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Measuring Agility as a Predictor of Competitive Advantage Outcome in Star Rated Hotels in Kenya

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Abstract
Kenya star rated hotels are playing critical role in supporting the government's vision 2030 and contributing 10% of the country's economic growth. However, the hotel sector in Nairobi City County is experiencing declining occupancy at 34.4% which is lower than 59.4% in the Sub-Saharan Africa. The purpose of the study was to investigate the effect of digital agility and competitive advantage of star rated hotels in Nairobi City County, Kenya. The study was based on Porter's theory of competitive advantage, Dynamic capability theory and Resource-based view theory. Experimental research design was adopted targeting 33 hotels in five-, four- and three-star categories. Systematic random sampling was used to identify 165 management employees. Semi-structured questionnaire enabled the collection of primary data. A pilot study was done consisting of 10% of the sample. Validity was achieved through content and face validity while Cronbach alpha enabled the analysis of the instrument's reliability. For the analysis of primary data, descriptive and inferential statistics were employed. Presentations were made using tables, graphs, percentages, means, and standard deviation. Ethical principles such as the need for consent, privacy and data protection laws were respected. The results showed that digital agility had a statistically significant effect on competitive advantage. Conclusion was made that digital agility was significant to the competitive advantage of star-rated hotels. The study recommended that digital agility should be enhanced across the organization to improve competitive advantage. Future studies may consider the inclusion of customers.

Keywords: Digital Agility, Strategic Agility, Competitive Advantage, Star-Rated Hotels

1. Introduction

Competitive advantage is to provide higher quality service that is distinctive and better than the competition, enabling the organization to achieve superior performance in the long term (ENZ, 2015). Top leading star-rated hotels have achieved competitive advantage, evidenced by their strong capital base, recognizable brand, highly qualified staff and management, mastery of the financial discipline, corporate culture, price policy and targeting prestigious segments (Krupskyi et al., 2019). This is evidenced in their contribution to economic development as indicated by IBIS World (2017) that star-rated hotels contribute to global economic growth totaling USD 878 billion with employment generation of 4.3 million and 739,000 hotel enterprises (Wachira & Kandie, 2021).

However, the operating environment for star-rated hotels is challenging and volatile, coupled with changing customer demands, threats of new entrants with digital capability, and limitations with service portfolios. Lubowiecki-Vikuk and Sousa (2021) note that even before the pandemic, star-rated hotels were facing a myriad of challenges, such as low employee commitment, high turnover rate as high as 60%, issues of terrorism, changing customer demands and high technological advancement.

The hotel industry's competitive advantage in Europe is considered the best (+6%) compared to previous years. Competitive advantage in advanced economies is rated (+5%) while in emerging economies, it has been categorized as moderate improvement of (+3.8%) (Bii et al., 2023). An observation by Ouma (2023) highlights hotels' competitive advantage across different countries; in Argentina, the hotels have been responding to underperformance that has reduced their competitive advantage; hence, they are reinforcing their budgets, undertaking evaluation of performance and adopting effective decision support systems to remain competitive. In Pakistan, however, the sector is adopting capacity building and human resource management strategy to empower employees for enhanced engagement and satisfaction necessary to achieve a competitive advantage. Indonesian hotel sector managers also consider differentiation, low-cost production, and unique value propositions to strengthen their image.

Ngandu (2014) notes that in Sub-Saharan Africa, Nigeria is seen as the most attractive hotel market with 7500 rooms, which translates to 10% as of 2012. Ouma (2023) adds that Nigerian hotel sector managers have adopted customer relationship management to build customer loyalty, thereby enhancing their competitive advantage, while Tanzania's coastal side is gaining international popularity. A similar trend is observed in the Kenyan hotel sector, which is experiencing stiff competition, leading to poor performance and reduced competitive advantage. Additionally, there is reduced occupancy in Kenya, which is 34.4% against 59.4% in Sub-Saharan Africa (Cytonn, 2019). Further, Kamau (2018) adds that the decline in global tourism has negatively impacted Kenyan hotel sales, threatening their operations where some have closed their business (Makuthu, 2021).

1.1. Statement of the Problem

The star-rated hotels in Kenya play a significant role in the country's economic development, as evidenced by the employment creation of 89,900 jobs and 10% economic growth, which supports the government's vision for 2030. The sustainability of the sector has been challenged due to the unpredictability of the business environment, changing customer preferences, competitive pressure and technological advances that have affected its sales, revenue generation and competitive advantage. Cytonn (2017) noted Kenyan hotels' declining bed capacities, which reached 34.5% below the occupancy rate for Sub-Saharan African countries of 59.4%.

