

## INFLUENCE OF MARKET ORIENTATION ON ORGANIZATIONAL PERFORMANCE OF STAR RATED HOTELS IN KENYA

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### ABSTRACT

This study examined the relationship between market orientation and organizational performance in star-rated hotels in Kenya. The study was guided by the Market Orientation Theory, the Resource-Based View (RBV) Theory, and the Dynamic Capabilities Theory. The target population was the 51 four star and five star hotels in Kenya. The target respondents were the 171 managers from various departments at the hotel's under investigation. Primary data was collected and analyzed using both measures of central tendency and the regression analysis. The findings revealed a positive and significant relationship between market orientation and hotel performance ( $p > 0.05$ ). Based on these findings, the study recommended that hotel managers invest in robust market research practices, strengthen their competitive intelligence capabilities, and adopt strategies that focus on customer needs and market dynamics.

**Keywords:** Market orientation; Organizational performance; Customer focus; Market research; Competitive intelligence; Star-rated hotels

### 1.0 INTRODUCTION

#### *Introduction and Background*

The hospitality industry in Kenya is a significant contributor to the country's economy, with star-rated hotels playing a critical role in driving tourism, generating employment, and boosting national revenue (UNWTO, 2024; Gikandi & Wamitu, 2020). These high-end establishments face increasing competition while striving to maintain high-quality service standards and attract a diverse clientele (Mwaura & Ngugi, 2022; Kandampully et al., 2015). In this highly competitive environment, market orientation has become a crucial factor for hotels seeking to

differentiate themselves and improve their organizational performance (Jaworski & Kohli, 1993; Narver & Slater, 1990).

Market orientation, which refers to a company's efforts to understand and respond to customer needs, conduct thorough market research, and gather competitive intelligence, is essential for staying ahead of competitors and adapting to the ever-changing demands of the hospitality sector (Mwakisha et al., 2020). As global market dynamics evolve, the importance of a market-oriented approach becomes even more pronounced for star-rated hotels in Kenya, particularly as customer expectations shift towards personalized services, value-added experiences, and responsiveness to competitive pressures (Gikandi & Wamitu, 2020).

Star-rated hotels in Kenya have increasingly adopted market-oriented strategies in response to these challenges. They engage in market research to better understand customer preferences, leverage competitive intelligence to monitor industry trends, and implement customer-centric strategies to improve customer experiences and satisfaction (Liu et al., 2020). Market orientation involves not just understanding customer needs but also the ability to act on these insights by aligning product offerings and services with market demands (Mwaura & Ngugi, 2022). These efforts contribute significantly to enhancing organizational performance in terms of profitability, market share, and customer loyalty (Liu et al., 2020).

Despite the growing recognition of market orientation's importance, limited research existed on its specific influence on the performance of star-rated hotels in Kenya, particularly in relation to customer focus, market research, and competitive intelligence (Gikandi & Wamitu, 2020; Liu et al., 2020). This gap presented a challenge for hotel managers, who lacked sufficient insights to effectively develop and implement market-oriented strategies tailored to the Kenyan hospitality market. Furthermore, hotels operating in Kenya faced challenges such as increased competition, fluctuating economic conditions, and changing customer preferences, which made market orientation an essential strategy for achieving long-term success. This study therefore aimed to investigate how market orientation influenced the organizational performance of star-rated hotels in Kenya. By exploring the dimensions of market orientation—customer focus, market research, and competitive intelligence—the study sought to provide a comprehensive understanding of how these factors contribute to improving the operational and financial performance of hotels in the Kenyan hospitality sector.

### ***Market Orientation in the Kenyan Hospitality Sector***

Market orientation in Kenya's hospitality sector has grown in significance as star-rated hotels increasingly recognize the need to better understand and respond to market dynamics. These hotels rely on customer feedback, market research, and competitive intelligence to align their services with customer needs, industry trends, and competitive pressures (Mwakisha et al., 2020). Market research helps hotels gauge customer preferences, identify new market opportunities, and monitor shifts in consumer behavior, allowing them to fine-tune their service offerings to meet the evolving demands of local and international travelers (Gikandi & Wamitu, 2020; Liu et al., 2020).

