis, & Thornhill, 2007).

The researcher initially provided operational definitions for words used in the study and defined the independent and dependent variables for the objectives of this inquiry before assessing the construct validity of the instrument. After factor analysis was completed to extract the components, Principal Component Analysis (PCA) was used to verify the construct validity of the factors. The Battlets test of sphericity and the Keiser-Meyer-Olkin (KMO) test were conducted for each variable before component analysis. Elevated scores, often close to 1.0, frequently suggested that a factor analysis may be performed on the data (Brown, 2015). The factor analysis results are frequently accepted if they are less than 0.50. To investigate the assertion that the correlation matrix is an identity matrix, Bartlett's sphericity test was employed. According to a criterion devised by Hair, Celsi, Ortinau, and Bush (2010), research should be deemed statistically significant if their factor loadings exceed 0.40.

Table 3.3 shows that all variables had KMO values more than 0.50, falling within the range of 0.800 to 0.515, indicating that the sample was suitable. This suggests that there is a rather tight correlational pattern, and components that come from factor analysis should be recognizable and trustworthy (Mitra, 2015). The results of the Bartlett's test of sphericity showed a substantial association between the variables and were significant at the 0.05 level, suggesting that the data was appropriate for component analysis.

Table 3.3 Sample Size Adequacy Test

Construct	Test		
Risk taking	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.522
	Bartlett's Test of Sphericity	Approx. Chi-Square	101.902
		Df	36
		Sg	.000
Innovation	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.641
	Bartlett's Test of Sphericity	Approx. Chi-Square	69.676
		Df	28
		Sg	.000
Pro-activeness	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.515
	Bartlett's Test of Sphericity	Approx. Chi-Square	175.696
		Df	55
		Sg	.000
Competitive aggressiveness	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.578
	Bartlett's Test of Sphericity	Approx. Chi-Square	66.637
		Df	28
		Sg	.000
Autonomy	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.651
	Bartlett's Test of Sphericity	Approx. Chi-Square	126.993
		Df	45
		Sg	.000
Dynamic capabilities	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.800
	Bartlett's Test of Sphericity	Approx. Chi-Square	141.207
		Df	15
		Sg	.000
Performance of hotels	Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.697
	Bartlett's Test of Sphericity	Approx. Chi-Square	106.908
		Df	21
		Sg	.000

To find the heavily loaded elements and save the crucial ones for data analysis, factor analysis was also performed. Using factor analysis, it was possible to pinpoint factors with superior explanatory power to others, allowing for the justification of removing questions to make the questionnaire shorter. Therefore, 0.40 was chosen as the loading cutoff in this investigation. The factor loadings increased with the strength of the connection between the factors and the variable. Principal component analysis was performed before factor analysis to identify components from variables that did not meet the 0.40 criterion.

2.2.1 Risk taking

The initial version of the questionnaire had nine items related to the variable of risk taking. Factor loadings for each of the nine risk-taking variables were greater than zero.4 were deemed legitimate as they fell between 0.584 and 0.905, as shown in table 3.4.

Table3.4 Factorloadings for Risk Taking

Statements on Risk Taking	Initial	Factor loadings
The hotel takes calculated risk in business decisions	1.000	.666
Our hotel is willing to accept a certain level of risk when introducing new products	1.000	.835
Our hotel can shy away from taking up an opportunity due to the risk of failure	1.000	.775
The hotel encourages employees to take business-oriented risks without fear of punishment	1.000	.756
The hotel frequently takes calculated risks with new ideas	1.000	.644
Our hotel is concerned about the fluctuations in its profits	1.000	.905
The hotel invests additional money for better value of services	1.000	.584
Our hotels have internal controls for the documentation of expenses and receipts	1.000	.694
Internal operational rules and regulations are developed and disseminated	1.000	.800

Extraction Method: Principal Component Analysis.

Factor analysis elements were used to the risk-taking measuring scales. Table 2.3's principal component analysis findings show that three components had Eigen values that were more than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. The three components' Eigen values for taking risks were 3.209, 2.092, and 1.358. As shown in table 3.5, the risk taking components collectively accounted for 73.989 percent of

the total variation. The first component alone accounted 35.654 percent of the overall variation, the second factor explained 23.243 percent, and the third factor explained 15.093 percent.

Table 3.5: Total Variance Explained for Risk Taking

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.209	35.654	35.654	3.209	35.654	35.654
2	2.092	23.243	58.896	2.092	23.243	58.896
3	1.358	15.093	73.989	1.358	15.093	73.989
4	.807	8.967	82.957			
5	.662	7.352	90.308			
6	.365	4.061	94.369			
7	.280	3.114	97.483			
8	.118	1.306	98.789			
9	.109	1.211	100.000			

Extraction Method: Principal Component Analysis.

2.2.2 Innovation

When the questionnaire was initially put together, the variable innovation contained 8 questions. According to table 3.6, all eight innovation-related factors had factor loadings over 0.4 and in the range of 0.421 and 0.781, making them all genuine.

Table 3.6 Factor loadings for Innovation

Statements on Innovation	Initial	Factor loadings
Our hotels always look out for new business opportunities	1.000	.429
Our services specifically respond to customer needs	1.000	.751
The hotel often creates new products that will provide value for customers.	1.000	.722
The hotel always finds new ways to reach out to customers such as through social media	1.000	.592
The hotel always finds ways to create value to customers such as through social media.	1.000	.781
Our hotel has adopted online interaction with guests	1.000	.545
Our hotel has invested on service innovation strategies	1.000	.614
e-marketing has helped our hotel share customers experiences	1.000	.421

Extraction Method: Principal Component Analysis.

Aspects of factor analysis were used to the innovation measuring scales. Table 3.7's findings from the principal component analysis show that there were three components with Eigen values higher than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. The two components' Eigen values for innovation were 3.357, 1.477, and 1.017. As seen in table 3.7, the determinants for innovation collectively accounted for 60.695 percent of the total variation. The second component explained 18.727 percent of the overall variation, whereas the two factors together accounted 41.968 percent.

Table 3.7: Total Variance Explained for Innovation

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.357	41.968	41.968	3.357	41.968	41.968
2	1.498	18.727	60.695	1.498	18.727	60.695
3	.961	12.009	72.704			
4	.822	10.278	82.982			
5	.599	7.482	90.464			
6	.372	4.645	95.109			
7	.217	2.717	97.826			
8	.174	2.174	100.000			

Extraction Method: Principal Component Analysis.

2.2.3 Proactiveness

The initial version of the questionnaire included 11 items for the proactiveness variable. Table 3.8 shows that all 11 of the proactiveness variables had factor loadings that were above 0.4 and between 0.589 and 0.914, indicating that they were all deemed legitimate.

Table 3.8 Factor loadings for Proactiveness

Statements on Proactiveness	Initial	Factor loading
The hotel always strives to enter new markets	1.000	.759
The hotel regularly introduces new products for emerging markets.	1.000	.828
There is shared vision among employees in our hotel	1.000	.731
The hotel regularly introduces new production technology to improve efficiency.	1.000	.786
The hotel is always introducing new business processes to keep up with emerging technology such as mobile money.	1.000	.914
The hotel appropriately exploits recognized opportunities	1.000	.913
Strategic alternative is performed as per the changes in the environment	1.000	.856
Customer satisfaction is measured regularly in our hotel	1.000	.589
Our products and services are improved to the suitability of the market	1.000	.867
Understanding customer needs are important as a competitive factor	1.000	.813
Customer information used for service development	1.000	.836

Extraction Method: Principal Component Analysis.

The components of factor analysis were used to the proactiveness assessment scales. Table 3.8's principal component analysis findings show that four components had Eigen values that were more than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. The four elements' Eigen values for proactiveness were 4.840, 1.626, 1.301, and 1.126. As shown in table 3.9, the proactiveness-related components together accounted for 80.834 percent of the overall variation. Individually, the four factors accounted

for 43.998 percent of the variation, followed by the second factor at 14.778 percent, the third at 11.823 percent, and the fourth at 10.235 percent.

Table 3.9:Total VarianceExplained forProactiveness

Component	Initial Eigenvalues			ExtractionSums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.840	43.998	43.998	4.840	43.998	43.998
2	1.626	14.778	58.776	1.626	14.778	58.776
3	1.301	11.823	70.599	1.301	11.823	70.599
4	1.126	10.235	80.834	1.126	10.235	80.834
5	.769	6.994	87.827			
6	.411	3.737	91.564			
7	.380	3.452	95.015			
8	.275	2.500	97.515			
9	.165	1.497	99.012			
10	.086	.782	99.794			
11	.023	.206	100.000			

Extraction Method: Principal Component Analysis.

2.2.4 Competitive aggressiveness

At the time the questionnaire was first put together, the variable "competitive aggressiveness" comprised 8 items. According to table 3.10, item number five had a factor loading below 0.4, which 0.57, and will be removed from the final questionnaire. Of the eight components for competitive aggressiveness, seven had factor loadings that were above 0.4 and between 0.467 and 0.733, making them legitimate.

Table 3.10 Factor loadings for Competitive Aggressiveness

	Initial	Extractio
The hotel enters new markets ahead of competitors	1.000	.691
The hotel often introduces new services before its competitors	1.000	.698
The hotel always try to introduce new services to beat the existing competitor's position within a short time	1.000	.641
The hotel always change the service delivery process to make them more efficient than the competitors	1.000	.726
The hotel strives to lower cost in order to offer services at competitive prices	1.000	.057
Our hotel spends substantial amount of financial resources in sales promotion	1.000	.467
Our hotel has a strong tendency to increase its market share through sustainable marketing strategies	1.000	.733
The hotel stimulates new demand on existing products in the current market through aggressive advertisement	1.000	.656

Extraction Method: Principal Component Analysis.

Factor analysis components were used to the competitive aggressiveness measuring scales. Principal component analysis findings in table 3.10 show that there were two components with Eigen values greater than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. The two components' Eigen values for competitive aggressiveness were 3.244 and 1.426, respectively. As shown in table 3.11, the determinants for competitive aggressiveness collectively accounted for 58.369 percent of the total variation. Individually, the two variables accounted for 40.548 percent of the total variation, whereas the second component accounted for 17.821 percent.

Table 3.11:Total VarianceExplained forCompetitiveaggressiveness

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.244	40.548	40.548	3.244	40.548	40.548
2	1.426	17.821	58.369	1.426	17.821	58.369
3	.997	12.465	70.834			
4	.881	11.010	81.844			
5	.667	8.339	90.183			
6	.381	4.761	94.944			
7	.260	3.253	98.196			
8	.144	1.804	100.000			

Extraction Method: Principal Component Analysis.

2.2.5 Autonomy

10 elements made up the variable autonomy when it was first assembled in the survey. As shown in table 3.12, all 10 factors for autonomy were deemed genuine because their factor loadings were above 0.4 and between 0.589 and 0.816.

Table 3.12 Factor loadings for autonomy

	Initial	Extractio
The hotel is always inclined towards encouraging employees make appropriate decisions	1.000	.792
The hotel regulates working time for employees	1.000	.666
The hotel allows employees the take responsibility for all the decisions they make	1.000	.773
The hotel allows the employees to take responsibility for the results of all their decisions	1.000	.657
Possible alternatives and consequences of decisions made by employees are known	1.000	.816
Decisions made by employees yield expected gains	1.000	.672
Decisions made by employees are effectively utilized by the management	1.000	.788
Employees are empowered to make decisions in line with their area of work	1.000	.627
Employees are involved in the budgeting process	1.000	.589
The hotel involves employees in setting the business goals	1.000	.648
Extraction Method: Principal Component Analysis.		

The components of factor analysis were applied to the autonomy measurement scales. Table 3.12's principal component analysis findings show that 3 components had Eigen values that were more than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. The three elements' Eigen values for autonomy were 4.504, 1.454, and 1.070. According to table 3.13, the determinants for autonomy together accounted for 70.283 percent of the overall variation. Individually, the three components accounted for 45.042 percent of the variation, the second factor for 14.540 percent, and the third factor for 10.701 percent.

Table3.13:TotalVariance Explained forAutonomy

	InitialEigenvalues			Extraction Sumsof SquaredLoadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.504	45.042	45.042	4.504	45.042	45.042
2	1.454	14.540	59.582	1.454	14.540	59.582
3	1.070	10.701	70.283	1.070	10.701	70.283
4	.943	9.430	79.712			
5	.702	7.021	86.733			
6	.555	5.545	92.278			
7	.404	4.036	96.314			
8	.178	1.776	98.090			
9	.107	1.074	99.163			
10	.084	.837	100.000			

Extraction Method: Principal Component Analysis.

2.2.6 Dynamic Capabilities

The initial version of the questionnaire had six items related to the changeable dynamic capacities. As shown in table 3.14, all six factors for dynamic capabilities had factor loadings that were above 0.4 and between 0.621 and 0.847, indicating that they were all deemed legitimate.

Table 3.14 Factor loadings for Dynamic Capabilities

Statements onDynamic Capabilities	Initial	Factor loadings
The hotel frequently scans the environment to identify new business opportunities	1.000	.732
The hotel periodically review the likely effect of changes in business environment on customers	1.000	.829
The hotel often review service development efforts to ensure they are in line with what customers want	1.000	.621
The hotel often integrates its resources for developing new services	1.000	.835
The hotel devotes its time and resources in renewing its operations for the improvement of the existing services	1.000	.818
The operations of the hotel changes as per the emerging trends of the market	1.000	.847

Extraction Method: Principal Component Analysis.

Factor analysis components were used to the dynamic capacities measuring scales. Principal component analysis findings in table 3.16 show that there were two components with Eigen values greater than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. One factor's Eigen values for dynamic capacities were 4.682. As seen in table 3.15, the component for dynamic capacities accounted for 78.307 percent of the overall variation.

Table 3.15:Total VarianceExplained forDynamicCapabilities

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.682	78.037	78.037	4.682	78.037	78.037
2	.533	8.879	86.917			
3	.411	6.856	93.772			
4	.178	2.972	96.744			
5	.149	2.480	99.225			
6	.047	.775	100.000			

Extraction Method: Principal Component Analysis.

2.2.7 Performance of Hotels

When the questionnaire was first put together, there were 7 items related to hotels' inconsistent performance. As shown in table 3.16, all 7 variables for hotel performance had factor loadings above 0.4 and between 0.426 to 0.893, and were thus regarded as legitimate.

Table 3.16 Factor loadings for Performance of Hotels

	Initial	Extraction
The occupancy rate has increased in the last few years	1.000	.426
The hotel room bookings surpasses the bed capacity	1.000	.745
Our hotel does not suffer from high customer complains	1.000	.885
Our hotel enjoys high customer loyalty	1.000	.893
Our hotel consistently meet and exceed customer expectations that keeps our guests coming back	1.000	.779
Our service culture has enhanced the hotel an image	1.000	.767
The refurbished facilities has earned the hotel more customer referrals	1.000	.703

Extraction Method: Principal Component Analysis.

The components of factor analysis were used to the performance measuring scales for hotels. Table 3.19's principal component analysis findings show that three components had Eigen values that were more than 1.0. The percentage of the overall variation that a component contributes to is indicated by its Eigen value. The two components' Eigen values for hotel performance were 3.544, 1.655, and 1.114. As shown in table 3.20, the variables linked to hotel performance together accounted for 74.264 percent of the overall variation. The first component alone accounted for 50.626 percent of the variation, whereas the second factor did so for 23.638 percent.

Table 3.17:Total VarianceExplained forPerformance ofHotels

	InitialEigenvalues			Extraction Sums of SquaredLoadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.544	50.626	50.626	3.544	50.626	50.626
2	1.655	23.638	74.264	1.655	23.638	74.264
3	.790	11.283	85.548			
4	.535	7.647	93.195			
5	.260	3.720	96.915			
6	.158	2.259	99.173			
7	.058	.827	100.000			

Extraction Method: Principal Component Analysis.

3.6.1.2Reliability of the Research Instrument

Orodho, Abobo, and Osero (2014) define instrument dependability as the degree to which a research tool produces consistent data or outcomes after several trials. The Cronbach's alpha test, an indicator of inner coherence that groups together sets of questions that are closely related, was used to examine the legitimacy of the instrument. To compute Cronbach's Alpha, it is not required to give respondents the same questionnaire twice or to give the exam in two distinct ways (Diener et al., 2010). When several summated scales are used, as in this study, internal consistency—or the degree of item interrelatedness—is taken into account by Cronbach's alpha (Dunn, Baguley, & Brunsden, 2014).

The formula for Cronbach’s alpha is:

$$\alpha = \frac{K\bar{r}}{(1 + (K-1)\bar{r})}$$

Where $K =$ the amount of indications or the number of things

$$\bar{r} = \text{mean inter} - \text{indicator correlation.}$$

A Cronbach alpha value of 0.7 or higher indicates excellent internal consistency (Cronbach, 1951). The result that one finds frequently indicates the degree of the reliable variance. A number of 0.7, for example, suggests that 70% of the volatility in the scores is trustworthy variance and 30% is error variance, according to Tavakol and Derrick (2011) and Cronbach (1951). High alpha values of questions assessing an underlying (or latent) notion were used as evidence. Reliability was verified by piloting, which comprised distributing 34 questionnaires to participants and comparing their responses to the study's objectives. A Cronbach's alpha coefficient value of > 0.7 was considered reliable for this investigation. Cronbach's alpha coefficients that are closer to 1 are preferred since they indicate that the scale's items are internally consistent (Maniu & Maniu, 2015; Matkar, 2012). Using the results of the pilot study, the researcher was able to make revisions to the questionnaire that would still fulfill the objectives of the study (Fraenkel, Wallen, & Hyun, 2012). Risk-taking exhibited a Cronbach's alpha of.751, innovation a.762, pro-activeness a.838, competitive aggressiveness a.770, autonomy a.766, dynamic capacities a.933, and hotel performance a.811, as per the pilot findings. These variables will be examined in more detail below. The finding that every variable met the minimal 0.70 threshold indicates that the instrument was reliable.

Table 3.18 Reliability Statistics of Variables

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Risk Taking	.751	.752	9
Innovation	.762	.788	8
Proactiveness	.838	.856	11
Competitive aggressiveness	.770	.760	8
Autonomy	.766	.831	10
Dynamic Capabilities	.933	.943	6
Performance of Star Rated Hotels	.811	.782	7

Source, Field Data, 2022

3.6.2Data CollectionProcedure

The processes to distribute the study instrument, a questionnaire, are outlined in the Data Collection Procedure. Before giving out the questionnaire, the researcher and research assistants gave the respondents an explanation of the survey's goals. The instructions instructed the respondents to indicate in their response if they understood the language used to explain the research variables and agreed, disagreed, or were unsure. Undecided was the midway. Part A of the questionnaire contained data on age range, highest degree of education, number of years the hotel has been open, and firm growth services. In Part B, information was sought on performance as well as the research factors (risk-taking, originality, proactiveness, competitive aggressiveness, autonomy, and dynamic skills). The respondents were given a privacy assurance. The drop and pick method was then used to distribute the surveys. To follow up and remind people, the researcher and research assistants paid follow-up calls and in-person visits. This enhances dependability and reactivity.

3.7Data Processing and Analysis

The consistency and correctness of the data were examined. The data processing and screening process included response rate checks and missing data management. The study did not contain any missing data. The response rate was adequate to guarantee external validity. In the study, any response rate of 50% or above was deemed appropriate for analysis (Vasileiou, Barnett, Thorpe, & Young, 2018). The completed questionnaires were loaded into the SPSS software, version 25.0, for examination. The researcher's initial study of the data was looking at the score distribution using simple descriptive statistical measures like mean, standard deviation, and percentages. This improved the visibility of the overall trend in the data.

ANOVA, multiple regression, hierarchical regression, Pearson product moment coefficient correlation, and Chi-Square connection tests were used to evaluate the data. The strength of the association between EO and the performance of hotels with varying star ratings was measured using the Pearson product moment coefficient correlation. Furthermore, the test is based on the assumption that the data is linear. To find out whether there was a link between categorical variables, Chi-Square tests for the association (i.e., whether the variables are independent or connected) were utilized. To examine the effects of several independent factors on a single dependent variable, multiple regression analysis was employed (Jeong & Jung, 2016). The performance of star-rated hotels was the dependent variable, and multiple regression analysis was employed to see if a set of independent factors (EO) collectively predicted it. Hierarchical regression was used, according to Henseler and Fassott (2010), to evaluate the moderating variable's impact on the link between the independent and dependent variables. The only variables that interacted in the first model were the independent and dependent variables. The model produced the beta () coefficients for every independent variable.

Assessment of variance, or ANOVA, was used to examine the ideas. By contrasting the variation across samples with the variation inside each of these samples, this test searches for variations in population mean values. Data that is regularly distributed are subjected to ANOVA. The samples were from a normally distributed population, and the dependent variable was quantitative in character. Hierarchical regression was employed in the study to look for a moderating effect (Baron & Kenny, 1986). This is how the model was described:

Equation 1 shows how the five traits of an entrepreneurial orientation, represented by the ordinary predictors X1 through X5, affect the performance of star-rated hotels, Y.

Equation 2 illustrates how the independent variables and moderator interact with the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \quad (1)$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 M + \beta_7 X_1 M + \beta_8 X_2 M + \beta_9 X_3 M + \beta_{10} X_4 M + \beta_{11} X_5 M + \varepsilon \quad (2)$$

Where;

Where, Y = Performance of hotels

β_0 = Constant

$\beta_1 \ldots \beta_5$= the coefficients of the variables in themodel.

X_1 Ris taking

X_2 Innovation

X_3 Pro-activeness

X_4 Competitiveaggressiveness

X_5 Autonomy

M Dynamiccapabilities asthe moderatingvariable

ε Errorterm (the residual error, which isan unmeasuredvariable)

Version 25 of the Statistical Package for Social Sciences (SPSS) was used to analyse each of the aforementioned statistical tests. There is a moderation effect when then the interactions are statistically significant

3.7.1 Hypothesis Testing

According to Carlin and Louis (2010), hypothesis testing is a formal, systematic process for determining if a claim about a population is acceptable using sampling data. The technique to decide whether the hypothesis should be rejected or not be rejected is based on sample evidence and probability theory(Rouder, Speckman, Sun, Morey, & Iverson, 2009).

