

Entrepreneurial Orientation and Organizational Performance of Star Rated Hotels in Kenya

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ABSTRACT

Keywords:

Entrepreneurial orientation, Organizational performance, Innovativeness, Competitive aggressiveness, Proactiveness, Star-rated hotels

This study examined the relationship between entrepreneurial orientation and organizational performance of star-rated hotels in Kenya. The hospitality industry is increasingly characterized by intense competition and environmental dynamism, necessitating entrepreneurial strategic behaviors to enhance firm performance. Despite the growing scholarly interest in entrepreneurial orientation, limited empirical evidence exists regarding its influence on hotel performance within the Kenyan context. The study adopted a quantitative research design and collected primary data from managers of star-rated hotels across Kenya using structured questionnaires. Entrepreneurial orientation was operationalized through three dimensions: innovativeness, competitive aggressiveness, and proactiveness. Organizational performance was measured using indicators of operational efficiency, customer satisfaction, and profitability. Data were analyzed using inferential statistical techniques, including regression analysis, to establish the relationship between entrepreneurial orientation and organizational performance. The results revealed a strong, positive, and statistically significant relationship between entrepreneurial orientation and organizational performance. Specifically, entrepreneurial orientation exhibited a substantial explanatory effect on organizational performance ($\beta = 0.971$, $p = 0.000$), indicating that higher levels of entrepreneurial orientation are associated with improved performance outcomes among star-rated hotels. Hotels that demonstrated greater innovativeness, pursued aggressive competitive strategies, and proactively responded to market opportunities recorded superior performance compared to those with lower entrepreneurial orientation. The findings provide empirical support for the relevance of entrepreneurial orientation in enhancing firm performance within the hospitality sector. This study contributes to the entrepreneurship and hospitality management literature by extending empirical evidence on entrepreneurial orientation–performance linkages in a developing economy context, with specific reference to star-rated hotels in Kenya.

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1.0 INTRODUCTION

The hospitality industry in Kenya played a pivotal role in the national economy, particularly as a major contributor to tourism growth, employment creation, and foreign exchange earnings (UNWTO, 2021; Gikandi & Wamitu, 2020). Within this sector, star-rated hotels operated at the upper end of the market, providing high-quality services while competing for domestic and international clientele. These hotels faced heightened competitive pressures, driven by both local competitors and global standards, while striving to maintain operational efficiency, customer satisfaction, and market positioning (Mwaura & Ngugi, 2022; Kandampully et al., 2015). As the hospitality landscape evolved, the adoption of entrepreneurial strategic behaviors became increasingly critical for sustaining performance and competitiveness in a dynamic business environment characterized by shifting consumer preferences, market volatility, and technological advancements.

Entrepreneurial orientation referred to an organization's strategic posture that enabled it to respond effectively to emerging opportunities and challenges. This orientation was generally characterized by three core dimensions: innovativeness, competitive aggressiveness, and proactiveness (Lumpkin & Dess, 2001; Kandampully et al., 2015). Innovativeness involved the introduction of new products, services, or processes and the continuous improvement of existing operations to enhance value delivery. Competitive aggressiveness reflected a firm's willingness to confront rivals directly, pursue market share, and implement assertive strategies that strengthened its competitive position. Proactiveness encompassed the anticipation of future market trends, early entry into emerging market segments, and timely responses to evolving customer demands and industry developments. In the context of Kenyan star-rated hotels, these dimensions enabled establishments to differentiate their offerings, attract and retain clientele, and adapt to a highly dynamic

hospitality environment (Gikandi & Wamitu, 2020; Mwaura & Ngugi, 2022).

Organizational performance in star-rated hotels was commonly assessed using multiple indicators, including profitability, operational efficiency, customer satisfaction, and market share (Chou et al., 2018; Mwaura & Ngugi, 2022). Hotels that demonstrated high levels of entrepreneurial orientation were more likely to achieve superior performance outcomes due to their ability to innovate, respond proactively to changing market conditions, and assertively compete in the industry. While prior studies acknowledged the importance of entrepreneurial behaviors in enhancing firm outcomes, empirical evidence regarding the specific effects of innovativeness, competitive aggressiveness, and proactiveness on hotel performance in the Kenyan context remained limited. This paucity of research constrained the ability of managers to make evidence-based decisions on strategic planning, innovation adoption, and proactive market engagement (Liu et al., 2020; Mwakisha et al., 2020).