The use of competitive intelligence further enhances a hotel's ability to stay ahead of competitors by providing insights into market trends, competitor strategies, and emerging customer expectations (Jaworski & Kohli, 1993; Slater & Narver, 1994). By focusing on customer-centric approaches, star-rated hotels in Kenya can offer personalized services,

improve customer satisfaction, and drive repeat business (Narver & Slater, 1990). Hotels that adopt a market-oriented approach are better equipped to adapt to shifts in consumer behavior, respond to competitive threats, and innovate their services to provide superior customer experiences (Liu et al., 2020; Mwaura & Ngugi, 2022).

In Kenya, however, the adoption of market-oriented strategies varies significantly across hotels, particularly between larger, more established hotels and smaller establishments. Larger hotels often have the resources and infrastructure to engage in comprehensive market research and competitive intelligence, while smaller hotels may face limitations in terms of financial capacity and access to relevant data (Mwakisha et al., 2020; Gikandi & Wamitu, 2020; Kohli & Jaworski, 1990; Narver & Slater, 1990). This disparity highlights the need for a more inclusive approach to market orientation, one that supports smaller hotels in building the capabilities required to compete effectively in the market (Mwakisha et al., 2020).

### ***Research Problem***

In Kenya, star-rated hotels are increasingly recognizing the importance of market orientation to remain competitive and sustainable in an ever-changing industry (Mwakisha et al., 2020; Kandampully et al., 2015). This includes market-oriented practices such as conducting customer surveys, analyzing competitor strategies, and monitoring industry trends to inform decision-making and improve service delivery (Mwaura & Ngugi, 2022).

However, despite the growing importance of market orientation in enhancing hotel performance, there remained a gap in understanding how market orientation specifically affected the performance of star-rated hotels in Kenya. While many studies in other contexts have explored the relationship between market orientation and performance, research on this relationship in the Kenyan hospitality sector was sparse (Buhalis & Law, 2008; Gicheha & Karani, 2019). This gap in literature limited the ability of hotel managers and stakeholders to make informed decisions about how to implement market orientation effectively to achieve better organizational performance.

Studies conducted in other regions suggested that market orientation significantly have a positive and significant relationship with organizational performance, as they lead to improved customer satisfaction (Chou et al., 2018) operational efficiency, and financial performance (Mwakisha et al., 2020). However, there was a lack of consensus, as other studies had found that market orientation did not have a significant relationship with hotel performance (Liu et al., 2020). Chou et al. (2018) established that market orientation had a negative relationship with organizational performance. Given the mixed results and the lack of empirical evidence regarding the effect of market orientation on organizational performance in Kenyan star-rated hotels, further research was needed.

### ***Objective of the Study***

The objective of the study was to assess the influence market orientation on the organizational performance of star-rated hotels in Kenya.

### ***Study Hypotheses***

***H<sub>0</sub>:*** Market orientation has no significant effect on the organizational performance of star-rated hotels in Kenya.

*H<sub>1</sub>: Market orientation has a significant effect on the organizational performance of star-rated hotels in Kenya.*

## 2.0 LITERATURE REVIEW

The literature review presented studies showing the relationship between market orientation and organizational performance. This section is divided into two main sections: the theoretical review, which discussed key theories related to market orientation and organizational performance, and the empirical review, which examined previous studies and research findings related to the current study.

### *Theoretical Review*

The theoretical review explored several theories that provide a framework for understanding how market orientation influenced organizational performance. These included the Market Orientation Theory, the Resource-Based View (RBV) Theory, and the Dynamic Capabilities Theory.

#### *Market Orientation Theory*

The Market Orientation Theory, developed by Kohli and Jaworski (1990) and Narver and Slater (1990), posits that organizations that focus on understanding and responding to customer needs, competitor actions, and market trends are more likely to achieve higher performance. This theory is built on three key components: customer orientation, competitor orientation, and interfunctional coordination. Customer orientation, in particular, emphasizes the importance of understanding customer needs, preferences, and expectations in developing products and services that meet those needs (Narver & Slater, 1990).