Table 3.19Details of hypothesistesting

Hypothesis	Test Statistic	Interpretation
H_{01}:Risk taking has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	Fail to reject H_{01} if p =≥ 0.05 or reject if p=≤ 0.05
H_{02}: Innovation has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	Fail to reject H_{02} if p =≥ 0.05 or reject if p=≤ 0.05
H_{03}Proactiveness has no statistically significant effect on performance of star rated hotel in North Rift Region, Kenya.	t-test	Fail to reject H_{03} if p =≥ 0.05 or reject if p=≤ 0.05
H_{04}Competitive aggressiveness has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	Fail to reject H_{04} if p =≥ 0.05 or reject if p=≤ 0.05
H_{05}Autonomy has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	Fail to reject H_{05} if p =≥ 0.05 or reject if p=≤ 0.05
H_{06}: Dynamic capabilities have no statistically significant moderating role on the relationship between entrepreneurial orientation and performance of star rated hotels in North Rift Region, Kenya.	t-test and F-test	Fail to reject H_{06} if p =≥ 0.05 or reject if p=≤ 0.05

3.9.2 Assumptions of Multiple Regression

To determine if a number of predictor factors adequately explain the dependent variable's behaviour, regression analysis is utilised. According to Tabachnick and Fidell (2001), the study looked at the regression's homoscedasticity, linearity, multicollinearity, and normalcy assumptions.

The concept of normal distributions for variables is the foundation of regression. values with non-normal distributions, including kurtosis or severely skewed values, can skew crucial relationships and tests. This study employed skewness and kurtosis to assess the hypothesis (Osborne & Waters, 2002). Skewness and kurtosis, according to Cooper & Schindler (2008), measure how peaky and how much a distribution deviates from symmetry. Both the skewness and the kurtosis values should be zero in accordance with normal distribution statistics (Tabachnick & Fidell, 2007). According to Hair, Money, Samouel, and Page's 2007 study, data skewness levels should be between +1 and -1 while kurtosis values should be between +3 and -3.

When there is a linear link, the degree to which dependent and independent variables are related is known as linearity, As stated by Fidell and Tabachnick (2001). The findings of the regression analysis may have exaggerated the genuine connection if there is a nonlinear connection involving the variables that are independent and the dependent variable, also known as the DV (Osborne & Waters, 2002). The linearity was evaluated using the Pearson correlation coefficient. The coefficient of Pearson correlation, sometimes known as "r," has a value between -1 and 1. The magnitude of the linear connection between both of the variables increases as r from 0. The sign for r indicates the connection's orientation. Both variables have a propensity to climb when one rises if r is positive. One variable tends to expand while the other tends to decrease if r is negative Williams (2015) states that a linear function of one variable may accurately describe the other variable in a perfect linear connection (r=-1 or r=1).

Sohrabi (2015) states that the range of values for r's absolute value is as follows: 0.00-0.19 for very weak, 0.20-0.39 for weak, 0.40-0.59 for moderate, 0.60-0.79 for strong, and 0.80-1.00 for very strong.

Strong linear correlations between two or more explanatory variables in a multiple regression model are referred to as multicollinearity. Correlation, tolerance, and variance inflation factor were the three primary criteria used to evaluate multicollinearity (Osborne & Waters, 2002). **The multicollinearity** was examined using the variance inflation factor. The variance inflation factor (VIF) in a regression model quantifies the impact of collinearity between the variables. VIF is one type of tolerance. It is necessary for the VIF number to be smaller than 10. Multicollinearity is evident when the VIF value is more than 10. Williams (2015) states that an individual's tolerance level should range from 0 to 1. The correlation coefficient that each component has with itself is always the greatest. Consequently, the principal diagonal of the correlation matrix contains 1s. Given that it's an identity matrix, this suggests that multicollinearity doesn't exist (Kothari, 2009).

Homoscedasticity: A condition is said to be homoscedastic when the error term, often known as the "noise" or random disturbance in the connection between the independent and dependent variables, is the same for all values of the independent variables.

Heteroscedasticity is a breach of homoscedasticity that happens when the magnitude of the error term changes among values of the independent variable (McDonald, 2017). This hypothesis was visually verified using p-p scatter plots. (Allison, 2015).

3.8 EthicalConsiderations

Problems with research ethics help to draw the lines between suitable and unacceptable action. Since it is unethical to fabricate or falsify data, research is encouraged to pursue knowledge

and the truth, which is its primary goal. According to Tharenou, Donohue, and Cooper (2007), researchers should consider any potential ethical difficulties before beginning a study. A letter of reference from the school of business and economics was received in order to secure research authorization from the National Commission for Science, Technology, and Innovation (NACOSTI).

Prior to administering the questionnaire, a statement describing the study's goals and guaranteeing the participants' anonymity, confidentiality, and consent was attached, as advised by Creswell (2012). The rights of participants were protected during the data collection process thanks to this form. While collecting data, the researcher also made sure to be patient, honest, and empathetic with respondents. This is consistent with the viewpoint of Tharenou et al. (2007), who assert that a number of moral principles need to be respected, such as respecting individuals, allowing them the freedom to make their own decisions, defending the rights of people who lack autonomy, and safeguarding privacy and anonymity. The initial page of the survey addressed the topic of the study, the notion of confidentiality, and the concept of anonymity. When the surveys were issued, the respondents also received more information on the topic.

CHAPTERFOUR

DATA ANALYSISAND DISCUSSIONOF FINDINGS

4.1ResponseRate

Employees at star-rated hotels in the North Rift Region of Kenya received a total of 278 structured questionnaires. 252 of the total 278 surveys were completed and returned. 14 of these surveys were eliminated due to incompleteness, inappropriate completion, or absence of answer. 238 of the surveys were completed accurately by the researcher, for an overall response rate of 85.6%. It was decided that this response rate was sufficient to make study-related findings. According to Rea and Parker (2014), a response of 50% or above is enough for analysis, 60% is deemed satisfactory, and 70% or higher is regarded as very excellent. Consequently, the 85.6% response rate was quite good. In order to remind respondents to fill out and return the surveys, personal calls and visits were made in order to get this response rate. Moreover, research assistants who dropped and then picked up completed surveys helped to enhance the response rate.

Table 4.1:ResponseRate

	Frequency	**Percent**
Completely filled questionnaires	238	85.6
Discarded Responses	14	5.0
Unreturned	26	9.4
Total distributed Questionnaires	278	100

Source: Field data, 2022

4.2 Demographic Results

In order to determine if the respondents in a given study are a sample that was representative of the population being studied for generalisation purposes, demographic information on those who participated is required (Salkind, 2010). We requested information from the responders about their demographics, which included the range of ages, highest level of education attained, length of time the hotel has been open, and if they thought business development services would benefit their organization. This information was deemed relevant for examining the ways in which dynamic capabilities, moderated by an entrepreneurial mindset, impacted the success of star-rated hotels in Kenya's North Rift Region.

4.2.1 Age of Respondents

Regarding the age range of the participants, who were workers, Table 4.17's results showed that:

Table 4.2:Age ofRespondents

Variables	**Age**	**Frequency**	**Percentage**
Age	20 -30 yrs	37	15.5
	31 -40 yrs	174	73.1
	41 -50 yrs	19	8.0
	51 -60 yrs	8	3.4
	>60yrs	0	0
Total		**238**	**100**

Source: Research study 2023

According to the findings, 15.5 percent of respondents were in the 20–30 age range, 73.1 percent were in the 31–40 age range, 8.0 percent were in the 41–50 age range, and 3.4 percent were in the 51–60 age range. This indicates that most workers are young, a dynamic period of life, and as a result, the hospitality industry in the North Rift Region, namely star-rated hotels, does not face the challenge of an aging workforce. You may see this in Table 4.1. In Kenya's North Rift Region, the study also discovered a correlation between age group and star-rated hotel performance. Table 4.3 displays the independence chi-square computation results.

Table 4.3: Chi-Square Test for the Associationbetween Age Bracket andPerformance of Star Rated Hotelsin North RiftRegion

	Value	Df	Asymp. Sig. (2-sided)
PearsonChi-Square	476.000[a]	474	.466
LikelihoodRatio	331.446	474	1.000
Linear-by-Linear Association	4.047	1	.044
NofValidCases	238		

a. 714 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

Source: Research study 2023

According to Table 4.3, there isn't any statistically significant connection within the North Rift Region's star-rated hotels' efficiency. and age bracket, as the P value of X2(474, N=238) = 476.000a is not less than (.05). This suggests that staff age has no impact on the star-rated hotels in the North Rift Region's performance.

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4.2.2.Highest level of Educatioof Respondents

According to the survey, the majority of the staff members had a diploma or higher in education. As Table 4.4 illustrates.

Table 4.4:Highest level of Educationof Respondents

Variables	Education level	Frequency	Percentage
Level of education	Certificate and below	28	11.8
	Diploma	175	73.5
	Bachelors	29	12.2
	Post graduate	6	2.5
Total		**238**	**100**

Source: Research study 2023

According to the findings, 73.5 percent of respondents had a diploma, followed by bachelor's degrees (12.2%%), certificates and below (11.8%), and postgraduate degrees (2.5%). Table 4.3 shows this in graphic form. This result suggests that the majority of employees were highly educated, able to grasp the information sought by the research and even properly interpret the questionnaire because they had education levels beyond certificate level. The study also found a link between respondents' highest level of education and star-rated hotel performance in Kenya's North Rift Region. The results of the independence chi-square calculation are shown in Table 4.5.

Table 4.5: Chi-Square Test for theAssociation BetweenHighestAcademic/Professional and Performance ofStar RatedHotels in NorthRift Region

	Value	Df	Asymp. Sig. (2-sided)
PearsonChi-Square	476.000[a]	474	.466
LikelihoodRatio	299.940	474	1.000
Linear-by-Linear Association	3.369	1	.066
NofValidCases	238		

a. 714 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

Source: Research study 2023

Table 4.20 indicates that there is no statistically significant correlation between the highest levels of education and professional experience held by respondents and the performance of star-rated hotels in the North Rift Region. This is because the P value for X2 (474, N=238) =476.000a is greater than (.05). This shows that the performance of star-rated hotels in the North Rift Region was unaffected by respondents' highest levels of academic and professional attainment.

4.2.3.For how long has the hotel been inoperation

The duration that the hotel has been in operation is as shown on Table 4.6 below.

Table 4.6: Duration of operation ofthe starrated hotel

Duration	**Frequency**	**Percentage**
3 yrs	11	4.6
4yrs	9	3.8
5 yrs	29	12.2
Above 5 yrs	189	79.4

Total	**238**	**100**

Source: Research study 2023

According to the findings, 4% of respondents have been in business for three years. 3.8 percent of businesses had been around for four years, 12.2 percent had been around for five years, and 79.4 percent had been around for more than five years. Therefore, a proportion of 79.4 percent of the star-rated hotels in the North Rift Region had been in business for more than five years. The conclusion of this is that the majority of the star-rated hotels have a strong entrepreneurial orientation and dynamic skills that have endured the industry's dynamic business climate. As a result, these were the appropriate sources of data for the study. The study also determined a link between the performance of the star-rated hotels in the North rift region and how long they had been in business. The chi-square test for independence was computed and results presented in Table 4.7

Table 4.7:Chi-SquareTest for theAssociation BetweenDuration ofOperationHoteland Performanceof Star Rated Hotels in North Rift Region

	Value	Df	Asymp. Sig. (2-sided)
PearsonChi-Square	476.000[a]	474	.466
LikelihoodRatio	308.288	474	1.000
Linear-by-Linear Association	6.844	1	.009
Nof ValidCases	238		

a. 714 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

Source: Research study 2023

The relationship between the number of years in operation and the performance of star-rated hotels in the North Rift Region is not statistically significant, as Table 4.7 illustrates, because

the P value of X2(474, N=238)=476.000a was not less than.05. This suggests that the length of a hotel's existence has little bearing on how well star-rated hotels perform in the North Rift Region.

4.2.4 Beneficial businessdevelopment servicesfor theenterprises

Beneficial business development services for the star rated hotels in north rift region, Kenya were as follows in Table 4.8

Table 4.8Business Development ServicesBeneficial forthe Enterprises

Business development services	**Frequency**	**Percent**
Customer Relationship Management	133	55.9
Business Plan development	28	11.8
Quality management	29	12.2
Management training	48	20.2
Total	**238**	**100.0**

Source: Research study 2023

The results of the survey showed that in 55.9% of the star-rated hotels, customer relationship management was profitable for enterprises. Additionally, the results indicated that 20.2% of the star-rated hotels in Kenya's North Rift Region said that management training was beneficial, with 11.8 percent adding that quality management and the development of business plans were also beneficial. The study also shown a relationship between the performance of star-rated hotels in the North Rift Region and effective business development services. Table 4.9 displays the results of the independence chi-square calculation.

Table 4.9Chi-SquareTest forthe Association BetweenBusinessDevelopment Services Beneficial for the Enterprises and Performanceof Star RatedHotels inNorth Rift Region

	Value	Df	Asymp. Sig. (2-sided)
PearsonChi-Square	714.000[a]	711	.461
LikelihoodRatio	550.426	711	1.000
Linear-by-Linear Association	1.141	1	.285
NofValidCases	238		

a. 714 cells (100.0%) have expected count less than 5. The minimum expected count is .08.

Table 4.9 indicates that there is no statistically significant correlation between the performance of star-rated hotels in the North Rift Region and helpful business development services, as the P value was not less than (.05) and X2 (711, N=238) =714.000a. This implies that the North Rift Region's star-rated hotels operate mostly independently of efficient business development services..

4.3 DescriptiveResults forVariables

The purpose of the study was to ascertain respondents' perceptions of the star-rated hotels in Kenya's North Rift Region's entrepreneurial orientation (risk-taking, innovation, proactivity, competitive aggression, and autonomy), dynamic capacities, and performance. In this respect, the study made use of a number of Likert-type items, the responses to which were added up to provide interval data. A five-point Likert scale was used, with scores ranging from 1 to 5, from extremely low to very high.

As a result, the average of the totaled scores was also between 1 and 5. According to Squires, Estabrooks, Newburn-Cook, and Gierl (2011) and Orchard, King, Khalili, and Bezzina (2012),

the minimum and maximum lengths of the 5-point Likert type scale were calculated by (5 1 = 4) and then divided by 5 as it is the greatest value of the scale, resulting in (4 5 = 0.80), which produced an equidistance of 0.8. The following intervals were created as a consequence of distributing the 0.8 equidistance throughout the likert scale: Strongly Disagree (SD) is 1.0 to 1.8, Disagree (D) is 1.8 to 2.6, Undecided (UD) is 2.6 to 3.4, Agree (A) is 3.4 to 4.2, and Strongly Agree (SA) is 4.2 to 5.0. The findings of each item were interpreted using the mean. According to Hair et al. (2010), normal data has kurtosis between -7 and +7 and skewness between -2 and +2. According to Tabachnick and Fidell (2013), sample sizes greater than 200 frequently have little impact on the Skewness and Kurtosis deviations from normalcy. According to Kline (2011), values of Skewness over 3 and Kurtosis over 10 suggest a concern, however values of Kurtosis over 20 indicate a more serious issue. Kurtosis and Skewness shouldn't be greater than 3 and 10(Sovey et al., 2022).

4.3.1 Risk Taking

The researcher attempted to ascertain the state of risk-taking at the star-rated hotels in the North Rift Region of Kenya, based on the study findings shown in Table 4.10.

Table 4.10: Risk Taking

Statement	N	MIN	MAX	SKEW	KURT	M	SD
The hotel takes calculated risk in business decisions	238	1	5	-.761	.231	3.92	.938
Our hotel is willing to accept a certain level of risk when introducing new products	238	1	5	-.784	-.104	3.86	.983
Our hotel can shy away from taking up an opportunity due to the risk of failure	238	1	5	-.942	.229	4.00	1.065
The hotel encourages employees to take business-oriented risks without fear of punishment	238	1	5	-.996	.449	3.93	1.010
The hotel frequently takes calculated risks with new ideas	238	1	5	-.988	.982	3.97	.914
Our hotel is concerned about the fluctuations in its profits	238	1	5	-.931	-.031	3.84	1.192
The hotel invests additional money for better value of services	238	2	5	-.742	.159	4.12	.813
Our hotels have internal controls for the documentation of expenses and receipts	238	1	5	-.635	-.375	3.95	.982
Internal operational rules and regulations are developed and disseminated	238	1	5	-.915	.824	3.92	.949

***Source*:** Research study 2023

Key: N = Number, MIN = Minimum, MAX = Maximum, SKEW = Skewness, KURT = Kurtosis, M = Mean, SD= Standard Deviation

With a maximum score of 5 and a minimum score of 1, respectively, the results demonstrated that while some respondents strongly agreed that the hotel takes measured risk in business choices, others disagreed. Nonetheless, the responses were normal, with a mean of 3.92 and values for skewness and kurtosis that were within the acceptable range. Based on a standard deviation from the mean, it may be inferred that most Participants concurred that the hotel

takes calculated risks while making business choices, while a tiny percentage disagreed. Most of the participants agreed that hotels should be ready to take some risk when releasing new things, with a maximum score of 5 and a minimum score of 1. Hence, the replies had a skewness of -.784 and a kurtosis of -.104, centered around the mean value of 3.86. With a standard deviation of.983 from the mean, most of the participants felt that star-rated hotels took a certain amount of risk when launching new items, but some respondents disagreed. A skewness of -.942 and a kurtosis of.229 (Mean = 4.00, SD = 1.065) indicate that while Most of the participants agreed that their hotels occasionally hesitate to seize opportunities because of the possibility of failure, some did not agree, as demonstrated by the maximum and minimum responses of 5 and 1, respectively. This implied that the Participants concurred that their hotels occasionally hesitate to take advantage of opportunities because they fear failure.

Most of the participants seemed to agree that their hotels encouraged staff to take calculated risks without fear of punishment, based on a normal distribution of responses with skewness of -.996, kurtosis of.449, and a mean of 3.93. However, some respondents disagreed, with a standard deviation of 1.010 from the mean (Min=1, Max=5). Star hotels in the North Rift region encourage its employees to take calculated risks without fear of repercussions as a result. With a mean of 3.97, skewness of -.988, kurtosis of.982, and a majority of respondents, hotels often take calculated chances with creative concepts. While the mean indicated that hotels often take calculated chances with novel innovations, the standard deviation of.914 from the mean (Min=1, Max=5) indicated that some respondents disagreed.

Furthermore, with skewness = -.931, kurtosis = -.031 and a mean of 3.84, Most of the participants agreed that their hotels are concerned about the variances in their profitability. However, some disagreed, with a difference from the mean of 1.192 (Min=1, Max=5). This implied that, like any other business, hotels were concerned about fluctuations in their profits

and that, thus, profit-maximizing strategies were inevitable. Most participants concurred that hotels have to invest more funds in order to offer more valuable services. With a mean of 4.12 and a standard deviation of.813, the symmetrical responses indicate that some respondents (Min=2, Max=5) were not in agreement. The results show that hotels have internal controls in place for keeping track of receipts and costs. Based on the mean of 3.95, skewness of -.635, and kurtosis of -.375, Most of the participants agreed with this statement; nevertheless, some disagreed based on the standard deviation of.982 from the mean (Min=2, Max=5). Thus, internal controls for expenses and receipts are used by starred hotels in Kenya's North Rift Region. This leads to improved reporting on the North Rift Region's star-rated hotels' financial performance.

Ultimately, Most of the participants agreed that internal operational rules and regulations are created and conveyed, based on the mean of 3.92 and the standard deviation of.949 from the mean (Min=1, Max=5). Some responders, meanwhile, weren't sure and disagreed. This entailed star-rated hotels in Kenya's North Rift Region developing and disseminating internal operational standards and procedures. The research indicates that hotels in the North Rift areas take chances. The findings indicate that people working in the North Rift Region's hotel industry prefer to control risks by taking calculated chances to maximize return on investment, which is a key component of their success. Yeh (2021) highlights this conclusion by saying that effective risk management is essential to the daily operations of any firm involved in tourism because of the sector's volatility.

4.3.2.Innovation

Based on the research results shown in Table 4.11, the investigator aimed to determine the level of innovation in star-rated hotels in Kenya's North Rift Region.

Table 4.11: Innovation

Statement	N	MIN	MAX	SKEW	KURT	M	SD
Our hotels always look out for new business opportunities	238	1	5	-.392	1.584	3.99	.816
Our services specifically respond to customer needs	238	1	5	-.178	1.807	4.46	.825
The hotel often creates new products that provide value for customers.	238	1	5	-.756	2.531	4.50	.686
The hotel always finds new ways to reach out to customers	238	1	5	-.955	1.686	3.96	.778
The hotel always finds ways to create value to customers.	238	1	5	-.653	1.196	3.96	.754
Our hotel has adopted online interaction (such as through social media) with customers	238	1	5	-.315	2.660	3.96	.762
Our hotel has invested on service innovation strategies	238	1	5	-.850	2.411	3.75	.714
e-marketing has helped our hotel share customers experiences	238	1	5	-.683	1.645	3.90	.716

Source: Research study 2023

Key: N = Number, MIN = Minimum,MAX = Maximum,SKEW = Skewness, KURT Kurtosis, M = Mean, SD= Standard Deviation.

The results demonstrated that Most of the participants believed that their hotels continuously search for new business prospects, with a mean of 3.99, skewness = -.392, and kurtosis = 1.584. There was a small minority that disagreed, with a standard deviation of.816 (Min=1, Max= 5). This implies that in order to increase their clientele, start-rated hotels in the North Rift Region are always looking for new business ventures. The hotel's services correctly suit the demands of its guests, as evidenced by the mean of 4.46 and the standard deviation from the mean of.825 (Min=1, Max=5). It suggests that in response to client requests, North Rift star hotels enhance their offerings.