Empirical investigations in developing economies, including Kenya, had produced mixed results on the relationship between entrepreneurial orientation and organizational performance. Some studies indicated that firms exhibiting strong entrepreneurial orientation achieved improved financial outcomes, customer engagement, and service quality (Chou et al., 2018; Kandampully et al., 2015). Conversely, other findings suggested that the effects of entrepreneurial orientation were not always straightforward, with contextual factors such as limited managerial expertise, resource constraints, and environmental uncertainty potentially weakening its impact (Liu et al., 2020; Mwakisha et al., 2020). In the Kenyan hospitality sector, star-rated hotels operated in an environment marked by intense competition, fluctuating demand, and evolving guest expectations. These factors necessitated strategic behaviors that went beyond routine operations, requiring hotels to embrace entrepreneurial

approaches that fostered innovation, aggressiveness, and proactivity in their service delivery and market engagement strategies.

Despite recognition of the potential benefits of entrepreneurial orientation, research in Kenya had largely focused on general hospitality management or international trends, leaving a gap in understanding how entrepreneurial orientation specifically influenced the performance of star-rated hotels (Buhalis & Law, 2008; Gicheha & Karani, 2019). In particular, there was limited empirical evidence on how the dimensions of innovativeness, competitive aggressiveness, and proactiveness individually and collectively affected key performance indicators such as profitability, operational efficiency, customer satisfaction, and market share. This knowledge gap was significant because it limited the ability of hotel managers to design and implement strategic interventions aimed at enhancing competitiveness and sustainability in a rapidly evolving hospitality environment.

In addition, differences in organizational capacity, management practices, and resource availability potentially influenced the extent to which entrepreneurial orientation was adopted and translated into performance outcomes. Larger hotels were likely to have greater financial flexibility, managerial expertise, and organizational infrastructure to pursue innovative and proactive strategies, while smaller establishments faced resource constraints that limited the implementation of entrepreneurial initiatives (Kandampully et al., 2015; Mwakisha et al., 2020). Understanding the interaction between these internal factors and entrepreneurial orientation was essential to contextualize its impact on organizational performance in Kenya's star-rated hotel segment.

Given the competitive pressures, dynamic market conditions, and limited empirical evidence in the Kenyan context, there was a clear need to investigate the relationship between entrepreneurial orientation and organizational performance of star-rated hotels. Specifically, exploring how innovativeness, competitive aggressiveness, and proactiveness influenced key performance indicators was necessary to provide actionable insights for

managerial decision-making and policy formulation. Establishing this relationship was expected to inform strategies that enhanced service quality, operational efficiency, and profitability, thereby contributing to the long-term competitiveness and sustainability of Kenya's hospitality industry.

This study therefore sought to examine the influence of entrepreneurial orientation—focusing on innovativeness, competitive aggressiveness, and proactiveness—on the organizational performance of star-rated hotels in Kenya. By addressing this gap, the research aimed to provide empirical evidence to support managerial strategies, promote evidence-based policy interventions, and strengthen the capacity of the hospitality sector to respond proactively to evolving market and customer demands.

Study Hypothesis

H₀₁: *Entrepreneurial orientation has no significant effect on the organizational performance of star-rated hotels in Kenya.*

Scope of Study

The study aimed to assess the influence of entrepreneurial orientation on the organizational performance of star-rated hotels in Kenya. Specifically, the research focused on hotels that are officially classified with star ratings in major urban areas such as Nairobi, Mombasa, and Kisumu. The study targeted a sample of 51 star-rated hotels in Kenya, including both 4-star and 5-star star-rated hotels within Kenya's hospitality sector. A cross-sectional approach was adopted, with data being collected through surveys and interviews from hotel managers, staff, and industry experts. The study spanned a period of three years, from 2021 to 2023, to evaluate the effects of technological orientation on performance in the evolving post-pandemic hospitality market.