The Kenya Bureau of Statistics (2020) has also pointed out the deteriorating occupancy rate between 2011 and 2015, which came down from 40.3% to 29.1%. KIPPRA (2021) report documented that the performance of the hospitality industry contracted by 83.3 percent by 2021, experienced a decline in operations by 72 percent by 2021 and experienced a high unemployment rate of up to 67 percent. Strategic agility is essential to businesses as it leads to superior performance and competitive advantage (Lonial, 2015; Grinstein, 2008).

Studies by Amini and Rahmani (2023) on strategic agility targeted private banks' competitive capabilities while Bii et al. (2023) focused their study on competitive aggressiveness and performance of North Rift Region's star-rated hotels, hence having a different geographical region and population. Miano and Wamalwa's (2021) study was based on the differentiation strategy and limited to only five-star hotels. Mukuthu's (2021) study considered a different independent variable-strategic planning with a broad scope while Muema's (2019) study investigated strategic agility and competitive advantage targeting private hospitals. These studies did not consider star-rated hotels in Nairobi City County, which was the main focus of the current study.

1.2. Research Objectives

The following were the study's specific objectives:

i.   Determine the effect of digital agility on the competitive advantage of star-rated hotels in Nairobi City County, Kenya.

ii.   Establish the effect of strategic foresight on the competitive advantage of star-rated hotels in Nairobi City County, Kenya.

iii.   Investigate the effect of strategic response on the competitive advantage of star-rated hotels in Nairobi City County, Kenya.

2. Literature Review

2.1. Theoretical Review

2.1.1. Porters Theory of Competitive Advantage

Porter (1980) proposed the theory of competitive advantage using the competitive forces perspective in formulating strategy. The theory analyses the industry where the organization is competing as it influences the game's rules and strategies that the organization may adopt. Porter (2008) advises management to use the five forces to identify the best place for an organization to position itself competitively. The forces also enable critical thinking on the workings of competitive forces and how they affect the organization's competitive advantage by reducing the industry's profitability. Competitive strategies can then be developed to change the organization's position better than the competition (Hussein & Muchemi, 2019).

Hotels engage their suppliers in entertainment, food, furniture, and construction, cooperating and engaging with their suppliers and diversifying to enhance their competitive advantage. The buyer force, however, demands low prices and higher quality, especially when they know. Hotels provide quality to meet the needs of their buyers. The last force in the competitive advantage theory is competitive rivalry, characterized by high costs, surplus capacity, and inadequate differentiation (Goral, 2021). The study used the theory to analyze strategic agility, where strategy development was informed by understanding the five forces model. The theory also enabled an understanding of how star-rated hotels position themselves competitively, using strategic agility to enhance their competitive advantage. Strategic foresight is one of the independent variables that the study used to undertake intelligence on the industry to identify opportunities and threats, thereby informing strategies for enhanced competitive advantage.

2.1.2. Dynamic Capability Theory

Teece, Pisano, and Shuen (1997) proposed the theory to address business environment dynamics experienced by businesses. This means activities that enable organizations to develop new resource configurations in response to emerging market needs are called dynamic capabilities (Eisenhardt & Martin, 2000). The dimensions of the theory have been highlighted by Teece (2007) as market sensing, which enables organizations to spot and assess emerging opportunities, seize them by mobilizing resources to take advantage of them and transform through renewal. Dynamic capability theory assumes that sustained competitive advantage is more than acquiring rare, valuable, non-substitutable and inimitable resources as it enables organizations to organize and redeploy resources and capabilities that help adapt within the changing business environment. The theory has been criticized by Zahara et al. (2006) for its difficulty in understanding its benefits and lack of explicit models that may be used to measure the capabilities and how they determine organizational performance (Zott, 2003). In the study, this theory analyzed how organizations can use their capability and proactively respond to dynamics within the business environment to achieve competitive advantage.

2.1.3. Resource-Based View Theory

Wernefelt (1984) introduced the theory considering the company as a bundle of resources that are tangible and intangible. Barney (1991) added that organization's resources should be unique to attain competitive advantage (Dionysus & Arifin, 2020). The theory focuses its attention on the internal environment of the firm as a basis for

competitive advantage as organizations develop resources to compete effectively in their industry. Ansoff (1965) noted that RBV may include monetary, physical and human which were later described as organizational resources, knowledge, skills and technology (Hofer & Schendel, 1978). A recommendation by Miller and Shamsie (1996) indicated that RBV classification is knowledge-based and property-based, while Barney (1991) indicated that RBV consists of human, physical, and organizational capital.

Barney (1991) argued that essential resources should be considered sources of competitive advantage as they are distinctive, are categorized as strategic assets and have core competencies, are complex to imitate, unique, scarce and appropriate, enabling the organization to attain competitive advantage. However, Hooley et al., (1996) note that RBV ignores market demands based on its focus on the internal environment (Wang, 2014). The study used the theory to analyze star-rated hotels' competitive advantage, which was the dependent variable.