With a mean of 4.50, skewness of -.756, and kurtosis of 2.531, the symmetry of the responses suggested that most participants believed hotels frequently created new products that provided value to customers. A standard deviation of.686 (Min=1, Max=5), however, indicated a degree of confusion and disagreement among a few respondents. With a mean of 3.96, skewness of -.955, kurtosis of 1.686, and variation from the mean of.778, most respondents said that hotels should constantly be looking for new and innovative methods to interact with its patrons. It is clear that social media consumer engagement is highly valued by Kenya's star-rated hotels in the North Rift Region. As seen by the mean of 3.96, skewness of -.653, kurtosis of 1.196 (Min=1, Max=5), and SD of.754, most respondents likewise agreed that their hotels continuously look for ways to provide guests with value. Hotels have focused implementing online consumer interaction through social media, despite some respondents' disagreements and ambiguities, as indicated by a mean score of 3.96 and a standard deviation of.792. Star-rated hotels in the North Rift Region have adopted online engagement with their patrons (via social media, for example) in order to improve their customers' access to information and increase their market share (Min=1, Max=5, with an SD=.762). The majority of guests agreed that their hotels had participated in service innovation initiatives, with a mean score of 3.75, skewness of -.850, and kurtosis of 2.411. However, a standard deviation of.714 suggested that some had not. No doubt, leveraging their entrepreneurial spirit, prestigious hotels in the North Rift region have tried with service innovation ideas.

Most of the participants (mean = 3.90, skewness = -.683, kurtosis = 1.645) felt that e-marketing had made it easier for their hotels to communicate guest experiences; nevertheless, a small percentage disagreed and were unsure, departing from the mean by.716. This suggests that the vast majority of the area's star-rated hotels have shared their guests' experiences through e-marketing. These indicate that the cornerstone of hotel operations in the North Rift Region is to anticipate client wants and position yourself as a top alternative through innovation. Innovative ideas in the tourism and hospitality sectors drive growth, allowing companies to not only control their own market niches but also meet strict customer service requirements (Kozhukhivska et al., 2022).

4.3.3.Proactiveness

The researcher attempted to ascertain the level of proactiveness at the star-rated hotels in Kenya's North Rift Region, based on the study results shown in Table 4.12..

Table 4.12: Proactiveness

Statement	N	MIN %	MAX %	SKEW %	KURT %	M	SD
The hotel always strives to enter new markets	238	1	5	-.944	-.088	3.80	1.341
The hotel regularly introduces new products for emerging markets.	238	1	5	-.683	-.343	3.90	1.025
There is shared vision among employees in our hotel	238	1	5	-.824	-.104	3.73	1.161
The hotel regularly introduces new production technology to improve efficiency.	238	1	5	-.978	.480	3.98	1.065
The hotel is always introducing new financial processes to keep up with emerging technology.	238	1	5	-.755	-.862	3.58	1.450
Our hotel strives to meet changing customer expectations	238	1	5	-1.044	.297	4.00	1.127
Strategic alternative is embraced as per the changes in the business environment	238	1	5	-.785	-.151	3.92	1.056
Customer satisfaction is measured regularly in our hotel	238	1	5	-.783	-.662	3.58	1.384
Our products and services are improved to the suitability of the market	238	1	5	-.910	-.611	3.75	1.456
Understanding customer needs are important as a competitive factor	238	1	5	-.914	.181	4.06	.988
Customer information used for service development	238	1	5	-.965	2.615	4.18	.861

Source: Research study 2023

Key: N = Number, MIN = Minimum,MAX = Maximum,SKEW = Skewness, KURT = Kurtosis, M = Mean, SD= Standard Deviation.

The statistics shown in Table 4.12, with a mean of 3.80, skewness of -.944, and kurtosis of -.080, suggest that Most of the participants thought their hotels were always trying to break into

new markets. However, several respondents were unsure and disagreed, with a standard deviation from the mean of 1.341 (Min=1, Max=5). This indicates that the North Rift Area's star-rated hotels make an effort to attract more guests. The respondents, with a mean of 3.90, skewness of -.683, and kurtosis of -.343, concurred that their hotels often offer novel experiences for developing markets. When compared to the mean (Min=1, Max=5), the standard deviation was 1.025, which caused several respondents to disagree and express confusion. Therefore, the survival of the upmarket hotels in the North Rift Valley has depended heavily on their capacity to provide innovative goods that satisfy the needs of the expanding customers. Most of the participants thought that hotel workers had a single vision, as shown by a mean of 3.73, skewness = -.824, and kurtosis = -.104. A small minority disagreed, with a standard deviation of 1.161. This suggests that the North Rift Area's star-rated hotels have objectives that coordinate staff members' efforts to realize their common vision. A mean of 3.98 indicated that most Participants concurred that hotels should regularly use new production techniques to increase efficiency; the few respondents who disagreed and were unsure were represented by a standard deviation from the mean of 1.065 (minimum=1, maximum=5, skewness=-.978, kutosis=.480). This suggests that high-end hotels in Kenya's north rift area often use the latest in technology to increase efficiency. Moreover, Most of the participants indicated that their hotels continuously create new financial procedures to keep up with developing technology, with a mean of 3.58, skewness of -.775, and kurtosis of -.862. Uncertainty and division were suggested by a 1.450 standard deviation from the mean of the respondents. Star-rated hotels in the North Rift Region appear to be constantly introducing new financial practices to stay abreast of technological advancements, enhance the proactive reporting framework, and boost financial liquidity.

Additionally, the responses were symmetrically distributed around the 4.00 mean, suggesting that Most of the participants thought their hotels were trying to change to meet the needs of their customers. However, only a very small proportion of respondents disagreed, with a standard deviation of 1.127 from the mean (Minimum=1 Maximum=5). It suggests that in order to attract and keep both new and repeat customers, the star-rated hotels in the North Rift Region work hard to satisfy their changing demands. According to Most of the participants (Mean=3.92 SD=1.056), strategic choices are chosen in reaction to shifts in the business environment. This means that after determining whether they are a strategic fit, star-rated hotels in the North Rift area employ their other methods.

The replies were symmetric about the mean of 3.58, with a standard deviation of 1.384 from the mean (Minimum=1 Maximum=5), showing that while some respondents were uncertain and in disagreement, the majority were in agreement. This implies that regular assessments of customer satisfaction are conducted within their hotels. It suggests that the star-rated hotels situated along Kenya's north rift regularly assess customer satisfaction. With a mean score of 3.75, most Participants concurred that their services and goods have been enhanced to better fit the market. On the other hand, a standard deviation of 1.456 from the mean indicated that some respondents were unsure and discordant. As a result, how effectively the products and services satisfy their market will determine how important it is to operate star-rated hotels in the North Rift region. The respondents, with a mean score of 4.06, agreed that knowing your client's preferences is crucial while competing. However, a standard deviation of.988 from the mean (minimum = 1, maximum = 5) indicated that some respondents were dubious. This brings us to the unavoidable conclusion that star-rated hotels in North Rift's competitiveness is determined by how well they understand the wide range of customer expectations.

Lastly, the respondents responded in a symmetric distribution that customer information is used for improving services, with a mean score of 4.18. The standard deviation of.861 from the mean (minimum = 1 maximum = 5) indicates that there were many unsure and disagreeing responses, despite the fact that there were a few answers. This suggests that the five-star hotels in the North Rift region use visitor data to offer services that enhance their brands. These results show how hotels in the North Rift Region anticipate and take advantage of new chances in addition to adapting to changing economic situations and not relying just on their current clientele. As a result, they have made investments to capitalize on identified potential to maintain their performance. Proactive firms should theoretically have an advantage over reactive ones (Berry, 2019).

4.3.4. Competitive Aggressiveness

The researcher aimed to determine the level of competitive aggression in star-rated hotels in Kenya's North Rift Region, based on the study results shown in Table 4.13..

Table 4.13: Competitive Aggressiveness

Statement	N	MIN %	MAX %	SKEW %	KURT %	M	SD
The hotel always strives to enter new markets	238	1	5	-.944	-.088	3.80	1.341
The hotel regularly introduces new products for emerging markets.	238	1	5	-.683	-.343	3.90	1.025
There is shared vision among employees in our hotel	238	1	5	-.824	-.104	3.73	1.161
The hotel regularly introduces new production technology to improve efficiency.	238	1	5	-.978	.480	3.98	1.065
The hotel is always introducing new financial processes to keep up with emerging technology.	238	1	5	-.755	-.862	3.58	1.450
Our hotel strives to meet changing customer expectations	238	1	5	-1.044	.297	4.00	1.127
Strategic alternative is embraced as per the changes in the business environment	238	1	5	-.785	-.151	3.92	1.056
Customer satisfaction is measured regularly in our hotel	238	1	5	-.783	-.662	3.58	1.384
Our products and services are improved to the suitability of the market	238	1	5	-.910	-.611	3.75	1.456
Understanding customer needs are important as a competitive factor	238	1	5	-.914	.181	4.06	.988
Customer information used for service development	238	1	5	-.965	2.615	4.18	.861

***Source*:** Research study 2023

Key: N = Number, MIN = Minimum,MAX = Maximum,SKEW = Skewness, KURT = Kurtosis, M = Mean, SD= Standard Deviation.

Most of the participants agreed that hotels enter new markets before rivals, with a mean of 4.05, skewness of -1.057, and Kurtosis of.530; the standard deviation from the mean of 1.036

shows how few people disagreed and were unsure. According to a suggestion (Minimum=1, Maximum=5), the star-rated hotels in the North Rift area would employ techniques to enter new markets before rivals. Most of the participants agreed that their hotels usually offer new services before their competitors, with a mean of 4.02, skewness of -1.137, and kurtosis of 1.539; nevertheless, some disagreed and expressed skepticism, with a standard deviation from the mean of.907. In summary, the star-rated hotels in the North Rift Region frequently offer cutting-edge amenities before their rivals, giving them a competitive edge (Minimum=1, Maximum=5). Most of the participants agreed (Mean=3.99, SD=.974) that their hotels frequently develop new services to outperform the competition quickly, whereas a small minority disagreed or were unsure (Minimum=1, Maximum= 5). Additionally, most of the participants felt that their hotels continuously alter their service delivery processes to become more competitive, with a mean of 4.06, skewness of -1.509, and kurtosis of 2.196. With a standard deviation of 1.021 from the mean, a lower proportion represented doubt and divergence. As a result, the North Rift Area's star-rated hotels need to constantly modify the services they offer in order to stay competitive. The respondents were in agreement that their hotels spend a significant amount of money on sales and marketing, with a mean of 4.13 and a standard deviation of.895 from the mean. Only a small percentage of respondents said they were unsure or disagreed. As a result, the star-rated hotels in the North Rift Valley invest a significant amount of money in marketing and sales (Minimum=1, Maximum= 5). A small minority of respondents disagreed, with the majority (mean = 4.13; SD =.895 off the mean) believing that hotels had a significant tendency to expand their market share through sustainable marketing techniques. Star-rated hotels in the North Rift region have a significant propensity to use sustainable marketing strategies to grow their market share, as indicated by the range of (Minimum=1, Maximum=5).

The findings demonstrated that, on average, respondents (mean = 3.61) believed that strong promotion by their hotels creates new demand for popular items; nevertheless, some respondents (mean = 1.297; standard deviation = 5) disagreed and expressed uncertainty. With a skewness of -.738 and a kurtosis of -.572, this suggested that the North Rift Area's star-rated hotels actively promote their current goods to generate new demand. Based on the data, it appears that the star-rated hotels in the North Rift Region are still competing fiercely in the market. This shows how likely they are to confront competitors head-on in an effort to get access or strengthen their position. Their intense desire to grow both their market share and new demand serve as evidence of this. According to Muhonen (2017), a company's profitability and market share increase the more tasks it takes on and the faster it completes them.

4.3.5.Autonomy

Based on the research results shown in Table 4.14, the investigator aimed to determine the degree of autonomy in the five-star hotels located in Kenya's North Rift Region.

Table 4.14: Autonomy

Statement	N	MIN %	MAX %	SKEW %	KURT %	M	SD
The hotel enters new markets ahead of competitors	238	1	5	-1.057	.530	4.05	1.036
The hotel often introduces new services before its competitors	238	1	5	-1.137	1.539	4.02	.907
The hotels always introduce new services to beat the competitors within a short time	238	1	5	-1.189	1.437	3.99	.974
The hotel always changes the service delivery process to make them more competitive	238	1	5	-1.500	2.659	4.17	.937
Our hotel spends substantial number of financial resources in sales promotion	238	1	5	-1.509	2.196	4.06	1.021
Our hotel has a strong tendency to increase its market share through sustainable marketing strategies	238	1	5	-1.124	1.251	4.13	.895
The hotel stimulates new demand on existing products through aggressive advertisement	238	1	5	-.738	-.572	3.61	1.297

Source: Research study 2023

Key: N = Number, MIN = Minimum,MAX = Maximum,SKEW = Skewness, KURT = Kurtosis, M = Mean, SD= Standard Deviation.

According to the results, most participants agreed that hotels often assist their employees in making wise selections. With a mean of 3.71, skewness of -.954, and kurtosis of -.164, the answer was normally distributed. Some respondents disagreed, with a standard deviation of 1.292 from the mean (Minimum= 1 Maximum 5). This suggested that good accommodations in the North Rift Region promote staff involvement in decision-making. The poll results showed that most respondents believed that their hotels should limit staff work hours

(Minimum= 1 Maximum 5), with a mean of 3.82 and a standard deviation of 1.194. This suggests that the luxury hotels along Kenya's north rift regulate the number of hours that staff members work, so limiting their degree of flexibility with regard to their work schedules. The majority of respondents to the poll stated that people should be allowed to take responsibility for any actions they make (minimum= 1 maximum= 5), with a mean of 3.98 and a standard deviation from the mean of 1.008. Thus, it may be argued that high-end accommodation in the North Rift region has promoted responsible decision-making.

The data, which had a mean of 3.81, skewness of -914, and kurtosis of.226—showed that the majority of respondents thought hotels should let their employees to choose whether or not their actions were suitable. Nevertheless, there was a standard deviation of 1.068 from the mean (minimum= 1 maximum 5) in the replies, with some respondents disagreeing and others unclear. It suggests that the staff members of the five-star hotels in North Rift are allowed to consider their alternatives. With a mean score of 3.81, the majority of respondents agreed—based on normally distributed answers with a skewness of -.880 and a kurtosis of -.412—that worker choices are unanimous. With a standard deviation of 1.291 from the mean, the responses were inconsistent, with some respondents disagreeing and others unsure. Because of this, the five-star hotels in Kenya's north rift area permit its staff to come up with independent, alternative ideas. With a mean of 4.08 and a standard deviation of 1.015 from the mean, the respondents agreed as well that worker actions result in expected profits (Minimum= 1 Maximum= 5). In hotels with a star rating, judgments are made based on predicted improvements. With a mean of 4.02 and a standard deviation of 1.114 from the mean, the majority of respondents thought that management used employee decisions well. The response range has a minimum of 1 and a maximum of 5. Management respects and acts upon employee decisions.

The replies' mean of 4.08 and standard deviation of.919 indicated that most respondents believed that employees should have the freedom to make decisions about their field of employment. With a skewness of -1.186 and a kurtosis of 1.555, the answers were symmetric. Employees are therefore given the capacity to make sane judgments while at work in light of the findings. The results, which also showed that workers participate in budgeting, were met with resistance by the majority of respondents (mean 2.63; standard deviation from the mean, 1.469; range, 1-4). However, opinions varied, with some respondents agreeing and others not sure. Therefore, one may claim that staff members at hotels with stars are not entirely involved in developing the budget. The majority of respondents (mean = 2.89) were against hotels involving employees in setting corporate objectives; however, there was variation in the responses (mean = 1.364; minimum = 1 maximum 5), with some respondents in favor and others unsure. This implies that workers at five-star hotels participate in the establishment of corporate objectives. The results show that hotels in the North Rift Region give their staff members some degree of working autonomy. This is demonstrated by the fact that the majority of staff members expressed support for the hotels' ability to hold them accountable for their actions and make appropriate judgments. This demonstrates how decisions made in the workplace are intended to encourage worker innovation and creativity in order to get better outcomes. As a result, these people are more likely to consider original concepts for enhancement or to identify issues with the existing procedures for ensuring customer satisfaction and provide solutions (Deeksha, 2022).Ong'onge and Awino (2015), who also found that autonomy boosted public accountability and consumer pleasure, support this claim.

4.3.6. Dynamic Capabilities

The researcher aimed to determine the state of dynamic capacities in the star-rated hotels in Kenya's North Rift Region, based on the study results shown in Table 4.15.

Table 4.15: Dynamic Capabilities

Statement	N	MIN	MAX	SKEW	KURT	M	SD
The hotel is always inclined towards encouraging employees make appropriate decisions	238	1	5	-.954	-.164	3.71	1.292
The hotel regulates working time for employees	238	1	5	-1.033	.247	3.82	1.194
The hotel allows employees to take responsibility for all the decisions they make	238	1	5	-1.104	.991	3.98	1.008
The hotel allows the employees to take responsibility for the results of all their decisions	238	1	5	-.914	.226	3.81	1.068
Possible alternatives and consequences of decisions made by employees are known	238	1	5	-.880	-.412	3.81	1.291
Decisions made by employees yield expected gains	238	1	5	-1.048	.424	4.08	1.015
Decisions made by employees are effectively utilized by the management	238	1	5	-.939	-.095	4.02	1.114
Employees are empowered to make decisions in line with their area of work	238	1	5	-1.186	1.555	4.08	.919
Employees are involved in the budgeting process	238	1	5	.329	-1.307	2.63	1.469
The hotel involves employees in setting the business goals	238	1	5	-.143	-1.401	2.89	1.364

Source: Research study 2023

Key: N = Number, MIN = Minimum,MAX = Maximum,SKEW = Skewness, KURT = Kurtosis, M = Mean, SD= Standard Deviation.

With a mean of 3.98 and a standard deviation of.864, the majority of respondents agreed that hotels often scan their surroundings for new business opportunities. A tiny percentage disagreed or were unclear (minimum= 2 maximum 5). This illustrates the ability of highly rated hotels to spot possible business gaps. The majority of respondents, with a mean of 3.89 and a variance of.953, agreed that hotels should routinely evaluate the possible effects of shifting business conditions on customers (minimum= 2 maximum= 5). It suggests that star-rated hotels keep an eye out for changes in the business climate in order to retain consumers. With a mean of 4.02 and a standard deviation of 1.029, the findings showed that respondents agreed that hotels often assess their service development efforts to ensure they are in line with what customers desire (Minimum= 2 Maximum 5). Customer choices at star-rated hotels in the north rift area thereby affect the extent to which service development is evaluated. While some respondents disagreed or were doubtful (minimum= 1 maximum= 5), the majority of respondents (mean = 3.94, standard deviation = 1.006 from the mean) agreed that their hotels usually combine their resources for generating new services. Thus, it can be claimed that starred hotels use a range of commercial resources to produce innovative services.

With a mean of 3.68, skewness of -.263 and kurtosis of.374, the results showed that most respondents agreed that hotels should spend time and money updating their operations to improve the quality of their current services. However, some respondents disagreed and were unsure, with a variation of.470 from the mean (Minimum= 2 Maximum 5). Consequently, it's possible to argue that hotels with star ratings reallocate their resources in order to improve their offerings. With a mean of 3.79 and a variance of 1.139 from the mean, which indicates that some respondents disagreed and were unsure (minimum=1, maximum=5), the respondents agreed that the hotel operations fluctuate in line with the market's developing trends. The skewness was -.858 and the kurtosis was -.052. This implies that changing customer interests and preferences are reflected in the market's growth patterns, necessitating operational

modifications. These results show that the star-rated hotels in North Rift operate with the same dynamic energy as the emerging trends in the market, thanks to their excellent resource integration. In this sense, they can locate new business opportunities that will enable them to compete. Ackdilli and Ayhan (2013) assert that the fusion of two fundamental constructs—entrepreneurial orientation and dynamic capacities—is necessary for the expansion of services and goods. This also supports the assertion made by Pereira-Moliner et al. (2021) that the dynamics of the hotel company's interaction with its environment and the steps it takes to achieve its objectives via the prudent use of resources increase the company's success.

4.3.7.Performance of Star Rated Hotels

The researcher aimed to ascertain the state of performance at the star-rated hotels in Kenya's North Rift Region, based on the study results shown in Table 4.16.

Table 4.16: Performance of Star Rated Hotels

Statement	N	MIN	MAX	SKEW	KURT	M	SD
The hotel frequently scans the environment to identify new business opportunities	238	2	5	-.593	-.234	3.98	.864
The hotel periodically reviews the likely effect of changes in business environment on customers	238	2	5	-.724	-.296	3.89	.953
The hotel often reviews service development efforts to ensure they are in line with what customers want	238	1	5	-.910	.182	4.02	1.029
The hotel often integrates its resources for developing new services	238	1	5	-1.025	.528	3.94	1.006
The hotel devotes its time and resources in renewing its operations for the improvement of the existing services	238	2	5	-.263	.374	3.68	.470
The operations of the hotel changes as per the emerging trends of the market	238	1	5	-.858	-.052	3.79	1.139

***Source*:** Research study 2023

Key: N = Number, MIN = Minimum,MAX = Maximum,SKEW = Skewness, KURT = Kurtosis, M = Mean, SD= Standard Deviation.