In the context of star-rated hotels in Kenya, the Market Orientation Theory suggests that hotels that prioritize understanding and responding to customer demands through personalized services, customer engagement, and continuous feedback are likely to enhance customer satisfaction and retention. This, in turn, leads to improved overall organizational performance (Madhavaram & Hunt, 2008). Additionally, hotels that monitor and respond to competitive trends and market conditions can better position themselves to gain a competitive advantage and sustain long-term growth in the dynamic hospitality sector (Kohli & Jaworski, 1990). However, challenges such as limited access to customer data, fluctuating customer preferences, and varying levels of feedback collection methods across regions may hinder the full implementation of market orientation strategies in Kenya's diverse hotel industry (Gicheha & Karani, 2019).

#### *Resource-Based View (RBV) Theory*

The Resource-Based View (RBV) Theory, proposed by Barney (1991), suggests that the resources and capabilities that a firm possesses are crucial determinants of its competitive advantage and performance. In the context of market orientation, RBV emphasizes the importance of having unique, valuable, and difficult-to-imitate resources (such as skilled personnel, brand reputation, or market knowledge) to implement market-oriented strategies successfully. The theory highlights that these resources enable organizations to respond more effectively to customer needs and market changes, thus improving organizational performance (Barney, 1991).

For star-rated hotels in Kenya, RBV suggests that hotels with resources such as strong brand equity, effective market intelligence, and skilled management teams are better equipped to implement market-oriented strategies. These resources enable hotels to respond proactively to customer preferences, refine their offerings, and improve customer satisfaction, leading to better financial performance and market share (Mwakisha et al. 2020).

### ***Dynamic Capabilities Theory***

The Dynamic Capabilities Theory, proposed by Teece, Pisano, and Shuen (1997), focuses on an organization's ability to integrate, build, and reconfigure internal and external resources to address rapidly changing environments. The theory suggests that in order to achieve superior performance, organizations must possess dynamic capabilities that allow them to adapt quickly to shifts in market conditions, customer needs, and technological advancements. In the context of market orientation, dynamic capabilities are crucial for implementing market-driven strategies and ensuring the firm remains competitive over time (Liu et al., 2020).

For star-rated hotels in Kenya, the Dynamic Capabilities Theory suggests that hotels that can quickly adjust to market changes, integrate customer feedback into operations, and innovate their services are likely to outperform competitors (Teece et al., 1997). Hotels that develop the capability to recognize emerging market trends, adapt to customer demands, and respond to competitive pressures will be better positioned to maintain a competitive edge and improve organizational performance. However, the rapid pace of market changes in Kenya's hospitality sector could challenge hotels that lack the dynamic capabilities to adapt quickly (Liu et al., 2020).

### ***Interconnection between Theories***

The Market Orientation Theory, Resource-Based View (RBV) Theory, and Dynamic Capabilities Theory collectively provide a comprehensive framework for understanding how market orientation influences organizational performance. While the Market Orientation Theory focuses on the importance of customer, competitor, and interfunctional coordination, the RBV Theory emphasizes the role of unique organizational resources in successfully implementing market-oriented strategies. The Dynamic Capabilities Theory, on the other hand, highlights the need for organizations to develop adaptive capabilities in response to external market changes.

Together, these theories suggest that star-rated hotels in Kenya can improve their organizational performance by adopting a market-oriented approach that focuses not only on understanding and responding to customer needs but also on leveraging valuable resources and dynamic capabilities to adapt to changing market conditions (Day, 1994; Teece et al., 1997). By integrating these theoretical perspectives, hotels can align their market-oriented strategies with their resource strengths and adapt to competitive pressures, ultimately enhancing customer satisfaction, loyalty, and organizational profitability.

### ***Empirical Review***

Numerous empirical studies have explored the impact of market orientation on organizational performance in various industries, including the hospitality sector. This section reviews relevant studies to understand how market orientation influences the performance of star-rated hotels, with a specific focus on Kenya. A comparative analysis between developed and

developing regions is included to provide a more nuanced understanding of the challenges and benefits faced by hotels in different contexts.

Zhou et al. (2020) examined the relationship between market orientation and hotel performance in China. Their study found that hotels with a high degree of market orientation, characterized by a strong focus on customer needs, competitor analysis, and market trends, experienced improved performance outcomes, including higher customer satisfaction, revenue growth, and enhanced market competitiveness. The study highlighted that hotels which actively engage with customers and respond to their preferences were better able to foster customer loyalty and maintain a competitive edge. However, the study did not explore challenges such as market saturation or regional variations in customer preferences, which may limit the applicability of these findings to other regions.