2.0 LITERATURE REVIEW

The literature review examines the relationship between entrepreneurial orientation and organizational performance in star-rated hotels in Kenya. It is organized into two sections: the theoretical review, and the empirical review, which synthesizes prior studies on innovativeness, competitive aggressiveness, and proactiveness in hospitality contexts.

Theoretical Review

Resource-Based View (RBV)

The Resource-Based View (RBV), proposed by Barney (1991), emphasizes the importance of a firm's internal resources and capabilities as key drivers of sustainable competitive advantage and superior performance. According to RBV, resources that are valuable, rare, inimitable, and non-substitutable enable firms to achieve a competitive edge (Barney, 1991). In the context of the hospitality industry, entrepreneurial capabilities—manifested through innovativeness, competitive aggressiveness, and proactiveness—can be considered critical intangible resources that enhance organizational performance (Grant, 1996; Helfat & Peteraf, 2003). For star-rated hotels in Kenya, the ability to innovate services, adopt aggressive market strategies, and anticipate customer trends allows hotels to differentiate themselves from competitors, improve operational efficiency, and strengthen customer loyalty (Gikandi & Wamitu, 2020; Mwaura & Ngugi, 2022). RBV thus provides a useful lens to understand how hotels leverage their internal entrepreneurial capabilities to generate value, increase profitability, and sustain a competitive advantage in a dynamic market environment.

While RBV highlights the importance of internal capabilities, it also acknowledges that the effectiveness of these resources can be influenced by contextual factors, including market competition, regulatory frameworks, and industry trends (Peteraf, 1993; Teece, Pisano, & Shuen, 1997). In the Kenyan hospitality sector, hotels that actively cultivate entrepreneurial orientation—by introducing innovative service offerings, pursuing aggressive

competitive strategies, and proactively responding to evolving customer needs—are better positioned to enhance performance outcomes such as profitability, customer satisfaction, and market share (Lumpkin & Dess, 2001; Kandampully et al., 2015). Conversely, hotels with limited managerial capacity, insufficient strategic planning, or low organizational readiness may struggle to translate entrepreneurial behaviors into measurable performance gains (Priem & Butler, 2001; Mwakisha et al., 2020). Therefore, RBV underscores the critical role of entrepreneurial resources as strategic assets while highlighting the need for complementary capabilities, including effective leadership, employee skills, and adaptive processes, to fully realize performance improvements in the competitive context of Kenyan star-rated hotels.

Empirical Review

Numerous empirical studies have explored the impact of entrepreneurial orientation on organizational performance in various industries, including hospitality. This section reviews relevant studies to understand how the dimensions of entrepreneurial orientation—innovativeness, competitive aggressiveness, and proactiveness— influence the performance of star-rated hotels. A comparative perspective between developed and developing regions is included to provide a nuanced understanding of the contextual challenges and benefits associated with adopting entrepreneurial strategies.

Zhou et al. (2020) investigated the relationship between entrepreneurial orientation and hotel performance in China. The study found that hotels with a strong entrepreneurial orientation, characterized by high levels of innovativeness, proactive market engagement, and competitive aggressiveness, experienced improved performance outcomes, including enhanced customer satisfaction, revenue growth, and market share. Innovativeness allowed hotels to introduce new service offerings and improve operational processes, while proactiveness enabled early responses to emerging market trends. Competitive aggressiveness ensured hotels maintained a strong market position relative to rivals. However, the study primarily relied on subjective

performance measures, which could introduce bias, and it did not account for contextual factors such as resource constraints or market volatility that could moderate the relationship between entrepreneurial orientation and performance (Sundararajan, 2020; Melville, 2010; Sharma & Choudhary, 2019).

Similarly, Alrawadi et al. (2019) examined the impact of entrepreneurial orientation on the operational performance of hotels in the Middle East. The findings indicated that hotels that actively pursued innovative service offerings, adopted competitive strategies, and anticipated customer needs were better able to attract and retain clients, improve service delivery, and achieve higher profitability. The study highlighted the importance of managerial attitudes and strategic focus in leveraging entrepreneurial behaviors for organizational performance. Nonetheless, it did not critically evaluate potential limitations, such as biases from self-reported data or the effect of varying organizational sizes, which could influence the generalizability of results. Cultural and economic differences between regions were also suggested to shape the adoption and effectiveness of entrepreneurial strategies.