A mean of 3.96 indicated that most respondents agreed that occupancy rates in their hotels had increased recently; nevertheless, there was a standard deviation of.512 from the mean, meaning that some respondents disagreed and were doubtful (Minimum=1, Maximum= 5). Because of their strategic orientation, star-rated hotels have likely attained high occupancy rates, which is associated with an increase in market share (skewness = -.266 Kurtosis =.064). Most

responders (mean = 4.07, standard deviation =.325 from the mean) concurred that there are more hotel bookings than beds available. It indicates that the level of services provided by star-rated hotels is commensurate with market expectations, which has resulted in booking rates that exceed the maximum number of guests per room (minimum=5, maximum= 5). With a mean score of 3.91 and a range of.632 from the mean, the data indicates that most respondents agreed that there isn't much customer demand for their hotels; however, some respondents disagreed and others were unclear. It implies that by offering strong service loyalty, the star-rated hotels have attempted to lower customer complaints (Minimum=2, Maximum=5). A tiny minority of respondents disagreed or were unclear, with a standard deviation of.588 (minimum=2, maximum=5), but the majority of respondents, with a mean of 4.04, agreed that their hotels have significant levels of patronage. It may be concluded that star-rated hotels have made a commitment to offering excellent service in order to retain customer loyalty based on skewness= -.653 and kurtosis=.758.

With a mean score of 3.68 and a standard deviation of.470 from the mean, most respondents believed that their hotels regularly meet and beyond visitors' expectations, resulting in their return business. Conversely, some respondents (minimum=2, maximum=5) disagreed with this assertion, while some were unclear. We may infer that meeting and exceeding customer expectations is the cornerstone of any company's success and competitiveness. The mean score of 3.88 and the standard deviation of.549 were obtained by the respondents who felt that their service cultures have enhanced the hotel's reputation (range, lowest, maximum). Nonetheless, several people remained unsure and split. This implies that star-rated hotels put the needs of their customers first in every facet of corporate operations, fostering a positive service culture. Not to mention, most respondents agreed that the upgraded amenities had led to an increase in customer recommendations for the hotel (minimum=2, maximum=5), with a mean score of

4.05 and a variation from the mean of.497. Thus, in order to guarantee the best possible customer recommendations, star-rated hotels should periodically update their operations through efficient maintenance management practices. According to the findings, the North Rift Region's star-rated hotels have embraced an entrepreneurial spirit and dynamic capacities to guarantee high levels of client satisfaction and a stellar reputation. High levels of customer loyalty at the hotels have also resulted from this. Because of this, in order to thrive in the market, they must continuously embrace an entrepreneurial attitude and dynamic abilities. An entrepreneurial strategy and ongoing service development allow hotel businesses to restructure, integrate, and replenish their resources and capabilities for improved performance (Ali et al.,2020).

4.4. Diagnostic Tests

4.4.1 NormalityTest

The goal of the study was to determine how evenly dispersed the data was. As a result, Skewness and Kurtosis were used, as Table 4.17 illustrates.

Table 4.17: Test for Normality

Construct	Skewness Statistic	Kurtosis Statistic
Risk taking	- .217	-.197
Innovation	- .396	.454
Proactiveness	- .680	-.113
Competitive Aggressiveness	-.570	.526
Autonomy	-.401	.590
Dynamic capabilities	- .284	-.466
Performance	-.291	-.164

Source: Research study 2023

Cain, Zhang, and Yuan (2017) state that kurtosis assesses how peaky the data distribution is, whereas skewness examines how much the data distribution deviates from symmetry. Skewness and Kurtosis in statistics pertaining to normal distributions should both equal zero (Demir, 2022). Data skewness values should fall between +1 and -1, while kurtosis values should fall between +3 and -3, according to Bono, Arnau, Alarcón, and Blanca (2019). The data set including the seven variables was clearly regularly distributed, as can be seen from the findings displayed in Table 4.32.

Even if it is assumed in regressions that the residuals are normally distributed, it is a good idea to review the distributions of key variables before drawing conclusions (Demir, 2022). Histograms allow one to easily see the data distribution (Cain, Zhang, & Yuan, 2017). The research also made use of the histograms included in Figures 4.1 to 4.7 of Appendix III to verify normality. The researcher arrived at the evaluation by figuring out how much the data deviated from a bell-shaped normal distribution.

4.4.2.Assumption of Linearity

A regression is said to be linear if there is a linear relationship between the predictor and outcome variables. Pearson's correlation coefficient was used to evaluate the linearity assumption. The purpose of using Pearson's correlation was to identify the entrepreneurially oriented dimension that, when regression analysis is performed, delivers the best prognosis for the performance of star-rated hotels. The intercorrelations between the variables are displayed in Appendix IV's Table 4.18 and Figures 4.8 through 4.14.

Table 4.18: Correlations

		RISK	INOVAT	PROACT	COMPET	AUTON	DCAP	PERFORMANCE
RISK	Pearson Correlation	1						
	Sig. (2-tailed)							
INOVAT	Pearson Correlation	.319**	1					
	Sig. (2-tailed)	.000						
PROACT	Pearson Correlation	.146*	.225**	1				
	Sig. (2-tailed)	.024	.000					
COMPET	Pearson Correlation	.482**	.198**	.135*	1			
	Sig. (2-tailed)	.000	.002	.038				
AUTON	Pearson Correlation	.263**	.197**	-.088	.198**	1		
	Sig. (2-tailed)	.000	.002	.178	.002			
DCAP	Pearson Correlation	.799**	.309**	.076	.394**	.508**	1	
	Sig. (2-tailed)	.000	.000	.242	.000	.000		
PERFORMANCE	Pearson Correlation	.780**	.486**	.338**	.633**	.535**	.844**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	238	238	238	238	238	238	238

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

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

Source: Research study 2023

The results demonstrate a strong correlation between the elements of entrepreneurial attitude and performance. When the correlation values are not close to 1, the factors adequately evaluate the different variables (Busemeyer & Lober, 2020). The result value is closer to 1 the stronger the relationship. A negative number indicates an inverse connection. A correlation of more than 0.90 suggests strongly that the variables may be measuring the same thing, according to Busemeyer and Lober (2020).

Table 4.18 (r=.338**, p 0.01) shows that proactiveness and the performance of star-rated hotels had the least connection in this study. Additionally, a strong positive association was found between risk-taking (r =.780**, p 0.01), competitive aggressiveness (r =.633**, p 0.01), autonomy (r =.535**, p 0.01), and creativity (r =.486**, p 0.01). However, dynamic capacity and performance were shown by star-rated hotels (r =.844** p 0.01). It was evident that the factors were sufficiently diverse for every variable to be included in this analysis because all of the correlations were less than 0.90.

The points on the scatter plot make an upper-right to lower-left pattern. The results of the study indicate a connection between the North Rift Region of Kenya's star-rated hotels' success and their entrepreneurial-oriented features. This pattern indicates that a high score for one observation corresponds to an equivalent high score for the other observation, and vice versa. The linearity assumption was therefore satisfied. This implies that all of the entrepreneurially oriented elements the study looked at overall have a favorable and significant influence on the performance of star-rated hotels in the north rift area.

4.4.3 Multicollinearity Test

Tolerance and the variance inflation factor (VIF) are used to assess multicollinearity (Williams, 2015). The variance inflation factor (VIF) in a regression model quantifies the impact of collinearity among the variables. VIF values more than 10 are often viewed as indicating multicollinearity, according to Kim (2019). How much one independent variable affects all other independent factors is determined by the tolerance factor. The collinearity statistics are displayed in Table 4.33. The correlation matrices of each component were gathered, and any possibility of multicollinearity was closely investigated. The coefficients of correlation between each distinct factor and every other factor under investigation are provided by the correlation matrix. The correlation matrix's principal diagonal is displayed in Table 4.19.

Table 4.19 Collinearity Statistics

Variable	Tolerance	VIF
Risk taking	.296	3.381
Innovation	.843	1.186
Proactiveness	.913	1.095
Competitive Aggressiveness	.755	1.325
Autonomy	.662	1.510
Dynamic capabilities	.266	3.759

Source: Research Study 2023

Small tolerance values were present for each variable that was part of the linear connection. Armillotta (2020) states that a tolerance number might be either less than or equal to 1. Variance Inflation Factor (VIF) and Tolerance are within the threshold limits, hence there is no multicollinearity, according to Table 4.19. All VIF values in this investigation, according to

Table 4.19, varied between 1.095 and 3.759. The VIF values were less than 10, which suggests that multicollinearity was absent. Risk taking (3.381), innovation (1.186), proactiveness (1.095), competitive aggressiveness (1.325), autonomy (1.510), and dynamic capacities (3.759) all have VIF scores for this study's multiple factors. Since each of the independent variables has a VIF smaller than 10, indicating that it exists, there is no multicollinearity among them. Since a component's correlation coefficient with itself is always 1, 1s may be found in the principal diagonal of the correlation matrix in Table 4.18. This suggests that multicollinearity was not present and that the matrix is an identity matrix (Senaviratna & Cooray, 2019). Since multicollinearity does not exist, all of the independent variables may be included in the study.

4.4.4 Homoscedasticity

When there is homoscedasticity, all of the observations have the same variance. They are distinct because of heteroscedasticity (Allison, 2015). The foundation of linear regression models is the homoscedasticity assumption, which literally means "same variance." When the error component, also referred to as the "noise" or random disturbance in the relationship between the independent variables and the dependent variable, is constant for all values of the independent variables, this is referred to as homoscedasticity. On a scatter plot, the relationships or connections between two variables are displayed. The scatter plots in Appendix IV's Figures 4.8 to 4.14 display a statistical condition called heteroscedasticity, which denotes a nearly linear relationship between the performance of star-rated hotels and the entrepreneurially oriented traits being studied. For a heteroscedastic data collection, the variation in the dependent variable changes according to the values of the predictors. It is still possible to assess the relationship between the predictor and the dependent variable objectively even when heteroscedastic data are used (Schmidt & Finan, 2018).

4.5Regression Analyses

In order to evaluate the model fit and determine the research models' level of prognostication, regression analyses were carried out. The performance of star-rated hotels in the north rift region was the expected variable in this study, and it was tested using basic linear, hierarchical, and multiple regression models.

The study hypothesized that:

4.5.1 Effect of risk taking on performance of star rated hotels in North Rift Region, Kenya

The study conducted a simple linear regression analysis to test hypothesis one which stated that **H_{01}: Risk taking does not have a statistically significant effect onperformance of star ratedhotels**

. The results are presented in Table 4.20. below.

Table 4.20Effect of risk taking onperformance of starrated hotelsModel Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.780[a]	.609	.607	.211	1.720

a. Predictors: (Constant), Risk taking
b. Dependent Variable: Performance of star rated hotels

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1		16.421	1	16.421	367.711	.000[b]
		10.539	236	.045		
		26.960	237			

a. Dependent Variable: Performance of star rated hotels
b. Predictors: (Constant), Risk taking

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.945	.105		18.519	.000
	Risk taking	.506	.026	.780	19.176	.000

a. Dependent Variable: Performance of star rated hotels

According to the model summary results in Table 4.20, there is a significant positive association between taking risks and the performance of hotels with star ratings (R=.780). The R squared coefficient of determination was.609. This meant that only 60.9 percent of the variance or change in the dependent variable was explained by the model. The implication is that when a conscious attempt is made to assure risk taking, performance of star-rated hotels would undoubtedly vary by 60.9 percent. Other factors than risk taking can account for the remaining percentage of 39.1%. The results were not significantly altered by the R square adjustment, which decreased the predictor's explanatory behavior from 60.9 to 60.7 percent. This indicates that the model is suitable for applying to generalize the results. This suggests that the performance of star-rated hotels might vary depending on how strategically they promote risk-taking techniques.

The model's p-value of 0.000 (less than 0.05) and F values of 367.711 indicate that the relationship between risk-taking and star-rated hotel performance is statistically significant.

An unstandardized coefficient represents the amount of change in a dependent variable (Y) caused by a change of one unit in the independent variable (X) (Burton, 2021). Therefore, a coefficient of.506 indicated that a unit change in risk-taking corresponds to a positive.506 unit change in star-rated hotels' performance. Consequently, the following may now be used to show the model's performance and willingness to take risks for star-rated hotels:

$Y = 1.945 + 0.734 X 1 + \varepsilon$It's all about the little things.4.1.1

Regression equation 4.1, which was previously noted, states that if risk-taking was maintained constant at zero, the model's performance for star-rated hotels would be at 1.945 units. A t-test was used to see if the predictor was substantially affecting the model. Since the t-statistic is significant and rejects the null hypothesis, the study indicated that risk taking had a substantial positive influence on the performance of star-rated hotels in the North Rift Region of Kenya (t-statistic =19.176, p-value = 0.000). Thus, in Kenya's North Rift Region, star-rated hotels' performance is highly dependent on their willingness to take chances.

Consequently, hotels may effectively enhance their operations by employing astute risk mitigation strategies. These results are supported by Danso and Ofori (2016) and Wambugu, Gichira, Wanjau, and Mung'atu (2015), who also shown a significant effect of taking risks on organizational performance. The conclusions are based on the stakeholder theory. Any risk that the management of the star-rated hotels takes should be focused on creating value along a dimension of the interests of stakeholders in order to help the hotels achieve enhanced performance. This implies that companies should modify their risk-taking strategies to meet the needs of their target market. Therefore, this study argues that the propensity to take measured risks remains a critical component in determining the efficiency of an organization. Therefore, the star-rated hotels in Kenya's North Rift Region should be unwaveringly committed to strengthening their risk-taking evaluation skills in order to improve their performance.

4.5.2 Effect of Innovation onperformance of starrated hotels

The first hypothesis in the study was tested using a straightforward linear regression analysis, which claimed that

H_{02}: Innovation does not have a statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.

The results are presented in Table 4.21 below.

Table 4.21Effect of innovation onperformance of star rated hotelsModel Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.486[a]	.236	.233	.295	1.580

a. Predictors: (Constant), Innovation
b. Dependent Variable: Performance of star rated hotels

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1		6.372	1	6.372	73.046	.000[b]
		20.588	236	.087		
		26.960	237			

a. Dependent Variable: Performance of star rated hotels
b. Predictors: (Constant), Innovation

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.922	.237		8.107	.000
	Innovation	.498	.058	.486	8.547	.000

a. Dependent Variable: Performance of star rated hotels

The model summary findings in Table 4.21 indicate a strong positive correlation (R=.486) between innovation and hotel performance. There was a.236 R squared coefficient of determination. This indicated that the model could only account for 23.6% of the variance or variation in the dependent variable. It follows that there would definitely be a 23.6 percent difference in the performance of star-rated hotels in the North Rift Region when a deliberate

effort is made to ensure that innovative strategies are employed by star-rated hotels. The remaining 76.4% cannot be explained by creative strategies alone; additional factors need to be taken into account. The predictor's explanatory behavior dropped from 23.6 to 23.3 percent when the R square was adjusted, but the results remained mostly unchanged. This suggests that the model may be used to apply and generalize the findings. This implies that star-rated hotels' level of success may differ based on the creative strategies they employ.

The model's F values of 73.046 and p-value of 0.000, which is less than 0.05, indicate that the relationship between innovation and the performance of star-rated hotels is statistically significant. An unstandardized coefficient represents the amount of change in a dependent variable (Y) caused by a change of one unit in the independent variable (X) (Burton, 2021). This indicates that the performance of star-rated hotels improves by.498 units for every unit improvement in innovation. Consequently, the following may be used to characterize the approach's uniqueness and efficacy for star-rated hotels at this time:

$$Y = 1.922+.498X1 + \varepsilon$$

The performance of the star-rated hotel model would be at 1.922 units if innovation remained fixed at zero, as per the previously cited regression equation 4.2. A t-test was used to see if the predictor was substantially affecting the model. The study rejected the null hypothesis since the t-statistic was significant and showed that innovation had a positive impact on the performance of star-rated hotels in Kenya's North Rift Region (t-statistic =8.547, p-value =

0.000). Thus, the performance of Kenya's star-rated hotels in the North Rift Region is heavily influenced by innovation.

Consequently, the null hypothesis is refuted. It implies that in Kenya's North Rift Region, innovation improves the performance of hotels with a star rating. Consequently, the null hypothesis (t = 6.615; p-value = 0.000, less than = 0.05) is refuted. These results are corroborated by Tajpour, Hosseini, and Salamzadeh (2020); Karlsson and Tavassoli (2016); Khin, Mohammad, Ying, and Yeap (2016); and Iavoska (2014), who also shown a significant effect of innovation on organizational performance. Organizational innovations often lead to greater organizational performance through reduced operational expenses and increased employee satisfaction (Abdissa, Ayalew, Illés, & Dunay, 2002). In this sense, innovative hotels should see increased performance. These findings were explained in part by the contingency and stakeholder theories. This implies that the primary goal of any innovation endeavor should be the stakeholders. As a result, hotel management has a need to use creativity to identify important backup plans that might guarantee strong performance even in the face of shifting business conditions. Innovation can only lead to improved performance in this regard if it is valuable to the stakeholders. Star-rated hotels must thus be creative in their offers and business methods to satisfy the expectations of its patrons.

4.5.3 Effect of Proactiveness on performance of star rated hotels in North Rift Region, Kenya

The first hypothesis in the study was tested using a straightforward linear regression analysis, which claimed that

H_{03}:Proactivenessdoes not have a statistically significant effect onperformance of star rated hotels in North Rift Region, Kenya

The results are presented in Table 4.22below.

Table 4.22Effect of proactiveness on performance of star rated hotels in North Rift Region, KenyaModel Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.338[a]	.114	.110	.318	1.680

a. Predictors: (Constant), Proactiveness
b. Dependent Variable: Performance of star rated hotels

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1		3.073	1	3.073	30.363	.000[b]
		23.887	236	.101		
		26.960	237			

a. Dependent Variable: Performance of star rated hotels
b. Predictors: (Constant), Proactiveness

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.276	.122		26.765	.000
	Proactiveness	.172	.031	.338	5.510	.000

a. Dependent Variable: Performance of star rated hotels

In table 4.22, the model summary displays proactiveness as the only independent variable, along with star-rated hotel performance. The performance of star-rated hotels, the dependent variable, and proactiveness have a linear connection, as indicated by the correlation value of R=.338a. The coefficient of determination (R square) of 0.114 indicated that only 11.4% of the variation or change in the dependent variable could be explained by the model, with proactiveness accounting for the remaining 88.6% of the variance. Once the explanatory behavior of the predictor was reduced to 11.0%, the results were unaffected by the R square modification.

Secondly, the feasibility of the proposed model was examined by examining the ANOVA findings. The results in Table 4.22 show that the model was valid since the F-statistic (F=

30.363, p0.05) was very significant. Our ability to predict hotel star ratings improved significantly as a result of the system. For this reason, the model was crucial. Table 4.22 displays the regression coefficient results, which illustrate how every value estimate and predictor contributes differently to the model.

The association between the predictor's performance and star-rated hotels is shown by the value. A positive correlation coefficient indicates a strong relationship between the predictors and the outcome. The score for proactiveness was good (.172). The positive numbers indicate the direction of the link between the predictor and the result. The following model was then established using the outcomes (Table 4....): y= X1+0+1All rights reserved.Formula 4.3 Hotel performance with stars = 3.275 +.172 proactiveness plus

The variable's coefficient, which is based on the standardized coefficients, indicates the degree to which the performance of star-rated hotels would be affected by a one-unit change in proactiveness. According to the proactiveness standardized regression coefficient (b=0.172), a one standard deviation improvement in proactiveness will most likely result in a 0.172 standard deviation rise in star-rated hotel performance. A t-test was used to see if the predictor was substantially affecting the model. The predictor is substantially contributing to the model if the t-test is significant and the b-value is positive. Proactivity is evident in the results (t = 5.510, P.05. implying that proactiveness has no statistically significant effect on hotels' performance, hence rejecting the null hypothesis. The result is that star-rated hotels perform up to 0.115 units better for every unit increase in proactiveness. The study contradicts the null hypothesis, which suggests that proactiveness has no statistically significant effect on the performance of star-rated hotels in the North Rift Region. These results are consistent with those of Mburu, Githira, and Kyalo (2021), Hamilton (2020), and Bature, Sallehuddin, Rosli, and Saad (2018), who also found a significant effect of proactiveness on organizational performance. Star-rated hotels may thus anticipate changes in the business climate and use their influence to their advantage

for maximum success by being proactive. This is because being proactive equips companies with a range of abilities to foresee customer needs as well as the reactions of competitors in the market, therefore improving overall business success. The stakeholder and contingency theories serve as the foundation for these results. To continually meet customer requests, hotels need to be aware of how the business climate is changing in this regard. The interests of the stakeholders are best served by this. Proactive strategic positioning helps businesses anticipate changes in the business environment, and they may even take advantage of this stance.

4.5.4 Effect of CompetitiveAgressiveness on performance of starrated hotels

The first hypothesis in the study was tested using a straightforward linear regression analysis, which claimed that

H_{04}: Competitiveaggressiveness does not have a statistically significant effect on performanceof starrated hotels in North Rift Region, Kenya.

The results are presented in Table 4.23below.

Table 4.23 Effect ofCompetitive aggressiveness onperformanceof star rated hotels Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.633[a]	.401	.399	.262	1.780

a. Predictors: (Constant), Competitive aggressiveness
b. Dependent Variable: Performance of star rated hotels

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1		10.812	1	10.812	158.020	.000[b]
		16.148	236	.068		
		26.960	237			

a. Dependent Variable: Performance of star rated hotels
b. Predictors: (Constant), Competitive aggressiveness

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.493	.116		21.403	.000
	Competitive Aggressiveness	.362	.029	.633	12.571	.000

a. Dependent Variable: Performance of star rated hotels

In table 4.23's model summary, the sole independent variable is competitive aggressiveness, and hotel star ratings do well. The dependent variable is the performance of star-rated hotels; the correlation coefficient, which stands at R=.633a, suggests a linear relationship between competitive aggressiveness and values anticipated by the model. The coefficient of determination (R square) of.401 indicates that only 40.1% of the variation or change in the dependent variable could be explained by the model; the remaining 59.9% could be explained by variables other than competitive aggressiveness. The R square modification, which reduced the predictor's explanatory behavior to 39.9%, had no discernible impact on the outcomes.