2.2. Empirical Review

2.2.1. Digital Agility and Competitive Advantage

An assessment by Waale and Onuoha (2023) of a 4-star hotel business in River State, Nigeria, used qualitative design to determine the correlation between digital agility, market share growth and accolades. Purposive sampling was used in order to select 34 supervisory participants. Primary data collection involved the use of a structured questionnaire. Digital Agility was measured in terms of flexibility, market sensing and adaptability. Using Spearman's rank correlation coefficient, they analyzed the relationship between the variables with findings showing existence of a strong relationship between market sensing and the probability of River States hotels receiving awards. Adaptability and flexibility correlated significantly with hotels receiving accolades and awards. The research was however, conducted in a different geographical location using qualitative research design, purposive sampling and qualitative research methods.

Environmental practices may enhance the competitive advantage of the hotel industry by improving long-term performance. According to Lopez-Gamero et al. (2022), 3–5-star Spanish hotels provided a good model for studying agility, innovation, environmental management, and competitive advantage. The target population consisted of 5,071 hotels, of which 365 were identified. The study considered a structured questionnaire in primary data collection where post and email channels were used to distribute the tool to the respondents. Partial least square method was used to test hypotheses. In addition to impacting environmental management and innovation, agility positively impacted environmental management. Agility had an indirect relationship with environmental management through innovation, which positively influenced competitive advantage. The study used agility, environmental management and innovation as determinants of competitive advantage, which showed an indirect relationship.

Ndicu (2022) employed a qualitative case study design to determine the competitive advantage and strategic Agility of Simba Corporation Limited. Data was collected using face-to-face open-ended interviews involving seven heads of departments, including human resources, marketing, information technology, sales, finance, and workshop parts. Data analysis was conducted using content analysis. The results showed that business model agility through assemblies of vehicles locally, contributed to reduced costs as well as tax incentives, which lowered vehicle prices, hence attracting purchases. On quality agility, the study found that the organization was awarded the certification of ISO 9000:2015 in 2021, which showed how the organization was enhancing quality in operation transactions and processes. Due to the case study design, the generalization of the findings to other industries was limited.

3. Research Methodology

The study used a descriptive research design to describe events and to answer what and why questions without affecting the study subjects (Atmowardoyo, 2018). The study targeted all 265 senior managers of 53-star rated hotels listed by the Tourism Regulatory Authority (2020) from five departments: finance, operations, front office,

kitchen and marketing. The population was chosen based on its inclusion of all the 5-, 4-, and 3-star hotels; hence, provided a balanced response to the characteristics of the hospitality industry in Nairobi City County.

The study adopted self-administered, semi-structured questionnaire to obtain participants' responses. The instrument was chosen due to its completeness and accuracy in data gathering from many participants within a limited time (Abawi, 2017). The research randomly selected 10% of the main study sample from star rated hotels based in Kiambu County to conduct pilot study. The study used face validity, where expert opinion was used to provide feedback on whether the instrument measured the intended constructs (Feng & Yamat, 2019).

Internal consistency was measured using Cronbach alpha, where a scale of 0.8 value was considered adequate and acceptable (Suhartini et al., 2021). The study used descriptive statistics to summarise, organize and describe the relationship between the study variables (Kaur et al., 2018). Multiple linear regression was used to enable prediction, estimation and generalization of the findings to the population of interest. The study used the p-value to determine variables with significant effects, where those with values less than 0.5 were considered significant (Amin, 2019).

4. Research Findings and Discussion

4.1. Response

The study distributed 135 questionnaires to respondents to aid in the collection of primary data. However, a total of 111 were duly filled and returned while 24 questionnaires were not returned translating to 82% response rate. Any feedback from respondents that is above 70% is regarded as excellent (Mugenda & Mugenda,2003). Additionally, Booker et al. (2021) indicate that response rate that is above 80% is excellent, signifying quality research and demonstrating reliability. The current research recorded 82% response rate which was viewed as excellent in analysis. The study's response rate therefore showed how the target population was well represented hence the quality of the results could be used to generalize the findings within the hotel sector in Nairobi Kenya.

4.2. Demographic Information

This study analysed demographic characteristics of respondents in consideration of gender, age, education, experience, hotel status and department of respondents.