In the Middle East, Alrawadieh et al. (2019) focused on how market orientation and customer relationship management (CRM) strategies impacted hotel performance. They found that hotels that integrated customer feedback into their service strategies and consistently monitored competitive activities were able to enhance customer retention and improve operational efficiency. However, they did not address the role of external factors such as socio-political conditions or the impact of cultural differences in shaping market orientation strategies. Their findings underscored the importance of managerial attitudes towards market orientation but did not explore the challenges of implementing market-oriented practices in less-developed regions.

Kuo and Lee (2017) studied the impact of market orientation on hotel performance in Taiwan. They concluded that a customer-focused approach, aligned with a clear understanding of market trends and competitor actions, had a positive influence on hotel performance, including improved customer satisfaction and profitability. While their findings suggested that hotels in Taiwan were more effective in implementing market-oriented strategies, the study did not discuss the barriers hotels face in developing markets, such as resource constraints, lack of staff training, or limited access to market data, all of which are relevant for understanding the Kenyan context.

In Kenya, the relationship between market orientation and hotel performance has also been a subject of study. A research study by Muriithi et al. (2018) investigated the role of market orientation in enhancing the competitiveness of hotels in Kenya. The study found that many star-rated hotels in Kenya exhibited varying degrees of market orientation. While some were proactive in collecting customer feedback and responding to market trends, others were less effective due to limited resources, lack of market research, and insufficient customer engagement. The study concluded that market-oriented hotels were better positioned to enhance customer satisfaction and maintain a competitive edge. However, it was also found that the adoption of market orientation strategies in Kenyan hotels was inconsistent, with some hotels struggling due to limited financial capacity and inadequate staff training on market research techniques.

Kwach and Ochieng (2019) explored the role of market orientation in customer service within the Kenyan hospitality industry. The study revealed that hotels that embraced market orientation strategies, such as personalized services, customer loyalty programs, and regular customer feedback mechanisms, saw improvements in customer satisfaction and overall organizational performance. However, the study noted that not all hotels in Kenya fully

implemented these practices, and some faced challenges in aligning their market strategies with actual customer needs. The study pointed to the significant role of hotel management in driving market-oriented behaviors but did not fully investigate the external factors that may influence the extent of market orientation adoption in Kenya, such as local market dynamics or socio-economic conditions.

### ***Comparative Insights between Developed and Developing Countries***

Comparing studies from developed and developing regions provides valuable insights into the challenges faced by hotels in adopting market orientation strategies. In developed countries, research by Narver and Slater (1990) and Kohli and Jaworski (1990) has consistently shown that market-oriented hotels enjoy enhanced customer loyalty, better financial performance, and improved competitive advantage. These findings are supported by a range of studies from the U.S., Europe, and other developed regions, where hotels typically have more resources, better infrastructure, and stronger institutional support for market orientation strategies.

However, in developing countries like Kenya, the implementation of market orientation faces unique challenges. For example, Wanjiru et al. (2019) found that many Kenyan hotels were hindered by factors such as limited access to customer data, inconsistent service delivery, and poor market intelligence systems. These challenges are compounded by issues such as inadequate staff training, financial constraints, and limited technological infrastructure. In contrast to developed countries, where hotels are more likely to invest in market research and CRM systems, Kenyan hotels often lack the resources to effectively implement these strategies, leading to slower adoption and limited performance improvements.