Secondly, the feasibility of the proposed model was examined by examining the ANOVA findings. The results in Table 4.23 show that the model was good since the F-statistic (F= 158.020, p0.05) was very significant. Our ability to predict hotel star ratings improved

significantly as a result of the system. For this reason, the model was crucial. Table 4.23 displays the regression coefficient findings, which indicate that the estimations of and provide a separate contribution of a predictor to the model.

The association between the predictor's performance and star-rated hotels is shown by the value. A positive correlation coefficient indicates a strong relationship between the predictors and the outcome. The value of competitive aggressiveness was positive (.362). The positive numbers indicate the direction of the link between the predictor and the result. The following model was then established using the outcomes (Table 4....): y= 0+1X1+..4.4 Equation: "Performance of starred hotels = 2.493 +.362 aggressiveness of competition +"

Based on the standardized coefficients, the coefficient of the variable illustrates the effect that a one-unit change in competitive aggressiveness would have on the performance of star-rated hotels. According to the competitive aggressiveness standardized regression coefficient (B=0.362), star-rated hotels should perform better by 0.362 standard deviations for every 1 standard deviation rise in proactiveness. A t-test was used to see if the predictor was substantially affecting the model. The predictor is substantially contributing to the model if the t-test is significant and the b-value is positive. The results show that there is fierce rivalry (t =12.571, P.05. implying that there was no statistically significant effect of high rivalry on the performance of star-rated hotels, hence rejecting the null hypothesis. As a result, hotel performance can climb by up to 0.362 units for every unit increase in competitive hostility. implying that the research refutes the null hypothesis, which holds that intense rivalry has no statistically meaningful effect on the performance of highly regarded hotels in the North Rift Region. Ketyenya and Linyiru (2017) assert that aggressive competition is seen as a valiant attempt to overcome competitors. Aggression that is competitive is a good strategy for companies who operate in competitive marketplaces or in unfriendly settings. Businesses that are competitively active are more likely to see increases in their competitive posture,

performance, and market share. These results are corroborated by the work of Covin and Teresa (2011) and Christian and Sveinn (2015), who also showed a positive and significant effect of competitive aggressiveness on organizational performance. This is supported by the dynamic capability theory and the stakeholder theory. In order to become more fiercely competitive, star-rated hotels should concentrate on the shifts in the business climate and effectively handle client requests. This implies that hotels must begin competing far sooner than their competitors by continuously satisfying customer wants if they hope to perform noticeably better in a competitive environment. To stay competitive and to predict future trends and needs in order to enhance their performance, the hotels need to be models of forward-thinking, opportunity-seeking methodologies.

4.5.5 Effect of autonomy on performance of star rated hotels.

The first hypothesis in the study was tested using a straightforward linear regression analysis, which claimed that

H_{05}: Autonomy does not have a statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.

The results are presented in Table 4.24 below.

Table 4.24Effect of Autonomy onperformance of star rated hotelsModel Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.535[a]	.286	.283	.286	1.710

a. Predictors: (Constant), Autonomy
b. Dependent Variable: Performance of star rated hotels

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1		7.716	1	7.716	94.632	.000[b]
		19.243	236	.082		
		26.960	237			

a. Dependent Variable: Performance of star rated hotels
b. Predictors: (Constant), Autonomy

Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	Std. Error	Beta		
1	(Constant)	2.610	.138		18.907	.000
	Auton	.361	.037	.535	9.728	.000

a. Dependent Variable: Performance of star rated hotels

Autonomy and hotel performance have a substantial positive correlation (R=.535), as seen by the model summary findings in Table 4.24. There was a.286 R square coefficient of determination. This indicated that the model could only account for 28.6% of the variance or variation in the dependent variable. It follows that there would be a 28.6% difference in star-rated hotels' performance when a deliberate effort was made to ensure autonomy. The remaining 71.4% can be explained by other factors, such as autonomy. Although the predictor's explanatory behavior decreased from 28.6 to 28.3 percent when the R square was adjusted, the results remained mostly same. This suggests that the model may be used to apply and generalize the findings. This implies that depending on how they consciously foster autonomy, star-rated hotels may operate differently.

F values of 94.632 and a p-value of 0.000, which is less than 0.05, indicate that the model is statistically significant in explaining the relationship between autonomy and performance of star-rated hotels. An unstandardized coefficient represents the amount of change in a

dependent variable (Y) caused by a change of one unit in the independent variable (X) (Burton, 2021). Consequently, a coefficient of.361 indicates that a unit change in autonomy results in a.361 unit positive change in the performance of star-rated hotels. Consequently, the following may be used to characterize the independence and efficacy of the model for star-rated hotels:

$$Y = 2.610+.361X1 + \varepsilon$$

Regression equation 4.1, which was previously discussed, indicates that if autonomy was maintained at zero, the model's performance for star-rated hotels would be 2.610 units. A t-test was used to see if the predictor was substantially affecting the model. Because the t-statistic was significant and rejected the null hypothesis, the study concluded that autonomy was crucial (t-statistic = 9.728, p-value = 0.000) in favorably effecting the performance of star-rated hotels in the North Rift Region of Kenya. Therefore, the performance of Kenya's star-rated hotels in the North Rift Region is significantly influenced by autonomy.

These findings are corroborated by the discoveries of Yu et al. (2019), Aluisius et al. (2018), and Mworia et al. (2021) regarding the significant influence of autonomy on corporate performance. The conclusions are based on the stakeholders hypothesis. This implies that the company can obtain better ideas for improving service quality by promoting employee autonomy. Thus, allowing individuals to be free to innovate inside the company without boundaries is still crucial for high-achieving firms. Employee motivation and production are positively impacted when they are granted the flexibility that comes with autonomy (Guo, Ahmad, Adnan, Scholz, & Naveed, 2021). When employees believe they have the freedom to

select how to carry out their tasks, they are happier and more productive at work, which enhances organizational performance.

4.5.6Moderating role of dynamic capabilities on the relationship between entrepreneurial orientation and performance of star rated hotels in North Rift Region, Kenya.

The sixth hypothesis in the study was tested using a hierarchical regression analysis, which claimed that

H_{06}: Dynamic capabilities have no statistically significant moderating role on the relationship between entrepreneurial orientation on performance of star rated hotels in North Rift Region, Kenya

Hierarchical regression was used to examine these six assumptions. All research variables were normalized as z-scores in order to test for interaction terms before doing hierarchical regression analysis (Carson, et al., 2016). The interaction effects are easily interpreted because to the Z-standardization of the variables (Doebler, Doebler, Buczak & Groll, 2022). Table 4.24 displays the results of the hierarchical regression for Models 1 through 7.

Table 4.25: Hierarchical regression results for Moderating effect of Dynamic capabilities on the effect of Entrepreneurial Orientation on performance of star rated hotels

	Model 1 B(sig)	Model 2 B(sig)	Model 3 B(sig)	Model 4 B(sig)	Model 5 B(sig)	Model 6 B(sig)	Model 7 B(sig)
Coefficients							
(Constant)	3.941(.000) **	3.941(.000) **	3.950(.000) **	3.951(.000) **	3.951(.000) **	3.951(.000) **	3.951 (.000)* *
Zscore: R T	0.159(.000) **	0.053(.000) **	0.053(.000) **	0.062(.000) **	0.069(.000) **	0.068(.000) **	0.065(.000) **
Zscore: In	0.055(.000) **	0.052(.000) **	0.053(.000) **	0.054(.000) **	0.053(.000) **	0.053(.000) **	0.054(.000) **
Zscore: Pr	0.076(.000) **	0.076(.000) **	0.077(.000) **	0.076(.000)**	0.078(.000) **	0.079(.000) **	0.080(.000) **
Zscore: C	0.093(.000) **	0.096(.000) **	0.097(.000) **	0.095(.000) **	0.093(.000) **	0.096(.000) **	0.099(.000) **
Zscore: Aut	0.116(.000)**	0.069(.000)**	0.070(.000)**	0.070(.000)**	0.071(.000)**	0.075(.000)**	0.78(.000)**
Zscore(DC)		0.148(.000)**	0.144(.000)**	0.138(.000) **	.132(.000) **	0.129(.000)**	0.130(.000)**
Zscore(RT*DC)			(0.10(.029) *	-0.005(.277)	(-0.06(0.219)	(-0.012(.025) *	(-0.015(.007) **
Zscore(In*DC)				(-0.017(.012) *	(-0.012(.072)	(-0.014(.040)*	(-0.016(.016) *
Zscore(Pr*DC)					(-.022(.000) **	(-0.024(.000) **	(-0.022(.000)**
Zscore(C*DC)						0.016(.018) *	0.014(.034)*
Zscore(A*DC)							0.014(.013) *
Model Summary							
R	0.939	0.966	0.967	0.968	0.970	0.970	0.971
R Square	0.882	0.933	0.934	0.936	0.940	0.942	0.943
Adjusted R Square	0.879	0.931	0.932	0.934	0.938	0.939	0.941
Std. Error of the Estimate	0.117	0.088	0.088	0.087	0.084	0.083	0.082
Change Statistics							
R Square Change	0.882	0.051	0.001	0.002	0.004	0.001	0.002
ANOVA							
F Change	346.824	176.553	4.823	6.344	15.529	5.711	6.256
df1	5	1	1	1	1	1	1
df2	232	231	230	229	228	227	226
Sig. F Change	0.000	0.000	0.029	0.012	0.000	0.018	0.013

a Dependent Variable: Zscore (Performance of star rated hotels)

**p<.01, *p.05

KEY:

RT= Risk Taking, In=Innovation, Pr=Proactiveness, C=Competitive Aggressiveness, A= Autonomy and DC= Dynamic Capabilities

Source: Research Data (2023)

All five predictors—risk-taking, innovation, proactiveness, competitive aggressiveness, and autonomy—accounted for 88.2% of the variation in the performance of star-rated hotels, as per the multiple regression model summary presented in Table 4.25. This showed that when five independent criteria are included, there is a chance of 88.2% (R squared = 0.882) to predict the performance of star-rated hotels. The study's conclusions, which are outlined in Table 4.35, also demonstrated the importance of the coefficient of determination, as indicated by the F statistic of 346.824 and the 0.000 0.05 level of significance. Thus, by utilizing risk-taking, creativity, proactiveness, competitive aggressiveness, and autonomy, the model was able to predict star-rated hotels' performance in the north rift region with accuracy. Consequently, the research validates the hypothesis that the performance of star-rated hotels in Kenya's north rift region is significantly influenced by entrepreneurial orientation (EO). This is supported by the findings of Ndesaulwa and Kikula (2016) and Simiyu et al. (2016), who also found that an entrepreneurial attitude affected the success of businesses.

The sixth objective was to ascertain the relationship between entrepreneurial orientation (risk-taking, inventiveness, proactiveness, competitive aggression, and autonomy) and the performance of star-rated hotels in the North Rift Region. The North Rift Region's star-rated hotel performance and entrepreneurial attitude are correlated, however dynamic capacities temper this relationship, according to the results of hierarchical regression. The ideas of dynamic capacity, contingency, and stakeholders serve as the foundation for this. This implies that star-rated hotels need to have dynamic skills and an entrepreneurial attitude in order to thrive. Al Wali, Muthuveloo, Ping, and Bataineh (2020) claim that dynamic capabilities help rent-generating mechanisms by supporting both the resource-picking and capability-building processes and adapting the resource base to changing environmental conditions. They support shifting markets as well.

H06a. Dynamic capabilities do not statistically significantly affect the relationship between risk-taking and star-rated hotel performance in Kenya's North Rift Region. Based on the data, the null hypothesis was refuted (=.10, F = 4.823;.05. This was further corroborated by the finding that dynamic skills significantly reduce the negative effects of taking chances on the performance of star-rated hotels in Kenya's North Rift Region (R2 of 0.001). This implies that taking chances has a more positive effect on a hotel's success when one possesses dynamic skills. These findings are supported by Lisdiono, Said, Yusoff, Hermawan, and Manan, 2022; Duong, 2020. Other problems include an organization's inability to anticipate assaults and the limitless risks it must manage (Lisdiono et al., 2022). Thus, a company has to have risk management skills in a complex and ever-changing commercial environment. Bogodistov and Wohlgemuth (2017) claim that the concept of dynamic capabilities applies to risk management. The notion of dynamic capabilities and the stakeholders theory both provide weight to these results.

H06b predicted that there would be no statistically significant effect on dynamic capacities from the relationship between star-rated hotels' performance and innovation in Kenya's North Rift Region. Regression results with an R2 of 0.002 (= -0.017; F = 6.344;.05) showed that dynamic capabilities, however, statistically substantially reduced the relationship between innovation and performance of star-rated hotels in the North Rift Region of Kenya. Thus, the null hypothesis was refuted. The results were supported by Tucci and Massa (2013) and Duong (2020), who also found that dynamic skills play a crucial role as mediators of innovation and organizational performance. This implies that the innovation-focused business strategies of the star-rated hotels should be able to successfully grasp possibilities to produce improved performance and have dynamic capacities for economic gains. The outcomes are supported by both the contingency theory and the stakeholder theory.

H06c indicates that dynamic capabilities have no statistically significant impact on the relationship between proactiveness and performance of star-rated hotels in Kenya's North Rift Region. The regression results, which showed that dynamic capabilities significantly affected the relationship between proactiveness and performance of star-rated hotels in the North Rift Region of Kenya (= -.022; F= 15.529;.05), rejected the null hypothesis with an R2 of 0.004. This implies that hotels should implement proactive work methods and dynamic capabilities to enhance the quality of their service supply. In order to attain optimal efficacy, they have to take the initiative to restructure and improve their competencies in accordance with the evolving needs of the industry. Both the dynamic capability theory and the stakeholders' theory support this.

H06d (=0.016; F = 5,711;.05) indicates that dynamic abilities do not statistically significantly affect the relationship between star-rated hotels' performance in the North Rift Region and competitive aggressiveness. Thus, the null hypothesis was refuted. This was further corroborated by R2 of.001, which demonstrated that dynamic capabilities attenuate the link between competitive aggressiveness and star-rated hotels' performance in Kenya's North Rift Region. Competitively aggressive businesses are more likely to increase their competitive positions, market share, and performance depending on intra-organizational and external environmental factors, according to prior research (Chen & Miller, 2015; Christian & Sveinn, 2015). Consequently, the hotels' competitive aggression is changing toward a different paradigm in response to dynamic rivalry and market instability that require their dynamic talents. This shows that the performance of star-rated hotels is more affected by intense rivalry than by static talents alone. This finding is consistent with both the dynamic capability theory and the stakeholders theory.

H06e (=0.014; F =6.256;.05) indicates that dynamic capabilities do not statistically significantly affect the relationship between star-rated hotels' performance and autonomy in the North Rift Region. The null hypothesis was refuted as a result. This finding was further corroborated by an R2 value of.002, which demonstrated that dynamic capabilities govern the link between autonomy and performance of star-rated hotels in Kenya's North Rift Region. As a result, it's thought that how autonomously the employees act influences how well star-rated hotels function. Nevertheless, it seems that dynamic capacities act as a moderator in the link between autonomy and hotel performance. Thus, the more flexibility workers have in pooling and distributing resources, the more successful the company is. But the dynamic abilities of the entrepreneur more significantly improve the effectiveness of combining and allocating resources in the face of competition. Both the dynamic capacity theory and the contingency theory serve as strong foundations for this. In this respect, autonomy and dynamic skills remain critical for star-rated hotels to operate. Hotels ought to have the same freedom to innovate, develop new concepts, improve existing ones, and search for new business prospects as any other industry (Mathafena & Msimango-Galawe, 2022).

These findings imply that the relationship between EO and star-rated hotel performance is enhanced by dynamic capabilities. The corporation benefits from the quickness with which it adapts its internal resources and competences to the challenges it faces in the external world, which in turn helps it achieve organizational performance (Banerjee, Farooq, & Upadhyaya, 2018).

Table 4.26 Details of hypothesis testing

Hypothesis	Test Statistic	Interpretation
H_{01}:Risk taking has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	t= 17.460, P<0.05 Null hypothesis rejected
H_{02}: Innovation has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	t=6.615, P<0.05 Null hypothesis rejected
H_{03}Proactiveness has no statistically significant effect on performance of star rated hotel in North Rift Region, Kenya.	t-test	Null hypothesis rejected
H_{04}Competitive aggressiveness has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	t=10.590, P<0.05 Null hypothesis rejected
H_{05}Autonomy has no statistically significant effect on performance of star rated hotels in North Rift Region, Kenya.	t-test	t=14.368, P<0.05 Null hypothesis rejected
H_{06a}: Dynamic capabilities have no statistically significant moderating role on the effect of risk taking on performance of star rated hotels in North Rift Region, Kenya.	Hierachical regression	F=4.823, P<0.05 Reject H_{06a} Null hypothesis rejected
H_{06b}: Dynamic capabilities have no statistically significant moderating role on the effect of	Hierachical regression	F=6.344, P<0.05 Reject H_{06b} Null hypothesis rejected

CHAPTER FIVE

SUMMARYOF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The main objective of this study was to ascertain the relationship between dynamic capabilities and entrepreneurial mindset and how it affected the performance of star-rated hotels in Kenya's North Rift Region. The research examined the moderating effects of dynamic capabilities on the risk-taking, innovation, proactiveness, competitive aggressiveness, and autonomy of star-rated hotels in the North Rift Region. The results of the study show that the influence of entrepreneurial orientation on the performance of star-rated hotels in Kenya's North Rift Region is strongly moderated by dynamic talents..

5.1.1 Risk taking and performance of star rated hotels

Risk-taking was found to have a substantial and beneficial impact on the performance of star-rated hotels in Kenya's North Rift Region. This contributed to the null hypothesis being rejected. Therefore, hotels' performance may be efficiently increased by appropriate risk management. In order to assist the hotels achieve improved performance, every risk that the management of the star-rated hotels takes should be centered on producing value along a dimension of the interests of stakeholders. The stakeholder theory is the foundation for the findings.

5.1.2 Innovation and performance of star rated hotels

Innovation was found to have a considerable and favorable impact on the performance of star-rated hotels in Kenya's North Rift Region. This contributed to the null hypothesis being rejected. By lowering operating expenses and raising employee happiness, organizational innovations frequently increase organizational performance. The stakeholder theory and contingency theory both supported these findings.

5.1.3 Proactiveness and performance of star rated hotels

The study discovered a considerable impact of proactiveness on star-rated hotel performance. This contributed to the null hypothesis being rejected. As a result, by being proactive, hotels may foresee changes in the business environment and influence them for maximum success. This is due to the fact that being proactive gives businesses a variety of skills to anticipate both client wants and the responses of rival businesses in the marketplace, so enhancing the performance of the company. These conclusions are supported by the stakeholders' and contingency theories.

5.1.4 Competitive aggressiveness and performance of star rated hotels

According to the study, competitive aggression significantly affects how well hotels in Kenya's North Rift Region operate. This contributed to the null hypothesis being rejected. Competitive aggression is a suitable option for businesses operating in hostile environments or in established markets. Competitively aggressive businesses are more likely to grow their performance, market share, and competitive positioning. The stakeholders' theory and the dynamic capabilities theory are what support this.

5.1.5 Autonomy andperformance of star rated hotels

According to the study's results, autonomy significantly and favorably affects the performance of starred hotels in the North Rift Region. The majority of five-star hotels consistently work to expand into new countries and frequently roll out new goods for developing markets. People are happier and more productive at work when they feel that they have the flexibility to choose how to execute their tasks, which improves organizational performance. This suggests that by fostering employee autonomy, the business gains access to better ideas for raising service quality. The stakeholders hypothesis forms the foundation of the results.

5.1.6 Moderating role of dynamic capabilities on the relationship betweenentrepreneurial orientation and performance of star rated hotels in North Rift Region

Dynamic capacities have a moderating effect on the performance of star-rated hotels in the North Rift Region in connection to entrepreneurial orientation (risk taking, innovation, proactiveness, competitive aggressiveness, and autonomy). According to the results of hierarchical regression, the performance of star-rated hotels and entrepreneurial attitude (risk taking, innovation, proactiveness, competitive aggressiveness, and autonomy) are related but not directly related. As a result, it means that in order to survive, star-rated hotels must adopt an entrepreneurial mindset along with dynamic skills. This is based on the theories of dynamic capacity, contingency, and stakeholders.

In the North Rift Region, the link between risk-taking and performance of star-rated hotels is statistically significantly impacted by dynamic capacities. The null hypothesis was therefore disproved. This suggests that dynamic capabilities strengthen the link between taking risks and performance of star-rated hotels in Kenya's North Rift Region. These conclusions are supported by the stakeholders theory and the idea of dynamic capacities. In the North Rift Region, the association between innovation and performance of star-rated hotels is statistically significant. The null hypothesis was therefore disproved. This suggests that the innovation-focused methods used by the hotels should include dynamic capacities for financial advantages and effectively acquire possibilities to accomplish increased performance of star-rated hotels. The stakeholder theory and contingency theory both support the results.

The association between proactiveness and performance of star-rated hotels in the North Rift Region is statistically affected by dynamic capacities. This suggests that in order to improve their service delivery, hotels should adopt proactive work practices and dynamic capabilities.

This is consistent with both the stakeholders' theory and the dynamic capability theory. Additionally, the link between competitive aggression and the performance of star-rated hotels in the North Rift Region is statistically affected by dynamic capacities. Therefore, in response to dynamic rivalry and market instability that demand their dynamic skills, the hotels' competitive aggressiveness is shifting toward a different paradigm. These results are consistent with both the dynamic capability theory and the stakeholders theory. Finally, the association between autonomy and performance of star-rated hotels in the North Rift Region is strongly moderated by dynamic capacities. As a result, it is believed that the degree of autonomy given to the staff by the business owners affects how well the hotels function. This is heavily predicated on the contingency theory and dynamic capacity theory. In this context, hotels must maintain their fundamental need for autonomy and dynamic capacities.