Research by Kuo and Lee (2017) focused on the effect of entrepreneurial orientation on hotel performance in Taiwan. The study revealed that hotels emphasizing innovativeness, proactiveness, and competitive aggressiveness consistently achieved superior operational outcomes, including higher customer satisfaction, improved efficiency, and enhanced profitability. The study underscored the strategic role of entrepreneurial orientation in sustaining a competitive advantage in dynamic hospitality markets. However, limitations were noted in the sampling strategy, with overrepresentation of larger hotel chains that had more resources to implement entrepreneurial initiatives. Smaller hotels with limited financial or managerial capacity might not have realized similar performance gains, highlighting a contextual limitation for generalizing the findings to all hotels within the sector (Tan et al., 2020; Johnson et al., 2021; Prakash et al., 2018).

In the African context, particularly in Kenya, empirical studies on entrepreneurial orientation and

hotel performance remain limited. Muriithi et al. (2018) examined the role of strategic entrepreneurial behaviors in enhancing competitiveness among star-rated hotels. The study found that hotels that actively pursued innovative services, competitive marketing strategies, and proactive engagement with market opportunities demonstrated better customer satisfaction and operational efficiency. However, many hotels were slow in adopting comprehensive entrepreneurial strategies due to constraints such as limited managerial expertise, insufficient strategic planning, and inadequate financial resources. The study also noted that external environmental factors, such as regulatory frameworks and market volatility, influenced the effectiveness of entrepreneurial orientation, but these were not extensively analyzed, leaving gaps in understanding the broader contextual impact (Munyua et al., 2020; Wanjiru et al., 2019; Kamau & Ndungu, 2021).

Kwach and Ochieng (2019) investigated the effect of entrepreneurial orientation on customer service and organizational performance in Kenyan hotels. Their findings showed that hotels demonstrating higher levels of innovativeness and proactiveness were able to anticipate customer needs and develop differentiated service offerings, resulting in improved customer satisfaction and overall performance. Competitive aggressiveness allowed hotels to respond decisively to rival activities, strengthening market position. Despite these positive results, the study did not explore organizational challenges, such as limitations in managerial capacity, financial constraints, or employee readiness to implement entrepreneurial strategies, which could hinder the full realization of performance benefits. Furthermore, there was limited attention to how varying hotel sizes or resource availability influenced the outcomes of entrepreneurial orientation initiatives.

Comparative studies between developed and developing regions highlight important contextual differences in the implementation and impact of entrepreneurial orientation. In developed economies, hotels often have greater access to managerial expertise, strategic resources, and market intelligence, facilitating the effective adoption of innovative and proactive strategies (Alvarez et al.,

2017). In contrast, hotels in developing countries such as Kenya face additional challenges, including limited financial resources, insufficient skilled labor, and environmental uncertainties, which can moderate the influence of entrepreneurial orientation on performance outcomes (Ndungu & Wamuyu, 2021). These contextual disparities underscore the need for empirical studies that specifically examine how entrepreneurial orientation functions within the Kenyan star-rated hotel sector.

Gaps in the Literature

Despite evidence of the positive effects of entrepreneurial orientation on hotel performance, significant gaps remain, particularly in the Kenyan context. Few studies have explicitly examined the relationship between the three dimensions of entrepreneurial orientation—innovativeness, competitive aggressiveness, and proactiveness—and key performance indicators such as profitability, customer satisfaction, operational efficiency, and market share. Existing research often overlooks contextual challenges such as managerial capacity, resource constraints, and environmental uncertainty, which may limit the translation of entrepreneurial behaviors into measurable performance improvements. Additionally, there is limited comparative analysis between larger, resource-rich hotels and smaller establishments in Kenya, leaving questions about the generalizability of findings. These gaps highlight the need for further empirical investigation to generate context-specific insights on how entrepreneurial orientation drives performance among star-rated hotels in Kenya.