### ***Gaps in the Literature***

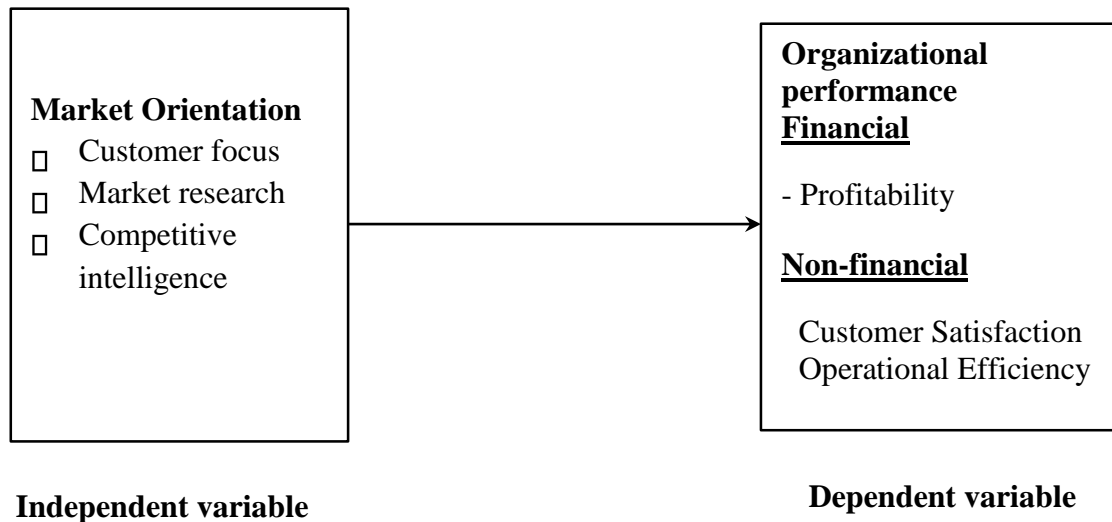
Despite the substantial body of literature on market orientation in the hospitality industry, several gaps remain, particularly in the Kenyan context. A key gap is the limited research on the long-term effects of market orientation on hotel performance in Kenya. While existing studies have focused on the short-term benefits of market orientation, there is little empirical evidence on the sustained impact of these strategies over time. Additionally, few studies have explored the challenges faced by Kenyan hotels in maintaining market orientation in the face of external pressures such as economic instability, high operating costs, and market saturation (Kamau & Ndungu, 2021).

Another gap is the lack of comparative studies that assess how market orientation practices in Kenyan hotels compare to those in other developing regions. Such studies could provide a better understanding of the regional differences in implementing market orientation strategies and highlight best practices that Kenyan hotels could adopt from other developing countries facing similar challenges. Furthermore, there is a need for more research on the role of government policies and regulations in shaping the market orientation strategies of hotels in Kenya, particularly in relation to issues like pricing, customer service standards, and sustainability practices.

### ***Conceptual Framework***

A conceptual framework illustrates the relationships between the key variables of interest in a study. In this research, the independent variable was market orientation while the dependent

variable was organizational performance, which is measured by factors such as profitability, customer satisfaction, and operational efficiency.



### 3.0 METHODOLOGY

The research employed a positivist philosophy, which asserts that scientific knowledge is valid only when it is supported by observable and empirical evidence (Crossan, 2003). A quantitative research approach was adopted for this study to test hypotheses and examine the relationships between market orientations and organizational performance in the context of star-rated hotels in Kenya. According to Creswell (2008), quantitative research is ideal for studies that involve the collection and analysis of numerical data to describe, explain, and predict phenomena. The study focused on a population of 51 star-rated hotels in Kenya, comprising 4-star and 5-star establishments, with a sample size of 171 managers drawn from various departments across the hotels. The selection of these ensured regional representation, ensuring coverage of hotels from both urban and rural areas in Kenya. Additionally, only those hotels that had been operational for at least 3 years and held their star rating during that period were included to maintain consistency in the study's context.

A cross-sectional survey design was employed, collecting data at a single point in time to allow for the analysis of the influence of market orientation on organizational performance. The data was collected through structured questionnaires, which were administered to managers. The questionnaire comprised 5-point Likert scale questions to ensure consistency in responses. Data collected through the surveys was processed and analyzed using the Statistical Package for Social Sciences (SPSS) version 26.0. Measures of central dispersion including means and standard deviations were used to summarize the data. Linear regression analysis was utilized to determine the relationship between market orientations and organizational performance.

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

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

Where:



$Y$  = Organizational performance;  $\beta_0$  = the intercept;  $\beta_1$  = the coefficient for market orientation;  $X_1$  = Values of the independent variable (Market orientation) and  $\varepsilon$  = the error term.

## 4.0 FINDINGS

### *Market Orientation*

The respondents were requested to rate their level of agreement with statements relating to various aspects of market orientation namely customer focus, market research and competitive intelligence. The results are presented in Table 1.