5.2 Conclusion

This study draws a variety of implications that fit the positivistic paradigm in light of the data. The study examined the moderating influence of dynamic capacities on the impact of entrepreneurial attitude, such as risk taking, innovation, proactivity, competitive aggressiveness, and autonomy on the performance of star-rated hotels in Kenya's North Rift Region. The study comes to the conclusion that boosting the performance of star-rated hotels requires an entrepreneurial attitude and dynamic skills. This is demonstrated by the fact that, according to the study's findings, each of these characteristics alone and collectively have a little impact on how well star-rated hotels perform. As a result, it necessitates the development and application of these entrepreneurial oriented tactics. As a result, entrepreneurial oriented techniques would not only become an extra element of organizational policy but would also become embedded in management and operations of star-rated hotels, leading to high performance of the star-rated hotels.

The study's findings offer unequivocal confirmation of the notion that an entrepreneurial mindset should be acknowledged as a crucial antecedent to the success of star-rated hotels. Even without the moderator, it should be recognized that taking risks is the biggest factor in star-rated hotels' performance. Based on the stakeholder theory, concentrate on adding value along a stakeholder interest axis to aid hotels in realizing improved performance. This does not, however, minimize the impact of other aspects of entrepreneurial orientation examined in this study on the performance of star-rated hotels. This suggests that in order to ensure the organization's peak performance, the entrepreneurial orientation elements should be synergistically combined.

The results of this study further highlight how important innovation is to the success of star-rated hotels. In reality, innovation enhances the performance of star-rated hotels by influencing variables like technology, production, and markets that impact star-rated hotels' performance. In light of these findings, it is reasonable to conclude that innovation significantly affects the performance of hotels with star ratings. In this aspect, hotels that adopt innovation should see improved performance. According to the stakeholder hypothesis, organizational innovations boost performance by lowering operating expenses and raising stakeholder satisfaction among employees. Contingency factors should be considered when making judgments on innovation since the contingency theory also supports these findings.

The results show that being proactive is still essential for achieving star-rated hotels' performance goals. This is due to the fact that being proactive offers commercial organizations

a variety of skills to anticipate client wants as well as competition reactions in the marketplace, so enhancing the performance of the company. Enterprises with proactive strategic stances have the capacity to foresee potential changes in the business environment and even exercise influence on the business environment to their advantage. In essence, hotels must adapt to changes in the business environment in order to consistently satisfy consumer expectations based on the stakeholder theory in order to remain viable in the interest of all stakeholders. Additionally, the star-rated hotels' ability to predict the future depends on how well their business and natural environments interact.

Star-rated hotels need to have a tendency toward competitive aggression by taking a persistent, varied, or unusual set of measures to confront business rivals and improve their performance and comparative competitive position. The results of the study, which show that competitive aggressiveness greatly influences the performance of star-rated hotels, support this thesis. According to the dynamic capability hypothesis, aggressively competing star-rated hotels have a better chance of increasing their performance, market share, and competitive positions if they change and adapt to the times. According to the stakeholder theory, hotels need to be incarnates of forward-looking and opportunity-seeking strategies in order to leverage on current success and anticipate future trends and stakeholder expectations.

The study's conclusions indicate that having discretion over the tasks that will be performed in connection with a venture, including determining the firm's strategic direction, has a substantial impact on how well star-rated hotels function. Finally, autonomy has a big impact on how well hotels with stars perform. As a result, most hotels empower staff members to be accountable for all of their decisions. Employees are given the authority to make decisions relevant to their line of work. The hotel staff, on the other hand, objects to becoming involved in budgeting.

Star-rated hotels should, despite this, include their staff in establishing the company's objectives. According to the stakeholders hypothesis, by encouraging employee autonomy, the business gains access to better ideas for raising service quality in the interests of stakeholders.

Star-rated hotels perform significantly better when dynamic skills and entrepreneurial attitude intersect. According to the results of hierarchical regression, there is a strong moderating effect of dynamic skills on the link between entrepreneurial attitude (risk taking, innovation, proactiveness, competitive aggressiveness, and autonomy) and performance of star-rated hotels. As entrepreneurial businesses, star-rated hotels may always outperform their competitors in identifying and seizing business possibilities. Through their entrepreneurial approach and dynamic skills, star-rated hotels can be far better at creating the competitive advantage that leads to having a stronger strategic position in the marketplace than other conservative firms. These conclusions are supported by the theories of stakeholders, contingency, and dynamic capacity. In this regard, the effectiveness of star-rated hotels depends on the dynamics of the business environment in consideration of the stakeholders, as well as other uncontrollable circumstances.

5.3 Implications and Recommendations

5.3.1 Theoretical Implication

The study's findings extend the use of widely accepted theories such as the stakeholders' theory, the dynamic capability theory, and the contingency theory, which support the adoption of EO and dynamic capabilities as ways for an organization to improve performance, within the positivistic paradigm. For the star-rated hotels to optimize performance as a result of entrepreneurial mindset, they should produce value for all stakeholders, not just stockholders.

The achievement of performance would be difficult for star-rated hotels without satisfying the demands of the majority of stakeholders, including consumers. According to the dynamic capacity hypothesis, star-rated hotels must be aware that both the requirements of shareholders and the business environment are dynamic. Due to the erratic nature of the business environment, the demands of the customer base are always changing. Therefore, it means that the dynamic capacity theory is unquestionably the foundation for amplifying the impact of EO on the performance of star-rated hotels. Star-rated hotels are required to continuously monitor changes in the business environment in order to seize new possibilities, strategically integrate resources, and update operational patterns in order to perform and remain competitive. Despite this, individuals should avoid the seduction of success traps and focus on developing new skills in order to survive.

These praise the implementation of the contingency theory concept with the stakeholders' theory and dynamic capacity theory. This suggests that star-rated hotels' operations should be in line with both internal and external criteria. Star-rated hotel management has a responsibility to combine EO and DC while looking for other crucial contingencies that can ensure good performance in the face of constantly shifting business circumstances. Therefore, in accordance with the stakeholders' theory, dynamic capacity theory, and contingency theory, the study hypothesizes that the performance of star-rated hotels is influenced by EO and regulated by DC. The results of this study can be used as secondary data for further studies on EO, DC, and the performance of star-rated hotels that are based on stakeholders' theory, dynamic capacity theory, and contingency theory. This serves as a foundation for expanding the boundaries of knowledge in the investigation of organizational performance through EO in different sectors. The study contributes to the body of knowledge about the impact of dynamic

capacity and entrepreneurial orientation on the performance of star-rated hotels by correlating past studies and filling in any gaps.

The conceptual journey was supported by the findings of several research, which demonstrated the significance of looking at entrepreneurial tendencies in a variety of contexts in order to support findings from other contexts. In order to better grasp the link, it was necessary to do more study on this topic in the hotel sector. The link between EO and its results is not constant; EO's influence on organizational performance might vary depending on the kind of industry, stage of growth, and other factors unique to each business environment. Therefore, considering dynamic capacity as a moderator made logical.

The study fills a gap in the literature caused by the paucity of information on the relationship between EO characteristics and performance of star-rated hotels, whose organizational structures and cultures are unique from those of other sectors, particularly in developing nations. The moderator of dynamic capacities increases the extent of EO's impact on star-rated hotel performance. This suggests that star-rated hotels will perform better when they use EO while taking into account the appropriate dynamic capabilities.

The impact of all EO dimensions—risk taking, innovation, proactiveness, competitive aggression, and autonomy—combined, and how dynamic capabilities moderate their effect on the performance of star-rated hotels—was less well-researched despite the conclusions and recommendations of earlier studies. This study's primary contribution is to fill up certain gaps in the literature. This is done by thoroughly examining the impact of all EO characteristics

together on the functionality of star-rated hotels. Few EO aspects have been taken into account in the Kenyan context as a developing nation and notably in the hospitality sector, and how dynamic capacities moderates their influence on performance of star rated hotels, which supplied a gap that was filled by this study.

Additionally, the study has focused on a distinct EO result, namely the success of star-rated hotels, as opposed to company-level performance, which is highlighted in the bulk of studies, as well as firm innovation, intra- and extra-industry networks, and financial performance. Numerous academics who have urged for further empirical research on the results of EO (Fuentes-Fuentes, Bojica, and Ruiz-Arroyo, 2015; Jones, Coviello, and Tang, 2011) have called for this. Results from other studies that seemed incongruous and the need for greater study on EO and organizational performance served to confirm this. This study was able to address a knowledge vacuum created by all these discrepancies in prior studies' findings by elucidating the precise impact of EO on performance. According to the results, EO has a good and considerable impact on how well star-rated hotels perform.

Because management principles are universal, the study's findings deviate from the contingency principle by arguing in favor of a direct link between EO and star-rated hotel performance. However, EO has also been extensively researched in industrialized nations like the United States and the United Kingdom. However, among quickly rising nations like Brazil, Russia, India, and China—the so-called BRIC countries—the only one to get systematic study is China. Because of the diverse industrial environments among research conducted in Kenya, it is impossible to generalize the results regarding EO and company performance. By

examining EO and star-rated hotels' performance as affected by dynamic capacities in a developing country like Kenya, this study addressed the gap..

5.3.2 Managerial Implication

The ramifications of our research findings include enlightening the management of the hotel sector on the necessity of bolstering the application of EO in conjunction with dynamic capabilities as a method of improving organizational performance. As a result, the findings have helped strategic management by offering useful information on EO awareness, dynamic capability dimensions, and organizational performance impact. The management should work to integrate their bundles of EO and dynamic capability factors for the best possible organizational performance, as demonstrated experimentally.

These results validate the rationale behind combining EO and DC through mutually consistent policies to boost organizational effectiveness. These claim that the study's findings are important for helping practitioners and policy makers embrace EO, develop dynamic capacities, and formulate policies that prioritize organizational performance. However, it raises concerns about the necessity of looking at EO and DC in addition to other moderators in order to secure and maintain good organizational performance in various industries as a foundation for future studies.

5.3.3 Recommendations

The results of this study and the recommendations from the literature analysis make it clear that improving EO and dynamic skills in the hospitality sector is a key component in achieving star-rated hotel performance. The entire volatility in a firm's success is fueled by its EO, even though star-rated hotels' performance is dependent on other elements as well. According to the

findings, in order for star-rated hotels to improve their performance, it is still imperative that they assess their strategic orientations and give special consideration to EO dimensions like risk-taking, innovation, proactiveness, competitive aggressiveness, and autonomy. This is true because EO encapsulates an organization's managerial beliefs, entrepreneurial firm behaviors, and strategy-making processes. The current study offers the following suggestions in this regard:

In order to assist the star-rated hotels achieve improved performance, whatever risk they take should be concentrated on adding value along dimensions of the interests of stakeholders. When making business decisions, star-rated hotel management and staff should weigh the pros and cons of each option carefully. To lower the risks associated with new product development, star-rated hotels have to make contact with prospective clients. To lower their operational risks, star-rated hotels should improve their internal controls for recording costs and receipts.

By lowering operating expenses and raising employee happiness, organizational innovations frequently increase organizational performance. Therefore, the star-rated hotels should creatively look for crucial backup plans that may ensure their high performance in the face of the always shifting business climate. The star-rated motels has to often develop fresh goods that provide consumers value. Strengthening proactiveness gives business businesses different capacities to anticipate consumer wants as well as rivals' responses in the marketplace, enhancing their performance. Moreover, star-rated hotels should invest in service innovation initiatives. Due to this, it is still imperative for star-rated hotels to develop an opportunity-seeking mindset as a source of both performance and competitive advantage. To strengthen their domination and competitiveness for high performance, star-rated hotels should concentrate on grabbing the attention of clients who are excluded by mainstream products and want a special solution to a problem. In this sense, the star-rated hotels should enhance their offerings to better meet the changing markets. They should also routinely assess consumer

satisfaction. To stay up with changing technology, starred hotels need implement new business procedures. Additionally, as a competitive advantage, star-rated hotels should continuously be aware of their evolving clientele's demands.

Maintaining competitive aggression is essential for star-rated hotels to function well. Star-rated hotels must thus increase their level of competitive aggression in order to improve their performance. To benefit on their performance, hotels must have tactics that are proactive and seek out opportunities in anticipation of evolving future trends and needs. In order to enter new markets ahead of rivals, it is necessary to invest in sustainable marketing techniques in order to stimulate fresh demand for already-existing items. In addition to having stars, hotels have to have suitable pricing control measures.

The owners should allocate enough funds so that the staff may decide on their own how to best serve the demands of the consumers. The hotels should also successfully include its staff in budgeting and goal-setting for the company. Employees will feel more in charge of and in control of the final budget as a consequence, which will open up new prospects and provide them a competitive edge. Additionally, potential alternatives and the effects of actions taken by workers need to be understood.

The need for star rated hotels to develop appropriate dynamic capabilities that can enhance the significant effect of EO to foster their competitiveness and performance is based on the significant moderating role of dynamic capabilities on the relationship between EO and performance of star rated hotels. In order to improve their performance and competitiveness, the research advises star-rated hotels to continuously align, alter, and reconfigure their resources and skills in the ever-changing business environment along with all the aspects of entrepreneurial orientation.

5.4Areas for Further Research

There are suggestions for more research based on some of the implications and limitations of this study. Although this study was effective in examining the conceptual framework of EO, DC, and organizational performance, it has also opened up a wealth of opportunities for future research in other areas. The survey solely included the hospitality sector as far as industries go. However, as EO and dynamic capabilities differ by sector and industry, it would be helpful to conduct comparable research across diverse industries and sectors. In order to properly generalize the results, future research might reexamine the conceptual model employed in this study using a bigger sample size. Furthermore, research in the future can concentrate on the moderating role that dynamic skills have in the association between EO and other outcomes like competitive advantage.

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APPENDICES

Appendix I: Introductory Letter

Dear Respondent,

I am undertaking research on ***effect of entrepreneurial orientation on performance of star rated hotels in North Rift Region, Kenya: Moderating role of dynamic capabilities.*** This is in partial fulfillment for the requirement for the award of PhD in Business Administration (Strategic Management Option) fromKisii University. Any information given will be handled with confidentiality and at no time will you be required to identify yourself by name. I guarantee that this research will be used purely for academic purposes.

Kindly, complete the questionnaire to the best of your knowledge.

In case of any enquiries and clarification, please contact the undersigned at 0720666021 or joanmasai@yahoo.com.

Thank you.

Yours faithfully,

Joan Bii

Appendix II: Questionnaire

This study focuses on the ***effect of entrepreneurial orientation on performance of star rated hotels in North Rift Region: A focus on the role of dynamic capabilities***. Please note that your responses are confidential and anonymous as you are not required to indicate your name. The questionnaire will be purely for academic purposes. The questionnaire has got sections A and B kindly answer all questions to the best of your knowledge.

Questionnaire Number

Kindly put a tick (√) against the correct choice.

Section A

1. **Age bracket**

20 -30 years	[ ]	31 -40 years	[ ]
41 -50 years	[ ]	51 -60 years	[ ]
Above 60 years	[ ]		

2. Highest level of education?

Diploma	[ ]	Bachelors'	[ ]
Post graduate	[ ]	Certificate and below	[ ]

3. For how long has the hotel been in operation?

Less than 1 year	[ ]	3 years	[ ]
1 year	[ ]	4 years	[ ]
2 years	[ ]	5 years	[ ]
Above 5 years	[ ]		

4. Which business development services would be beneficial for your enterprise?

Customer Relationship Management	[ ]	Business Plan development	[ ]
Financial services	[ ]	Technology transfer	[ ]

Section B

Part I: Risk Taking

Please indicate the extent of occurrence of the aspects indicated in the following statement by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1A	The hotel takes calculated risk in business decisions					
1B	Our hotel is willing to accept a certain level of risk when introducing new products					
1C	Our hotel can shy away from taking up an opportunity due to the risk of failure					
1D	The hotel encourages employees to take business-oriented risks without fear of punishment					
1E	The hotel frequently takes calculated risks with new ideas					
1F	Our hotel is concerned about the fluctuations in its profits					
1G	The hotel invests additional money for better value of services					
1H	Our hotels have internal controls for the documentation of expenses and receipts					
1I	Internal operational rules and regulations are developed and disseminated					

Part II: Innovation

Please indicate your extent of agreement with the following statement by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
IIA	Our hotels always look out for new business opportunities					
IIB	Our services specifically respond to customer needs					
IIC	The hotel often creates new products that provide value for customers.					
IID	The hotel always finds new ways to reach out to customers					
IIE	The hotel always finds ways to create value to customers.					
IIF	Our hotel has adopted online interaction (such as through social media) with customers					
IIG	Our hotel has invested on service innovation strategies					
IIH	e-marketing has helped our hotel share customers experiences					

Part III: Proactiveness

Please indicate the extent of acceptability of the following statement by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
IIIA	The hotel always strives to enter new markets					
IIIB	The hotel regularly introduces new products for emerging markets.					
IIIC	There is shared vision among employees in our hotel					
IIID	The hotel regularly introduces new production technology to improve efficiency.					
IIIE	The hotel is always introducing new financial processes to keep up with emerging technology.					
IIIF	Our hotel strives to meet changing customer expectations					
IIIG	Strategic alternative is embraced as per the changes in the business environment					
IIIH	Customer satisfaction is measured regularly in our hotel					
IIII	Our products and services are improved to the suitability of the market					
IIIJ	Understanding customer needs are important as a competitive factor					
IIIK	Customer information used for service development					
IIIL	The hotel always strives to enter new markets					

Part IV: Competitive Aggressiveness

Please indicate the extent of truthfulness of the following statement by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
IVA	The hotel enters new markets ahead of competitors					
IVB	The hotel often introduces new services before its competitors					
IVB	The hotels always introduce new services to beat thecompetitors within a short time					
IVC	The hotel always changes the service delivery process to make them more competitive					
IVD	Our hotel spends substantial number of financial resources in sales promotion					
IVE	Our hotel has a strong tendency to increase its market share through sustainable marketing strategies					
IV F	The hotel stimulates new demand on existing productsthrough aggressive advertisement					

Part V: Autonomy

Please indicate the level of appropriateness of autonomy approaches by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
VA	The hotel is always inclined towards encouraging employees make appropriate decisions					
VB	The hotel regulates working time for employees					
VC	The hotel allows employees to take responsibility for all the decisions they make					
VD	The hotel allows the employees to take responsibility for the results of all their decisions					
VE	Possible alternatives and consequences of decisions made by employees are known					
VF	Decisions made by employees yield expected gains					
VG	Decisions made by employees are effectively utilized by the management					
VH	Employees are empowered to make decisions in line with their area of work					
VI	Employees are involved in the budgeting process					
VJ	The hotel involves employees in setting the business goals					

Part VI: Dynamic Capabilities

Please indicate your extent of agreement with the following statement by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
VIA	The hotel frequently scans the environment to identify new business opportunities					
VIB	The hotel periodically reviews the likely effect of changes in business environment on customers					
VIC	The hotel often reviews service development efforts to ensure they are in line with what customers want					
VID	The hotel often integrates its resources for developing new services					
VIE	The hotel devotes its time and resources in renewing its operations for the improvement of the existing services					
VIF	The operations of the hotel changes as per the emerging trends of the market					

Part VII: Performance of hotels

Please indicate the extent of truthfulness of the following statement by placing a tick where appropriate using the following 5-Point Likert scale:

Strongly disagree =1, Disagree =2, Undecided = 3, Agree =4, Strongly Agree =5

No.	Response Item	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
VIIA	The occupancy rate has increased in the last few years					
VIIB	The hotel room bookings surpass the bed capacity					
VIIC	Our hotel does not suffer from high customer complains					
VIID	Our hotel enjoys high customer loyalty					
VIIE	Our hotel consistently meets and exceeds customer expectations that keeps our guests coming back					
VIIF	Our service culture has enhanced the hotel an image					
VIIG	The refurbished facilities have earned the hotel more customer referrals					

APPENDIX III : Summary of Specific Research Gaps

examined. The analyses revealed that.Besides

Researcher(s)	Focus of Study	Finding(s)	Knowledge Gap	Filling of Gaps
Wood and Lewis (2018)	Examined risk culture development and its impact within theBarbados-based Caribbean Development Bank	-Accountability, awareness, communication andleadership are strong indicators of the Caribbean Development Bank's risk culture and havecontributed to increased uniformity in risk management knowledge, improved coordination of risk datacollation and better escalation of risk management issues	-The study was conducted in the banking sector limiting the generalization of the finding to the Kenyan hospitality industry. - Besides the study focused on accountability, awareness, communication andleadership and not financing operations, adoption of new methods and venturing in new markets as focused in the current study. -The study used qualitative research which is not statistically representative	- The current study will be conducted in the banking sector - The study will focus on financing operations, adoption of new methods and venturing in new markets as indicators of risk taking - The study will use questionnaire asa quantitative method of data collection

Asamoah and Arkoh (2019)	-The impact of enterprise risk managementpractices on financial performance of rural and community banks	-There was positive linear correlation between enterprise riskmanagement and financial performance indicators of leverage, asset quality and liquidity. the study was not conducted in hospitality industry	-The study only focused on financial performance indicators of leverage, asset quality and liquidity	The gap was filled by the current study which focusing on occupancy rate, customer loyalty and customer referrals.
Ban (2021)	Examined the effect of risk management on firm performance and the moderating role of boardownership in the above said relationship in Iraq.	The result showed that organizational performance is significantly affectedby risk management and also the board ownership equity is moderating the relationship.	-However, the study was conducted in a non-Kenyan context and used board ownership as a moderator and not dynamic capabilities. -The study didn't focus on occupancy rate, customer loyalty and customer referrals as indicators of organizational performance	-The study was conducted in a non-Kenyan context and used board ownership as a moderator and not dynamic capabilities - The study focused on occupancy rate, customer loyalty and customer referrals as indicators of organizational performance
Sheedy, Griffin, and Barbour	proposed a multilevel framework for	- From the findings four unique factors of risk climate	-The study did not focus on performance of the	-The study focused on performance of the