3.0 METHODOLOGY

Research Philosophy and Design

This study adopted a positivist research philosophy, which maintains that scientific knowledge is valid only when grounded in observable, empirical evidence (Crossan, 2003). In alignment with this paradigm, a quantitative research approach was employed to test hypotheses and examine the relationships between strategic orientations and organizational performance. As noted by Creswell

(2008), this approach is appropriate for studies requiring the collection and analysis of numerical data to describe and predict phenomena. A cross-sectional survey design was utilized, allowing for data collection at a single point in time to analyze the correlations between the variables of interest.

Population and Sampling

The target population comprised 51 star-rated hotels (specifically 4-star and 5-star establishments) in Kenya. To ensure contextual consistency, inclusion was limited to hotels that had been operational for at least three years and maintained their star rating throughout that period. The sample consisted of 171 managers drawn from various departments. This sample size was determined through a power analysis, ensuring sufficient statistical power to detect meaningful relationships between the variables ($p < .05$; Cohen, 1988; Field, 2013). The sampling frame also accounted for regional representation, encompassing both urban and rural areas to enhance the generalizability of the findings.

Data Collection and Instrumentation

Primary data were gathered using structured questionnaires administered to the participating managers. The instrument utilized a 5-point Likert scale to ensure standardized responses. This descriptive research design was specifically chosen to quantify the influence of entrepreneurial orientation on organizational performance.

Data Analysis

The collected data were processed and analyzed using the Statistical Package for Social Sciences (SPSS) version 20.0. Descriptive statistics—including means, standard deviations, and frequencies—were calculated to summarize the data. To test the hypothesized relationships, simple linear regression analysis was employed to determine the effect of entrepreneurial orientations on organizational performance.

The simple linear regression model used in this study was specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where:

Y = Organizational performance; β_0 = the intercept; β_1 = The coefficients for entrepreneurial orientation; X_1 = Values of the independent variable (Entrepreneurial orientation) and ϵ = The error term.

4.0 FINDINGS

Descriptive Results for Entrepreneurial Orientation

The independent variable under investigation was entrepreneurial orientation where the respondents were requested to rate their level of agreement with statements provided inquiring on various aspects on technological orientation. The questionnaire covered statements covering the following indicators of entrepreneurial orientation and the results from the respondents are presented in Table 1.

Table 1: Descriptive Results for Entrepreneurial Orientation

	M	STD
Proactiveness		
The hotel consistently offers new and innovative services to enhance guest experience	3.9	1.07
The hotel management is quick to adapt to changing guest preferences and market trends	3.1	1.27
The hotel is responsive to feedback and suggestions provided by guests, taking proactive steps to implement necessary improvements	3.2	1.27
Aggregate score for proactiveness	3.8	1.13
Competitive aggressiveness		
The hotel consistently strives to outperform other hotels in the area	3.7	1.12
The hotel demonstrates a strong commitment to gaining market share over rival establishments	3.8	1.11
The hotel continuously monitors and analyzes the strategies of its competitors to stay ahead in the market	3.8	1.16
Aggregate score for Competitive aggressiveness	3.8	1.13
Innovativeness		
The hotel consistently introduces new and innovative services to enhance guest experience	3.5	1.24
The hotel demonstrates a commitment to adopting cutting-edge technology to improve guest convenience and efficiency.	3.2	1.31
The hotel regularly updates its facilities and decor to provide a fresh and modern ambiance for guests.	2.9	1.41
Aggregate score for Innovativeness	3.2	1.32
Aggregate score for Entrepreneurial Orientation	3.4	1.22

Key: **M** = Mean and **SD** = Standard deviation

Results in Table 4.9 indicate the extent of agreement among respondents on various aspects of the hotel's proactiveness, competitive aggressiveness, and innovativeness. For Proactiveness, respondents to a moderate extent agreed that the hotel consistently offers new and innovative services to enhance the guest experience (Mean = 3.9; Standard Deviation =

1.07). The hotel management is moderately quick to adapt to changing guest preferences and market trends (Mean = 3.1; Standard Deviation = 1.27). Additionally, respondents agreed to a moderate extent that the hotel is responsive to feedback and suggestions provided by guests, taking proactive steps to implement necessary improvements (Mean

= 3.2; Standard Deviation = 1.27). The aggregate mean score and standard deviation for Proactiveness are 3.4 and 1.20, respectively.