**Table 1: Descriptive Results for Market Orientation**

	<b>M</b>	<b>STD</b>
<b>Customer Focus</b>		
The hotel consistently prioritizes understanding and meeting the needs of its guests.	3.2	1.34
The hotel staff demonstrates a genuine interest in ensuring a positive experience for guests.	3.6	1.12
The hotel's customer service representatives are knowledgeable and attentive to customer inquiries and concerns.	3.9	1.10
<b>Aggregate score for Customer Focus</b>	<b>2.9</b>	<b>1.19</b>
<b>Market Research</b>		
The hotel conducts regular market research to understand customer preferences and expectations.	3.8	1.08
The hotel effectively uses market research to identify trends and opportunities in the hospitality industry.	3.2	1.38
The hotel seeks feedback from guests to continuously improve its services and offerings.	3.3	1.23
<b>Aggregate score for Market Research</b>	<b>2.8</b>	<b>1.30</b>
<b>Competitive Intelligence</b>		
The hotel management demonstrates a strong understanding of competitors' offerings and pricing strategies.	2.5	1.30
The hotel effectively monitors competitor activities to stay informed about market trends.	3.0	1.33
The hotel is aware of emerging trends and developments in the hospitality industry and adjusts its strategies accordingly.	2.8	1.26
<b>Aggregate score for Competitive Intelligence</b>	<b>3.0</b>	<b>1.37</b>
<b>Aggregate score for</b>	<b>2.9</b>	<b>1.29</b>

**Key: M** = Mean; **STD** = Standard Deviation

Respondents indicated a moderate level of agreement that the hotel consistently prioritizes understanding and meeting the needs of its guests (Mean = 3.2; Standard Deviation = 1.34). There was stronger consensus that the hotel staff demonstrates a genuine interest in ensuring a positive customer experience (Mean = 3.6; Standard Deviation = 1.12), with respondents appreciating the attentiveness and dedication of the customer service representatives who are

knowledgeable and responsive to customer inquiries and concerns (Mean = 3.9; Standard Deviation = 1.10).

The findings reveal a moderate level of agreement among respondents that the hotel prioritizes understanding and meeting customer needs. This suggests that the hotel is making efforts to align its services with customer expectations, a critical factor in ensuring customer satisfaction (Zeithaml et al., 1996). However, the moderate score indicates that there might be room for improvement in how comprehensively the hotel addresses and understands these needs (Parasuraman et al., 1988). A stronger consensus was observed regarding the hotel staff's genuine interest in ensuring a positive customer experience. This aligns with research highlighting the importance of staff attentiveness and dedication in enhancing customer satisfaction (Bitner et al., 1990). The high rating for the attentiveness and responsiveness of customer service representatives supports the notion that well-trained and committed staff contribute significantly to positive customer experiences (Kwortnik & Thompson, 2009).

The findings suggest that the hotel places importance on understanding customer preferences and expectations through regular market research activities (Mean = 3.8; Standard Deviation = 1.08). However, while respondents agreed to a moderate extent that the hotel effectively uses market research to identify trends and opportunities in the hospitality industry (Mean = 3.2; Standard Deviation = 1.38), there were areas where improvement could be made in leveraging these insights strategically. The hotel also actively seeks feedback from guests to continuously enhance its services and offerings, as indicated by respondents' agreement (Mean = 3.3; Standard Deviation = 1.23).

The results suggest that the hotel places a significant emphasis on understanding customer preferences through regular market research activities. This aligns with literature suggesting that market research is crucial for identifying trends and tailoring services to meet customer expectations (Kotler & Keller, 2021). Despite this, the moderate level of agreement regarding the effective use of market research to identify trends and opportunities indicates that there may be opportunities to better leverage these insights for strategic decision-making (Gordon et al., 2020). The hotel's active efforts to seek customer feedback to enhance services are also reflected in the findings. This approach is consistent with best practices in hospitality management, where feedback is used to continuously improve service offerings (Johnston & Clark, 2008). Nonetheless, the moderate score suggests that there might be more effective ways to utilize feedback for strategic improvements.