(2017)	investigating risk climate (the shared perceptions among employees of the relative priority given to risk management, including perceptions of the risk-related practices and behaviors that are expected, valued and supported), together with its outcomes and antecedents, and validate a new measure	that were invariant across three organizations, two countries, and two levels of analysis (individual and business unit)	hospitality industry in the Kenya. -The study used online surveys which suffer from respondent bias. -Besides the study didn't focus on dynamic capabilities as a moderator	hospitality industry in the Kenya - The study used questionnaires to reduce the chances of respondent bias -The study used dynamic capabilities a moderator of the relationship between risk taking and performance of star rated hotels
Egiyi and Eze (2022)	The importance of risk management on organizational efficiency.	-Risk analysis, evaluation of risk, the threat of risk, and monitoring and review of risk has a statistically significant	-The study was not conducted in a hospitality industry -The study didn't focus on performance of star rated hotels but organizational	- The study focused on performance of star rated hotels -The study was conducted in a hospitality industry in Kenya

		positive effect on organizational efficiency.	efficiency. -The study adopted the organizational culture theory while.	-the current study adopted stakeholder, contingency and dynamic capabilities theory
Acikdilli and Ayhan (2013)	Dynamic capabilities and entrepreneurial orientation in the new product development	The study contended that EO affect new product development. They concluded that new product development is an integration of two focal construct dynamic capabilities and entrepreneurial orientation.	Findings were based on the theoretical exposition observations and not statistical evidence.	The current study provided statistical evidence on the relationship of EO and performance as moderated by DC
Affendy, et al. (2015)	Effect of entrepreneurial orientation on market orientation and SMEs business performance using structural equation model approach (SEM) in Malaysia.	The findings show that the entrepreneurial orientation does not significantly influence the business performance among SME in Malaysia.	The study findings were inconsistent with other studies which found positive relationship between EO and SMEs performance -The study looked at EO, Market orientation and SMEs performance which contrasts the variables focused in the current study -The study was limited from generalizability to the	-Finding the exact relationship between EO and performance as moderated by DC and bundling all the measures of EO to assess how they affect performance -The study was conducted in the hospitality industry in the Kenyan setting to fill in the gaps in literature

			hospitality industry since it focused on SMEs whose structures are and culture would be different from the hospitality industry in the Kenyan context	
Owoseni and Adeyeye (2012)	The role of entrepreneurial orientations on the perceived performance of small and medium-scale enterprises (SMEs) in Nigeria.	- Innovativeness, risk-taking, and pro-activeness jointly predicted organizational performance. there was no significant difference between low and high Risk-taking and perceived SME performance Pro-activeness did not independently predict perceived SME performance. The finding was that there is no significant interaction effect of Innovativeness and Pro-activeness on SME Performance	This study is that it narrowed Nigerian SMEs and not the hospitality industry. The study did not use a moderator while EO and SMEs performance are contingent in nature	The current study focused business performance as the outcome of EO and DC as a moderator based on the perception that SMEs must be dynamic in order to perform in the hospitality industry Kenyan context which is also dynamic. EO and firm performance may differ if in various industrial settings,
Mukami and Karanja (2014)	Effect of Entrepreneurial Orientation on the Performance of Women	The study found out that the key dimensions of Entrepreneurial Orientation namely: Innovation,	-The study focused on only four dimensions of EO - This study was conducted in	The current study focused on all the five dimensions of EO and their effect on

	Owned Enterprises in Kenya.	Risk Taking, Pro-activeness, Autonomy in Business and Competitive Advantage aided the Performance of Businesses as indicated by the increase in Market Share and Cash Flow Stability in the business	women owned SMEs in Kenyan context however EO and firm performance may differ if in various industrial settings -The study did not use a moderator	performance as moderated by DC in the hospitality industry in the Kenyan context.
Kamedi (2016)	The role of entrepreneurial orientation on the growth of small and medium enterprises in Nairobi County.	The findings indicated that risk taking had the highest effect on growth of Nairobi SMEs followed by Pro-activeness, then innovativeness which had the least effect on growth of small and medium enterprises	Focused on EO and growth of SMEs in Nairobi. The study only looked at three EO orientations which included risk taking, innovativeness and pro-activeness The study was not conducted in the hospitality industry The study did not use a moderator	-The study looked at EO and performance of hotels -The study looked at all the five EO dimensions. -The study used DC as the moderator -The study was conducted in the hospitality industry
Muthee and Karanja (2014)	The influence of entrepreneurial orientation on growth of micro and small enterprises in Kerugoya, Kenya	The study found that the dimensions of EO (innovativeness, risk taking, pro-activeness, and entrepreneurial managerial competence) have a significant positive influence on	Focused on EO and growth of SMEs in Kerugoya, Kenya. The study only looked at three EO orientations which included innovativeness, risk taking, pro-activeness	-The study looked at EO and performance of hotels -The study looked at all the five EO dimensions. -The study used DC as the moderator

		growth of Micro and Small Enterprises.	-The study was not conducted in the hospitality industry -The study did not use a moderator.	-The study was conducted in the hospitality industry
Simiyu, et al. (2016)	Effect of Entrepreneurial Orientation on the Growth of women Micro and Small Enterprises in Trans Nzoia County, Kenya.	-The study found out that entrepreneurial orientation had statistically significant relationship with growth of women, -The EO dimensions of innovativeness, risk taking and reactiveness are of equal importance to explain growth of Micro and Small Enterprises	Focused on EO and growth of SMEs in Trans Nzoia County, Kenya. The study only looked at three EO orientations which included innovativeness, risk taking and reactiveness -The study was not conducted in the hospitality industry -The study did not use a moderator.	-The study looked at EO and performance of hotels -The study looked at all the five EO dimensions. -The study used DC as the moderator -The study was conducted in the hospitality industry
Vishal and Safal (2015)	Entrepreneurial orientation and firm performance in Indian SMEs.	The findings revealed a strong positive linkage between EO and firm performance as moderated by Environmental contingencies demand growth and competitive intensity	The study focused on EO and performance of SMEs as moderated by Environmental contingencies and not DC -Besides the Indian culture influences their SMEs culture thus limiting generalization of this findings	-The study looked at EO and performance of hotels in the Kenyan context -The study looked at all the five EO dimensions. -The study used DC as the moderator -The study was conducted in

			-The study recommends a moderator on EO and performance relationship -The study was not conducted in the hospitality industry.	the hospitality industry in the Kenyan context
Udin and Bose (2014)	Entrepreneurial orientation (EO) and performance of business in Khulna City, Bangladesh.	All the variables were found to be related with the business performance but risk taking and innovativeness have positive effect on business performance while pro-activeness and autonomy have negative relations although all variables except pro-activeness were found to be statistically significant.	The study focused on EO and performance of SMEs as of business in Khulna City, Bangladesh which is not the Kenyan context -Besides the Indian culture influences their SMEs culture thus limiting generalization of this findings -The study did not use a moderator on EO and performance relationship -The study was not conducted in the hospitality industry	-The study looked at EO and performance of hotels in the Kenyan context -The study look at all the five EO dimensions. -The study used DC as the moderator -The study was conducted in the hospitality industry in the Kenyan context
Tachia et al. (2016)	EO-Performance relationships in Reverse Internationalization by Chinese Global Startup	They found that proactiveness is positively related to performance; risk taking is not statistically associated with	The generalizability of these findings is limited to the China global start-ups on difference in terms of organizational values	The current study was a dispatch from this by looking at how the relationship between EO and performance

	OEMs: social networks and strategic flexibility.	performance; innovativeness is negatively related to performance. The proactiveness performance relationship is mediated by strategic flexibility and moderated by social networking relationships.	akin to different cultural settings. Besides the study looked at mediator strategic flexibility and moderator social networking on the relationship between EO and performance	of hotels as moderated by DC in the hospitality industry Kenyan context.
Fauzilah and Mohamed (2011)	Demographic Characteristics Differences of Risk-Taking Propensity among Micro and Small Business Owners in Malaysia.	The study concluded that there are no differences between risk taking propensity and business owners' demographic characteristics such as gender, business owners' age, education level and their business experience.	The generalizability of the findings of these studies are limited to Malaysia and not the hospitality industry The study did not also look at DC as a moderator	The current study was different from this by looking at how the relationship between risk taking and performance of hotels is moderated by DC in the hospitality industry Kenyan context.
Wambugu, et al. (2015)	Relationship between risk taking and performance of small and medium agro processing enterprises in Kenya	Revealed that risk taking has a positive impact on firm performance of agro processing SMEs in Kenya.	The study did not investigate the role of contingency factors in the risk taking and firm performance to competitive advantage of SMEs. This provided a gap to be filled with the current study	The current study looked at dynamic capabilities as a contingent factor and how it affects the relationship between risk taking and performance of hotels
Danso and Ofori	Risk-taking propensity,	The findings indicate that there	The study was conducted in	The study was conducted in

(2016)	network ties and firm performance in an emerging economy such as Ghana.	is a positive relationship between entrepreneurs' risk taking and firm performance.	Ghana whose setting is different from the Kenya. The study did not look at a moderator or any contingent variable	the Kenyan context and using DC as a moderator
Ndesaulwa and Kikula (2016)	Impact of innovation on performance of Small and Medium Enterprises (SMEs) in Tanzania: A Review of Empirical Evidence	The paper found a positive link between innovation and performance of SMEs. The paper is thus a wakeup call for empirical studies that assess the impact of innovation on SMEs performance in Africa.	Literature survey revealed that the studies on innovation and its effect on performance are observed to have concentrated to Western, Middle and Far East and very little empirical evidence is noticeable in Africa.	The current study was based on empirical research thus filling the gap provided by this study which was desk research
Mahmutaj (2014)	Innovation in SME's and performance in Kosovo	The study did not show whether innovation improved organizational performance or not	This study provided findings valid for SMEs in Kosovo, and should not be generalized to SMEs in the region or beyond Besides the study was not conducted in the hospitality industry but dealt with improvement of the existing products	The current study was conducted in Kenya and hospitality industry to provide a different industrial setting
De Massis, et al. (2014)	Firm age and proactiveness	Proactiveness is performance enhancing	This study was conducted in a non-Kenyan context and	The current study filled the gap by looking at how

	performance of family business		hospitality industry. Besides the study looked at the contingency perspective but not dynamic capabilities as a contingent factor influencing the outcomes of proactiveness.	proactiveness affects the performance of hotels as moderated by dynamic capabilities in the hospitality industry in the Kenyan context
Lumpkin, et al. (2010)	Long-term orientation: Implications for the entrepreneurial orientation and performance of family businesses	five dimensions of EO (innovativeness, proactiveness, risk taking, competitive aggressiveness and autonomy) are associated with long term orientation affect the performance of SMEs	This study looked at all the five dimensions of entrepreneurial orientation as a bundle how they affect performance of SMEs and limited to family business providing a gap for the current study.	The current study looked at how a single dimension of EO which is proactiveness affects performance of hotels to fill the existing gap in literature
Du et al. (2010)	Mediating effect of ISO certification on the relationship between proactiveness and firm growth	The results revealed that ISO certification partially mediates the relationship between proactiveness and firm growth, suggesting that proactive firms tend to use legitimation via ISO certification to enhance firm growth.	This study was conducted in a Chinese setting thus limiting its generalization to the Kenyan context. Besides the study looked at legitimation via ISO certification as a mediator which is a dispatch from the current study. Relationship	The current study focused on the direct link between proactiveness and organizational performance besides the moderating role of dynamic capabilities on the
Casillas, et al. (2010)	Configurational approach of the relationship	The study found that the EO growth relationship is contingent	The study was conducted Spanish context with growth as	The study was conducted in the Kenyan context with

	between entrepreneurial orientation and growth of family firms	on different contextual variables environmental dynamism and environmental hostility and an internal variable generational involvement. results show that (a) EO positively influences growth only in second-generation family businesses, (b) the moderating influence of the generational involvement is related to the risk-taking dimension, and (c) dynamism and hostility of the environment, respectively, moderate the relationship between EO and growth in a positive sense	the outcome of EO	performance of hotels as an outcome
Zellweger, et al. (2012)	Effect of Family entrepreneurial orientation, on trans generational value creation by families.	Entrepreneurial orientation affects positively trans generational value creation	The study did not look at the performance of SMEs as an outcome of the EO besides the study looked at all the dimensions of EO bundled together which is not the focus of the current study	The study looked at proactiveness and how it affects the performance of hotels in the hospitality industry

Blackford (2010)	Effect of firms' competitive aggressiveness on firm performance in the United States of America.	It was also concluded that, more aggressive organizations would display better performance	The sample for the study was the organizations with the most revenue in two industries, automobile manufacturing and retailing in a non-Kenyan context	The study was conducted in the hospitality industry and in the Kenyan context
Christian and Sveinn (2015)	Explored the relationship between competitive strategy and firm performance in France	The findings showed the different impacts of individual entrepreneurial orientation dimensions on competitive strategy and the effects of cost leadership and differentiation on performance.	The study was conducted in the France context The study did not look at performance of SMEs as an outcome of competitive aggressiveness	The study was conducted in the Kenyan context and focusing on the performance of hotels as the outcome of Competitive aggressiveness
Covin and Teresa (2011)	The study examined the relationships between firm performance, the degree of aggressiveness a firm exhibits in its competitive orientation, and the environmental dimensions of technological sophistication and	The findings suggested that high-performing firms often exhibited an aggressive competitive orientation when faced with environmental hostility, while low-performing firms tended to be more passive when operating in hostile environments	The study was conducted in the manufacturing sector in South Africa with a different industrial setting with hospitality industry	The current study focused on the effect of competitive aggressiveness on performance of hotels as moderated by dynamic capabilities

	hostility in South Africa			
DeVaro (2018)	The effect of autonomy on firm performance	Found no significant relationship between.	The study used a cross section of British establishments	The gap was filled by studying the effect of autonomy on the performance of hotels in the hospitality industry in the Kenyan setting
Xiaoyang (2007)	The relationship between firms' use of incentive compensation and managerial autonomy, as well as how managerial autonomy affects firm performance.	Results showed that general manager's investment decision autonomy dampened, while labor decision autonomy boosted firm performance.	The study was conducted by empirical analysis using Investment Climate Survey data from China.	The current study was conducted in the Kenyan context and hospitality industry
Kusumawardhan, et al. (2012)	The effect of autonomy on firm performance in Indonesian of Small and Medium Enterprises (SMEs).	These EO dimensions were found to have no significant relationships with firm performance	Autonomy has not been utilized fully in these companies due to the cultural background of the managers/owners	The current study was conducted in the Kenyan context
Chang and Wong (2006)	The study empirically tested a managerial discretion model that posited that overall firm performance depended on	The relationship between the level of organizational commitment of IJV managers and the exploitation of firm-specific capabilities tended to	The study was conducted in China a non-Kenyan context	The current study was conducted in Kenya

	the degree to which task autonomy, contractual control and management compensation influenced the managerial discretion exercised in international joint ventures (IJVs).	increase when managers had the necessary levels of discretion		

Source (Author, 2023)