For competitive aggressiveness, respondents to a moderate extent agreed that the hotel consistently strives to outperform other hotels in the area (Mean = 3.7; Standard Deviation = 1.12). There is a moderate agreement that the hotel demonstrates a strong commitment to gaining market share over rival establishments (Mean = 3.8; Standard Deviation = 1.11). The hotel is also moderately consistent in monitoring and analyzing the strategies of its competitors to stay ahead in the market (Mean = 3.8; Standard Deviation = 1.16). The aggregate mean score and standard deviation for Competitive Aggressiveness are 3.8 and 1.13, respectively.

Regarding innovativeness, respondents agreed to a moderate extent that the hotel consistently introduces new and innovative services to enhance the guest experience (Mean = 3.5; Standard Deviation = 1.24). There is also moderate agreement that the hotel demonstrates a commitment to adopting cutting-edge technology to improve guest convenience and efficiency (Mean = 3.2; Standard Deviation = 1.31). However, there is only slight agreement that the hotel regularly updates its facilities and decor to provide a fresh and modern ambiance for guests (Mean = 2.9; Standard Deviation = 1.41). The aggregate mean score and standard deviation for Innovativeness are 3.2 and 1.32, respectively.

Regression Analysis – Entrepreneurial orientation and Performances of star rated hotels

The study hypothesis stated in the null form is as follows:

H₀₁: There is no significant relationship between entrepreneurial orientation and the performance of star-rated hotels in Kenya.

To test this hypothesis, a simple regression model was employed, with entrepreneurial orientation as the independent variable and the performance of star-rated hotels as the dependent variable. The aim was to determine whether entrepreneurial orientation has a statistically significant impact on hotel performance in Kenya. This hypothesis was tested by regressing entrepreneurial orientation and performances of star rated hotels guided by the equation:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where X represented Technological orientation and Y denoted Performances of star rated hotels.

The results of the regression are presented in Tables 2, 3, and 4. As presented in Table 2, the coefficient of determination R Square is 0.298; the adjusted R squared is 0.293. The model indicates that entrepreneurial orientation explains 32.9% of the variation in performance of star rated hotels in Kenya.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.546 ^a	.298	.293	7.87743

a. Predictors: (Constant), entrepreneurial orientation

Source: Research data 2024

This means 29.3% of the performances of star rated hotels is influenced by technological orientation. This implies that there exists a positive significant relationship between technological orientation and performance of star rated hotels in Kenya. Table 3 shows that the ANOVA for technological orientation.

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3711.960	1	3711.960	59.818	.000 ^b
	Residual	8749.599	141	62.054		
	Total	12461.559	142			

a. dependent variable: Performances of star rated hotels

b. Predictors: (Constant), entrepreneurial orientation

The F-Calculated (1, 141) = 59.818 which is greater than F-Critical (1, 141) = 3.96 at 95% confidence level. The findings further confirm that the regression model of performances of star rated hotels on entrepreneurial orientation is significant and supported by F= 59.818, p = 0.000 < 0.05. Table 4 shows the coefficient for technological orientation.

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	14.028	2.582			5.434	.000
	Entrepreneurial orientation	.971	.126	.546		7.734	.000

a. Dependent Variable: Performances of star rated hotels

Source: Research data 2024

This was summarized by the following model:

$$Per = 14.028 + 0.971EO$$

Where Per = Performances of star rated hotels, EO = Entrepreneurial Orientation

The findings presented in Table 4 reveal that when Entrepreneurial orientation is held constant, the performance of star-rated hotels in Kenya is 14.028 units. An increase in Entrepreneurial orientation by one unit results in a 0.971-unit increase in hotel performance, with this effect being statistically significant (p-value = 0.000). This leads to the rejection of the null hypothesis and supports the alternative hypothesis that Entrepreneurial orientation positively affects the performance of star-rated hotels in Kenya.