Regarding competitive intelligence, respondents perceived a slight agreement that the hotel management demonstrates a strong understanding of competitors' offerings and pricing strategies (Mean = 2.5; Standard Deviation = 1.30). While there was recognition that the hotel effectively monitors competitor activities to stay informed about market trends (Mean = 3.0; Standard Deviation = 1.33), respondents indicated a need for improvement in the hotel's awareness and adaptation to emerging trends and developments in the hospitality industry (Mean = 2.8; Standard Deviation = 1.26).

Regarding competitive intelligence, respondents indicated only slight agreement that the hotel management demonstrates a strong understanding of competitors' offerings and pricing strategies. This lower score suggests that the hotel may need to enhance its competitive intelligence capabilities to better understand and respond to market dynamics (Day, 1994). While there is some recognition of the hotel's monitoring of competitor activities, the findings

highlight a need for improved awareness and adaptation to emerging trends and developments in the hospitality industry (Porter, 1980). Enhancing competitive intelligence can provide valuable insights for strategic positioning and help the hotel stay competitive in a rapidly evolving market (Shank & Govindarajan, 1993).

### ***Regression Analysis***

The hypothesis stated in the null form is as follows:

*H<sub>01</sub>: There is no significant relationship between market orientation and the performance of star-rated hotels in Kenya.*

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

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

Where X represented Market orientation and Y denoted performances of star rated hotels. The results of the regression analysis are presented in Tables 2, 3, and 4. Table 2 provides key metrics for evaluating the regression model's performance.

The coefficient of determination (R-squared) is 0.410, indicating that 41.0% of the variance in the performance of star-rated hotels among state corporations in Kenya can be explained by market orientation. The adjusted R-squared, which considers the number of predictors in the model, is slightly lower at 0.405. These results suggest that market orientation has a moderate explanatory power in predicting the performance of star-rated hotels in Kenya, accounting for approximately 40.5% of the variation observed in the dependent variable.

**Table 2: Model Summary**

		<b>R</b>	<b>Adjusted R</b>	<b>Std. Error of the</b>	<b>Durbin-Watson</b>
<b><u>Model</u></b>	<b><u>R</u></b>	<b><u>Square</u></b>	<b><u>Square</u></b>	<b><u>Estimate</u></b>	
1	.640 <sup>a</sup>	.410	.405	7.22330	1.702

a. Predictors: (Constant), Market orientation

A coefficient of determination (R-squared) of 0.410 indicates that 41.0% of the variance in the performance of star-rated hotels in Kenya can be attributed to market orientation. This implies that there is a positive and significant relationship between market orientation and the performance of star-rated hotels in Kenya. In other words, as market orientation increases, the performance of star-rated hotels tends to improve.

Table 3 shows the ANOVA for Market orientation.

**Table 3: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5104.739	1	5104.739	97.837	.000 <sup>b</sup>
	Residual	7356.820	141	52.176		
	<b>Total</b>	<b>12461.559</b>	<b>142</b>			

a. dependent variable: Organizational Performance

b. Predictors: (Constant), Market Orientation

The calculated F-value of 97.837 is greater than the critical F-value of 3.96 at a 95% confidence level, indicating that the regression model of organizational performance on market orientation is statistically significant. This is further supported by the p-value of 0.000, which is less than 0.05, the chosen significance level.

In Table 4, the coefficients for market orientation can be examined to understand the specific influence of this variable on organizational performance.

**Table 4: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	15.956	1.858			8.589	.000
Market Orientation	0.694	0.070	0.640		9.891	0.00

a. Dependent Variable: Performances of star rated hotels

Based on the study findings the following model was derived:

$$PER = . + . MO$$

Where PER = Organizational Performances, MO = Market Orientation

The findings from Table 4 indicated a significant influence of market orientation on the organizational performance of star-rated hotels in Kenya. Specifically, the performance of these hotels, when market orientation is held constant, is 15.956 units. Each unit increase in market orientation results in a 0.694 unit increase in performance, with this relationship being statistically significant (p-value = 0.000). This evidence leads to the rejection of the null hypothesis and supports the alternative hypothesis, confirming that market orientation significantly influences hotel performance.

The results align with various conceptualizations and empirical studies regarding market orientation. Jaworski and Kohli (2021) conceptualize market orientation through the dimensions of intelligence generation, intelligence dissemination, and responsiveness. This

framework suggests that understanding and responding to market needs can enhance firm performance. Zhou and Li (2020) expand on this by emphasizing the creation of customer value, which includes a broader range of activities compared to Jaworski and Kohli's focus on market intelligence. Despite these differences, both perspectives agree on the importance of market orientation as a behavioral approach to improving firm performance.