Appendix III: HISTOGRAMS FOR NORMALITYTESTING

a) Histogram for Risk Taking

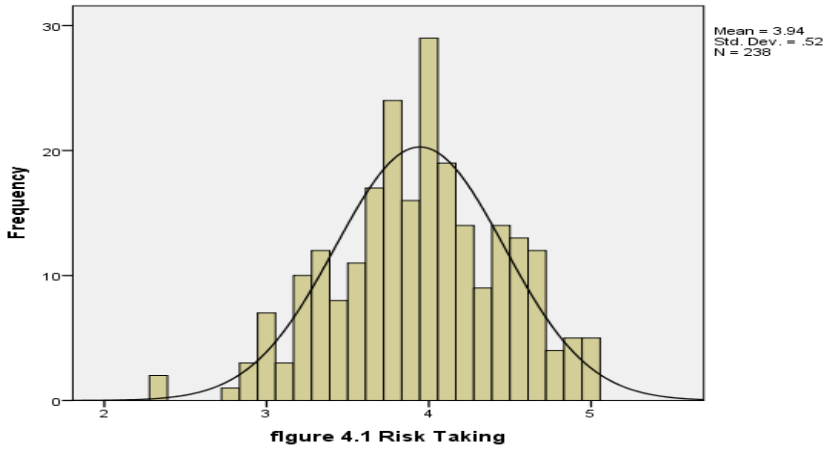


figure 4.1 Risk Taking

b) **Histogram for Innovation**

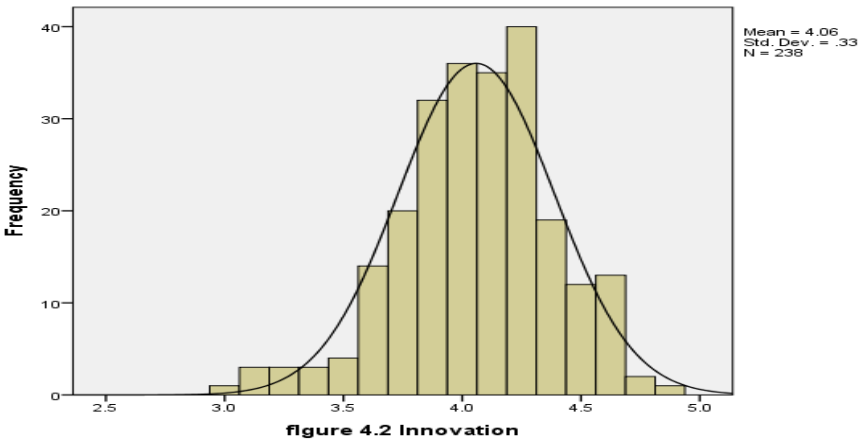


figure 4.2 Innovation

c) **Histogram for Proactiveness**

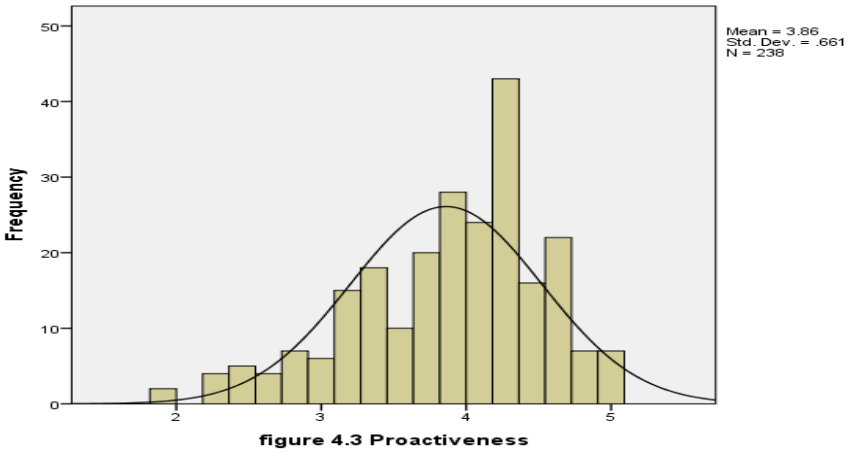


figure 4.3 Proactiveness

d) Histogram for Competitive Aggressiveness

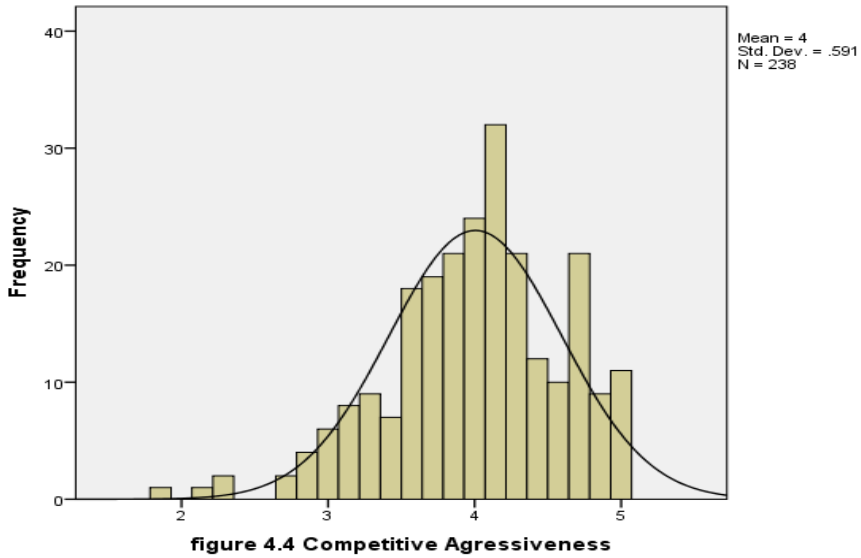


figure 4.4 Competitive Agressiveness

e) Histogram for Autonomy

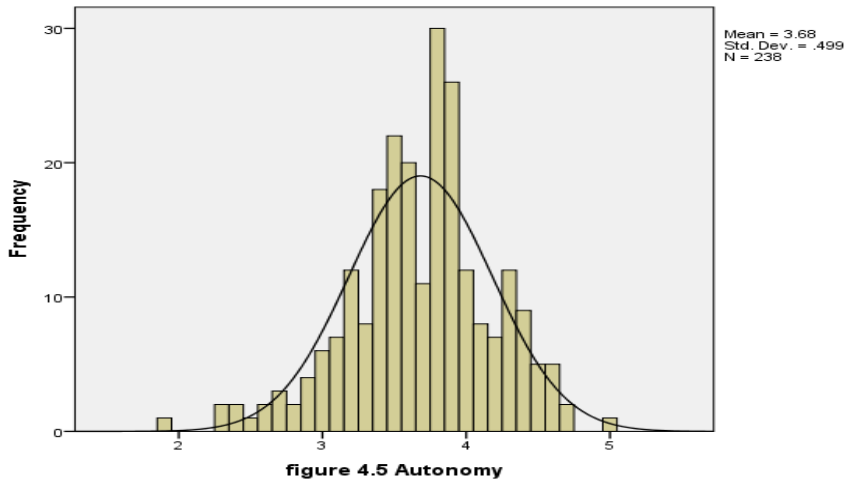


figure 4.5 Autonomy

e) Histogram for Dynamic Capabilities

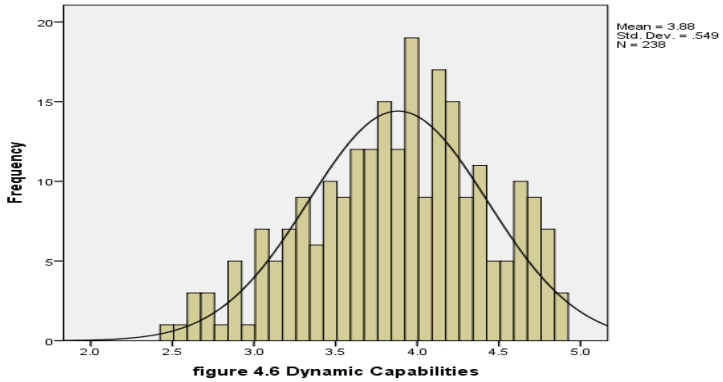


figure 4.6 Dynamic Capabilities

f) Histogram for Performance of Star Rated Hotels

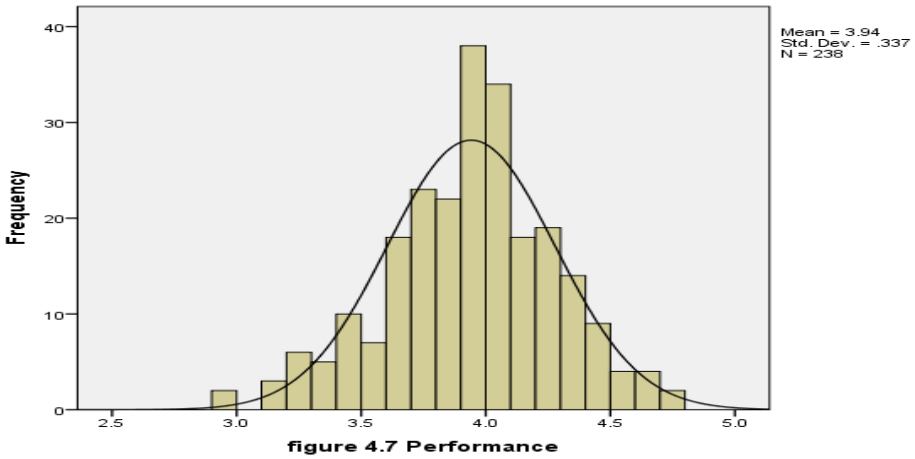


figure 4.7 Performance

APPENDIX IV: SCATTER PLOTS FOR TESTING LINEARITY FIG 4.8-4.14

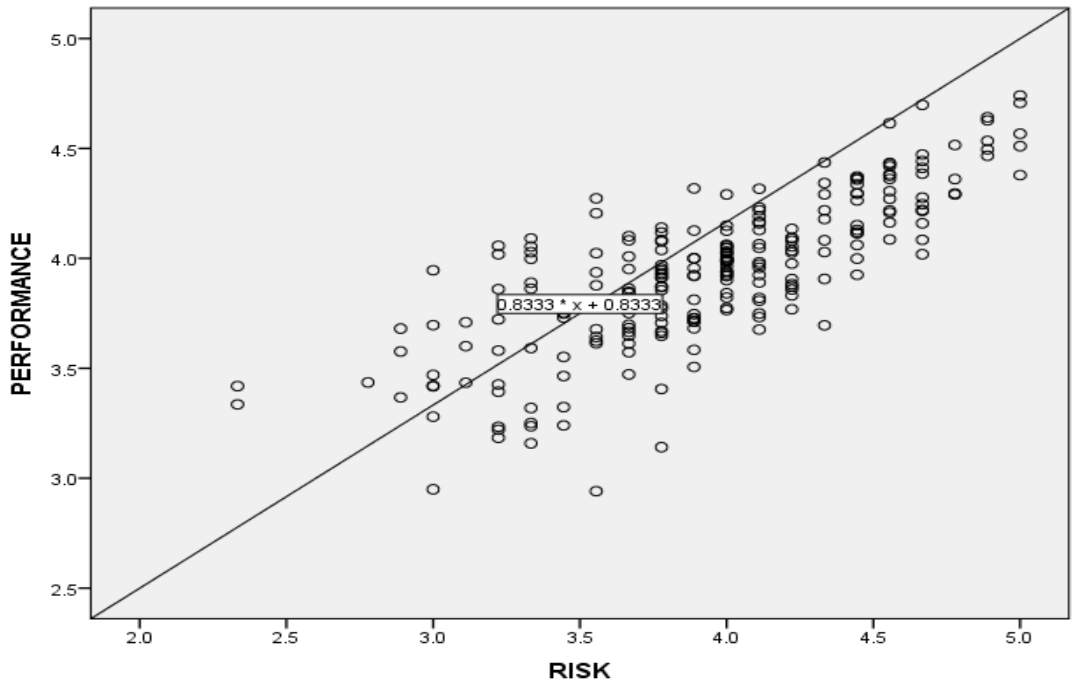


Figure 4.9 Scatter plot for risk taking and performance of star rated hotels

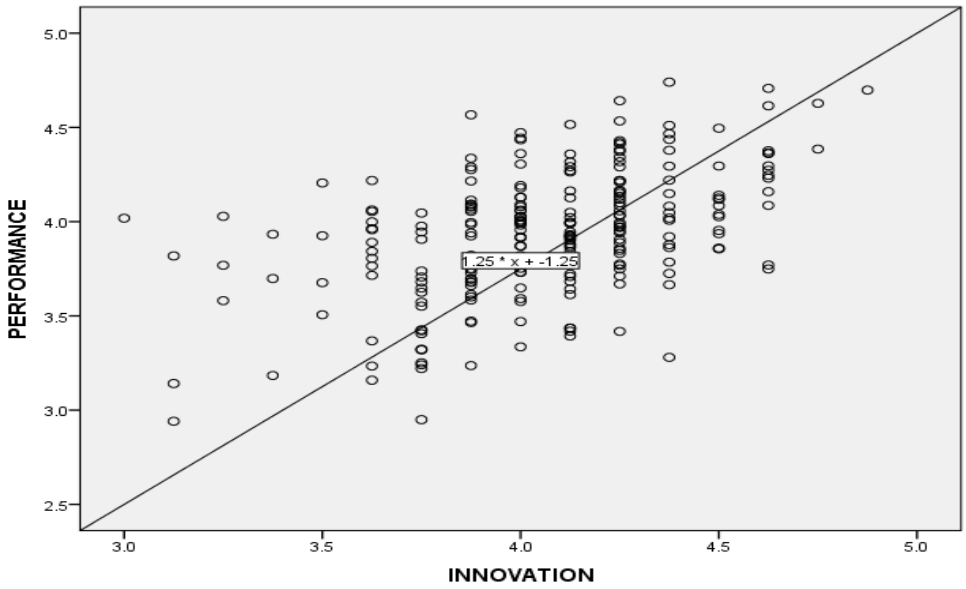


Figure 4.10 Scatter plot for innovation and performance of star rated hotels

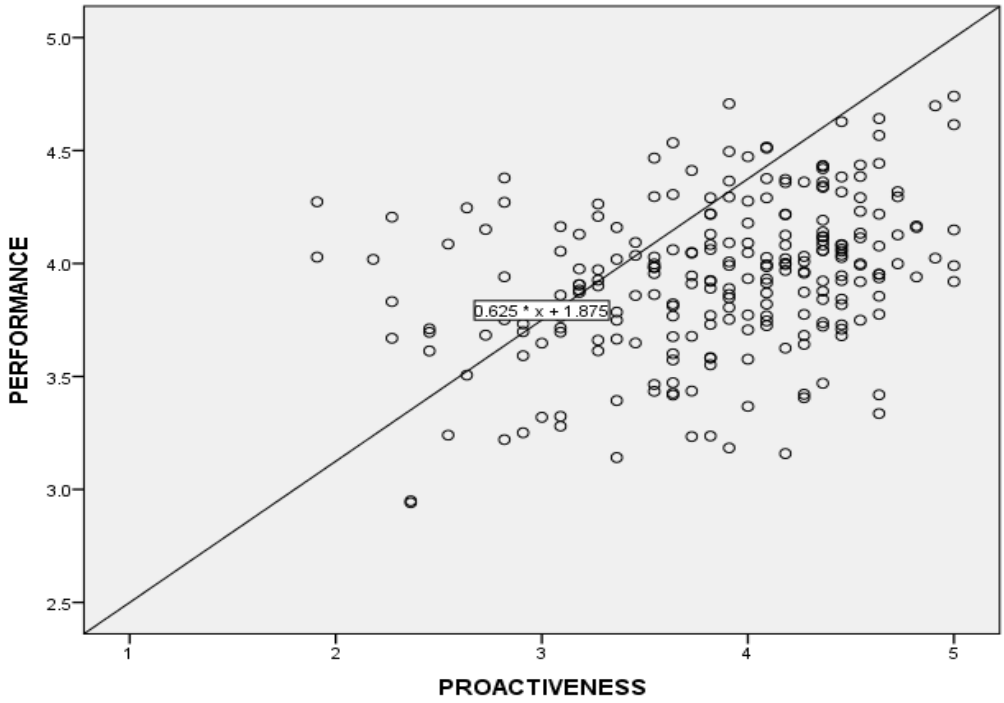


Figure 4.11 Scatter plot for proactiveness and performance of star rated hotels

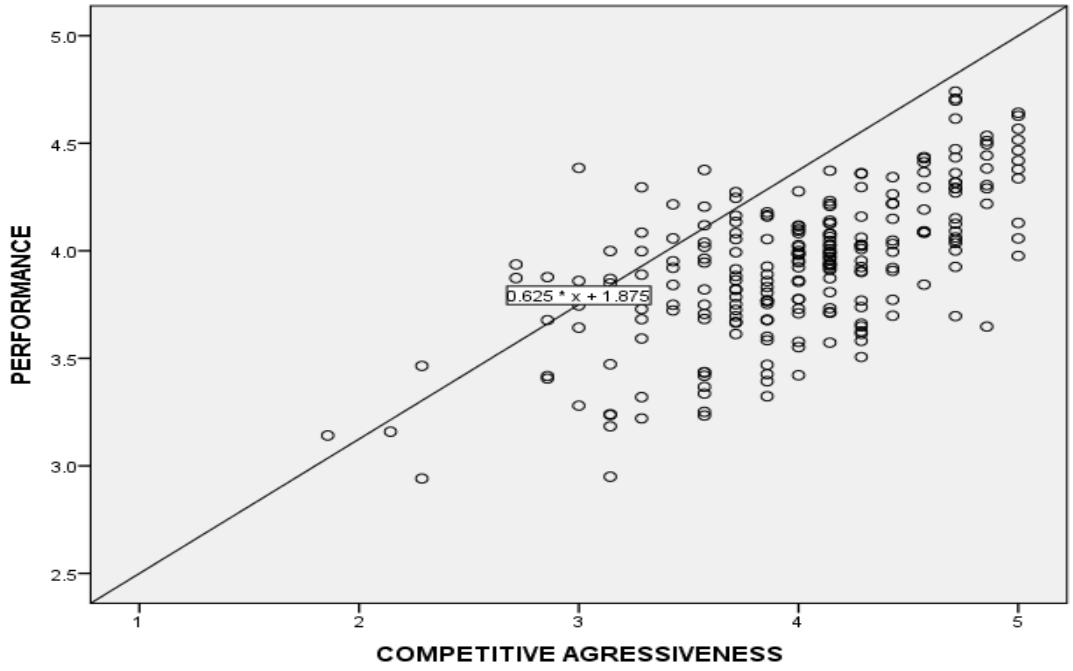


Figure 4.12 Scatter plot for competitive aggressiveness and performance of star rated hotels

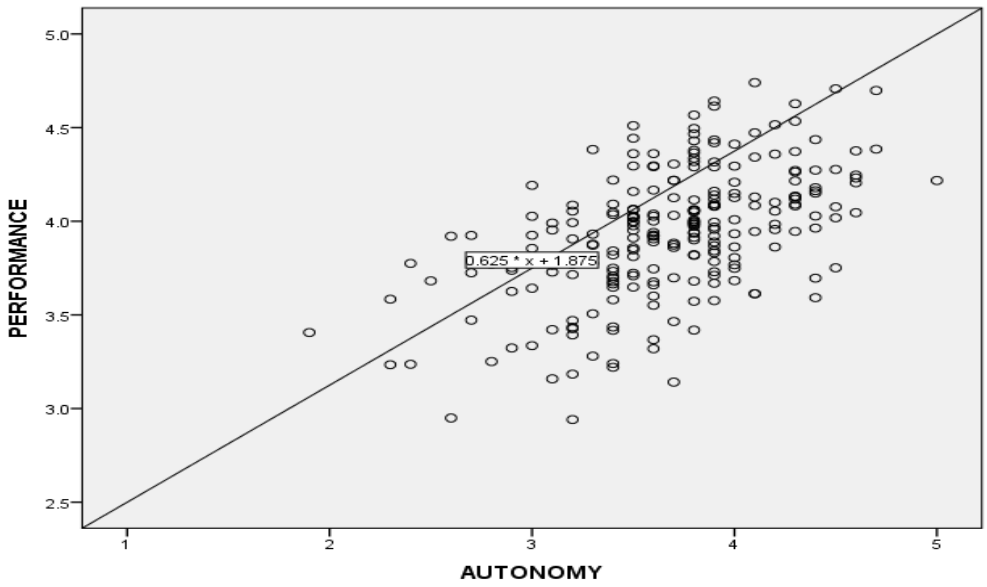


Figure 4.13 Scatter plot for autonomy and performance of star rated hotels

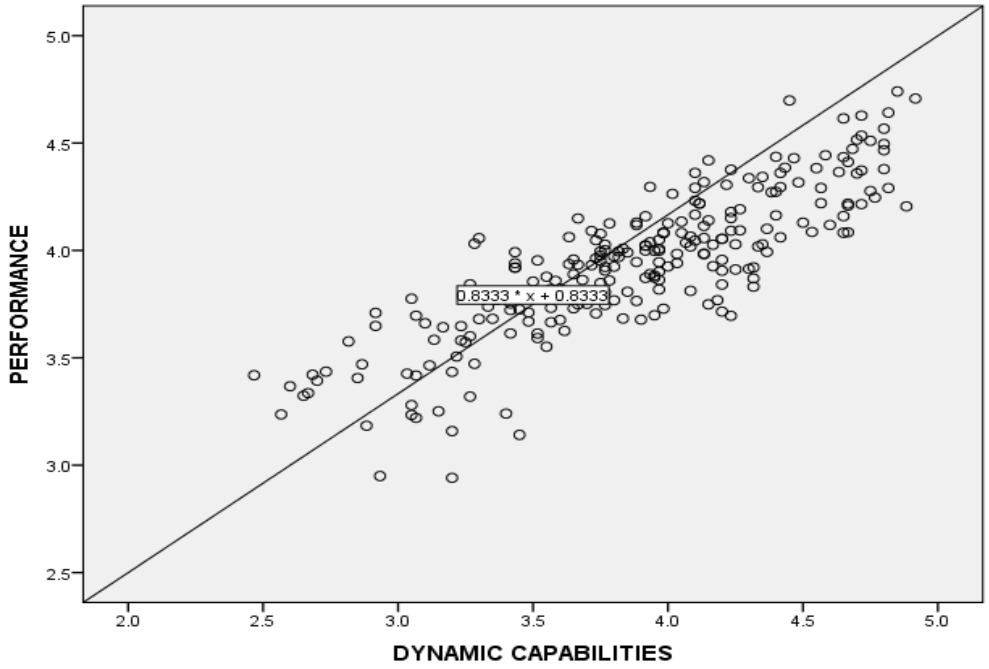
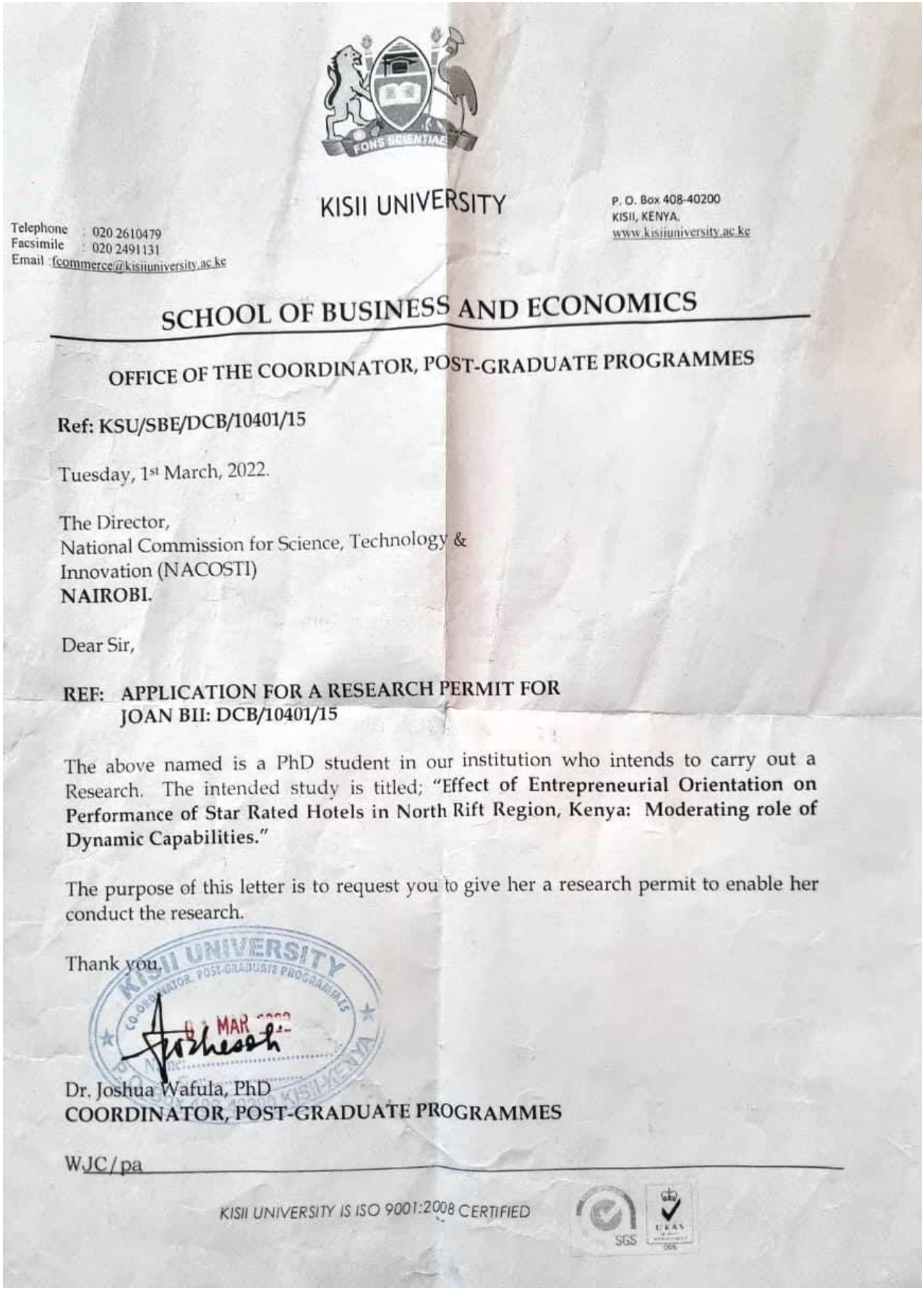


Figure 4.14 Scatter plot for dynamic capabilities and performance of star rated hotels

Appendix V: Letter for Research Permit



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SCHOOL OF BUSINESS AND ECONOMICS

OFFICE OF THE COORDINATOR, POST-GRADUATE PROGRAMMES

Ref: KSU/SBE/DCB/10401/15

Tuesday, 1st March, 2022.

The Director,
National Commission for Science, Technology &
Innovation (NACOSTI)
NAIROBI.

Dear Sir,

REF: APPLICATION FOR A RESEARCH PERMIT FOR JOAN BII: DCB/10401/15

The above named is a PhD student in our institution who intends to carry out a Research. The intended study is titled; **"Effect of Entrepreneurial Orientation on Performance of Star Rated Hotels in North Rift Region, Kenya: Moderating role of Dynamic Capabilities."**

The purpose of this letter is to request you to give her a research permit to enable her conduct the research.

Thank you.

KISII UNIVERSITY
CO-ORDINATOR, POST-GRADUATE PROGRAMMES
P.O. Box 408-40200 KISII-KENYA

MAR

Dr. Joshua Wafula, PhD
COORDINATOR, POST-GRADUATE PROGRAMMES

WJC/pa

KISII UNIVERSITY IS ISO 9001:2008 CERTIFIED

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Appendix VI: Research Licence

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **600474**

Date of Issue: **10/March/2022**

RESEARCH LICENSE

This is to Certify that Ms.. JOAN BII of Kisii University, has been licensed to conduct research in Baringo, Elgeyo-Marakwet, Transnzoia, Turkana, Uasin-Gishu on the topic: EFFECT OF ENTREPRENEURIAL ORIENTATION ON PERFORMANCE OF STAR RATED HOTELS IN NORTH RIFT REGION, KENYA: MODERATING ROLE OF DYNAMIC CAPABILITIES for the period ending : 10/March/2023.

License No: **NACOSTI/P/22/16188**

600474

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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Appendix VI: Antiplagiarism Report