orientation (EO) in driving the performance of star-rated hotels in Kenya. The regression analysis reveals a positive and statistically significant relationship between the two variables ($\beta = 0.971$; $p < .001$), which necessitates the rejection of the null hypothesis. Specifically, the data indicate that with every unit increase in entrepreneurial orientation, organizational performance improves by nearly one full unit. The constant value of 14.028 suggests that while hotels maintain a baseline performance level regardless of their strategic posture, substantial growth and competitive superiority are significantly enhanced by entrepreneurial behaviors. These results underscore the premise that in a competitive hospitality landscape, the mere possession of a high star rating is insufficient for peak performance; rather, it is the active pursuit of innovativeness, proactiveness, and risk-taking that differentiates market leaders.

These findings are strongly aligned with the Resource-Based View (RBV) of the firm, which

5.0 DISCUSSION

The empirical findings of this study provide robust evidence for the pivotal role of entrepreneurial

posites that a firm's internal strategic capabilities are the primary drivers of sustainable competitive advantage. By treating entrepreneurial orientation as a rare and valuable strategic resource, this study mirrors the foundational arguments of Lumpkin and Dess (1996), who asserted that an organization's ability to identify and exploit market opportunities is a central determinant of its success. In the specific context of the Kenyan hospitality sector, these results resonate with the observations of Otieno et al. (2012), who found that Kenyan firms exhibiting higher levels of EO reported superior financial and non-financial outcomes compared to their more conservative peers. The significant β -value ($\$0.000\$$) further reinforces the idea that entrepreneurial agility is not merely a theoretical advantage but a practical necessity for hotels navigating the volatility of the regional tourism market.

From a practical standpoint, these findings suggest that for managers of 4-star and 5-star hotels, performance is intrinsically linked to a proactive strategic posture. In the current post-pandemic recovery era, the ability to anticipate shifts in guest preferences and rapidly adapt service offerings is paramount. For the Kenyan hotel industry, this implies a shift toward service innovation and calculated risk-taking, such as investing in digital transformation or exploring untapped niche markets. Ultimately, the support for the alternative hypothesis confirms that entrepreneurial orientation serves as a robust predictor of performance. This suggests that the "entrepreneurial spirit" is a vital component for established luxury entities seeking to maintain market leadership and resilience within a dynamic and increasingly globalized economic environment.

6.0 CONCLUSION AND RECOMMENDATIONS

The study concludes that entrepreneurial orientation is a fundamental determinant of organizational performance within Kenya's high-end hospitality sector. The statistical evidence confirms that hotels adopting a proactive, innovative, and risk-tolerant posture achieve significantly higher performance levels than those following traditional or reactive

management styles. This leads to the conclusion that strategic agility—specifically the ability to anticipate market trends and pioneer new service delivery models—is no longer optional but a prerequisite for maintaining a competitive edge in the 4-star and 5-star categories. Consequently, the null hypothesis is rejected, affirming that entrepreneurial orientation is a credible and powerful predictor of success for hotels operating in a dynamic emerging market.

Based on these findings, several recommendations are proposed for industry practitioners and policymakers. First, hotel boards and executive management should foster an internal culture that incentivizes innovation and tolerates calculated risks. This could involve decentralizing decision-making to allow departmental managers to respond more fluidly to guest feedback and market shifts. Second, there is a need for continuous professional development focused on "entrepreneurial leadership" for hotel managers, moving beyond basic operational efficiency toward strategic value creation. By institutionalizing these entrepreneurial behaviors, Kenyan hotels can transition from mere survival to sustainable market leadership.

Finally, the study recommends that tourism policymakers in Kenya, such as the Ministry of Tourism and the Tourism Regulatory Authority, should create an enabling environment that rewards innovation through grants or tax incentives for sustainable and tech-driven hospitality projects. For future research, it is suggested that a longitudinal study be conducted to determine how the impact of entrepreneurial orientation fluctuates over different economic cycles. Expanding the scope to include budget hotels and eco-lodges would also provide a more holistic understanding of how these strategic dimensions influence the broader Kenyan tourism ecosystem.

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