Supporting evidence from the literature reinforces these findings. For example, Tschida (2010) found that market orientation positively impacts subjective performance and job satisfaction, though not directly on profitability. This suggests that market orientation influences broader performance metrics beyond immediate financial outcomes. Ruibyte, Haahti, and Pesämaa (2021) also highlight a strong effect of market orientation on performance in tourism networks, supporting the view that market orientation is crucial for enhancing organizational performance.

In the Kenyan context, Hilman and Kaliappen (2020) found that market orientation practices significantly impact performance in the Malaysian hotel industry, suggesting that similar practices could be beneficial in Kenya. Njeru and Kibera (2020)'s study on Kenyan tour firms further corroborates this by demonstrating that customer orientation, competitor orientation, and inter-functional coordination all positively affect performance. This evidence suggests that the positive impact of market orientation on performance observed in the Kenyan hotel sector aligns with broader regional and global trends.

While the study confirms the positive influence of market orientation on performance, it is essential to consider some limitations noted in the literature. Halac (2020) points out that despite the significant overlap between various market orientation frameworks, the effectiveness of these approaches can vary based on specific organizational and environmental contexts. Similarly, Pansuwong (2021) highlights that the effectiveness of market orientation practices may be influenced by external factors such as market hostility.

## 5.0 CONCLUSIONS

The study concludes that market orientation significantly impacts the organizational performance of star-rated hotels in Kenya. The findings indicate that hotels that emphasize market orientation, specifically through customer focus, market research, and competitive intelligence, achieve better operational efficiency, improved service delivery, and enhanced financial performance. The results demonstrate a strong positive correlation between market-oriented strategies and better hotel operations, with clear evidence that these hotels are more responsive to customer needs and market trends. Customer focus helps hotels create more tailored experiences, leading to improved customer satisfaction and loyalty. Market research enables hotels to make data-driven decisions, ensuring that their offerings meet evolving market demands. Furthermore, competitive intelligence helps hotels stay ahead of competitors by anticipating trends, adapting to changes, and identifying areas for differentiation. Overall, the study highlights the importance of a market-oriented approach in boosting the performance and competitiveness of star-rated hotels in Kenya.

## 6.0 RECOMMENDATIONS

Based on the findings of this study, the following recommendations are made to enhance the organizational performance of star-rated hotels in Kenya through market orientation, focusing on customer focus, market research, and competitive intelligence. To strengthen customer focus, hotels should prioritize understanding and meeting the evolving needs of their guests. This involves regularly collecting feedback, actively engaging with customers during their stay, and offering personalized services tailored to individual preferences. Hotels should use customer data to improve service offerings, anticipate customer needs, and ensure a consistently high-quality experience. By placing the customer at the heart of all decisionmaking processes, hotels will enhance satisfaction and foster long-term loyalty.

Regarding market research, it is crucial for hotels to continuously gather and analyze market data to stay informed about industry trends, consumer preferences, and emerging demands. Regularly conducting surveys, focus groups, and analyzing online reviews can provide valuable insights into customer expectations and areas for improvement. This research will allow hotels to make informed decisions regarding pricing, service offerings, and marketing strategies, ensuring that they remain relevant in a competitive market.

In terms of competitive intelligence, hotels should invest in monitoring competitors' strategies, offerings, and market positioning. By analyzing competitors' strengths and weaknesses, hotels can identify opportunities for differentiation and adapt their services to stand out in the marketplace. Competitive intelligence enables hotels to anticipate market shifts, respond proactively to threats, and seize new growth opportunities. Collaborating with industry experts, participating in trade shows, and keeping an eye on market developments will help hotels remain agile and competitive.

By focusing on these three areas—customer focus, market research, and competitive intelligence—star-rated hotels in Kenya can enhance their market orientation, improve organizational performance, and remain competitive in an increasingly dynamic hospitality industry. A market-oriented approach will enable these hotels to better meet customer expectations, make data-driven decisions, and adapt quickly to changes in the market, ultimately driving growth and success.

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