4.2.1. Gender

The study analysed respondents' gender with findings that males were 65% while the females consisted of 35% as indicated in Figure 1.
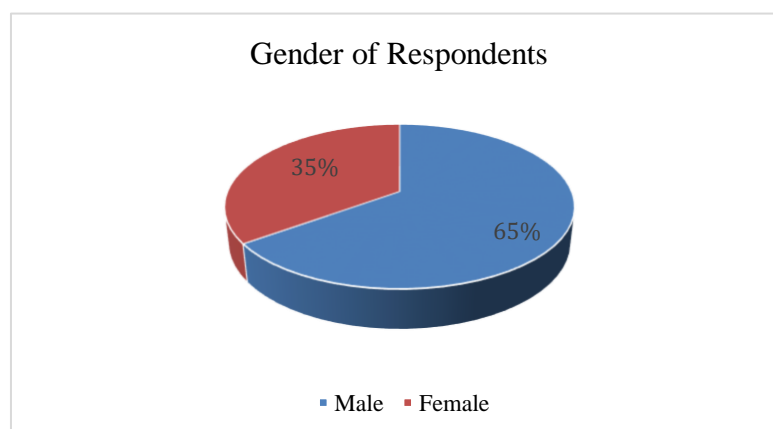

Figure 1: Gender of Respondents

From the results in Figure 1, the male was the majority at 65%. However, both genders were represented in the study thereby providing a balanced feedback. Poquiz et al. (2023) study on Philippines hotel industry established that the male gender was higher at 59.5% while the female was represented at 40.5% hence concurring with the current study evidenced in the male majority at 65%. However, both males and females were well represented which contributed to a balanced feedback.

Al-Hussaini et al. (2019) observe how the hotel sector is embracing staff diversity to take advantage of the different skill sets and capabilitieys. The authors add that gender diversity helps in reducing costs emenating from staff turnover while enhancing strong cross-cultural communication skills as well as supporting the building of unique cultural environment. The current findings demonstrate how a combination of different genders may enhance competitive advantage of star rated hotels by bringing in unique strategic agility skills. It may also reinforce unique cultural atmosphere where strategic agility is embraced for purposes of enhancing competitive advantage of star rated hotels in Nairobi City County, Kenya.

4.2.2. Age of Respondents

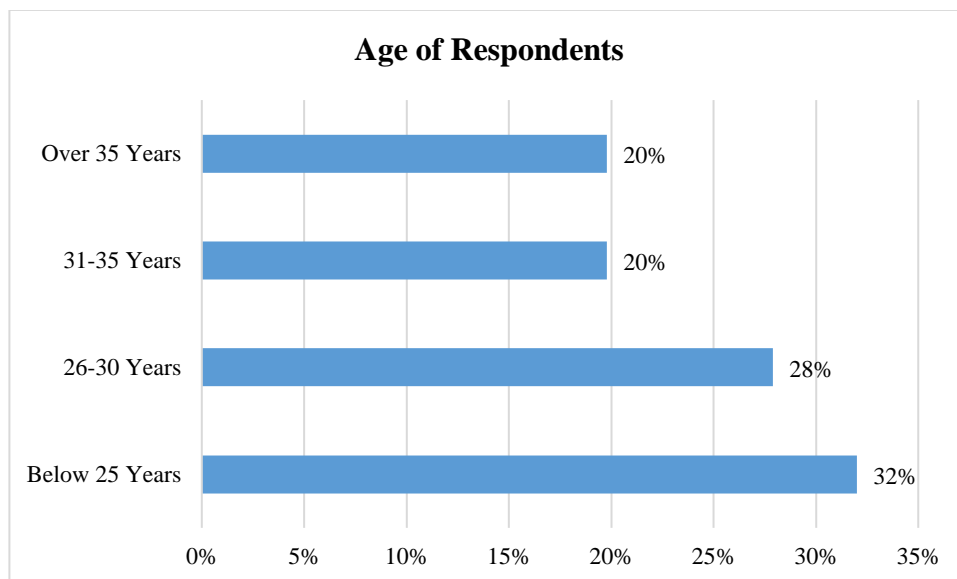Respondents' age was analysed with results presented in Figure 2.

Figure 2: Age of Respondents

From the findings in Figure 2, respondents in the age category below 25 years were 32%, there were respondents who were aged 26-30 years represented by 28%, a total of 20% of respondents were within the age category of 31-35 years which was also the same with respondents over 35 years who were 20%. Lu and Kandampully (2016) found that the younger generation tends to be more receptive to new technology in comparison to the older generation. However, Sayed and Elsaid (2021) view the older generation as more productive as they understand how to deal with clients more efficiently, have reduced absenteism, with good communications skills as well as demonstrate loyalty and responsiveness. Age diversity therefore is crucial in improving adaptation of organizations in a changing business environment. The findings indicated a perfect combination of the different age sets where the younger generation below 30 years was majority at 60% hence could raise star rated hotels' competitive advantage by bringing in technology skills that are suitable for improving agility of the organizations. Equally, other age categories demonstated immense skills such as efficiency, responsiveness and good understanding of clients' needs. This may enhance capturing of strategic insight thereby enhancing competitive advantage.

4.2.3. Highest Education Level

The study analysed respondents' highest educational level as indicated in Figure 3.
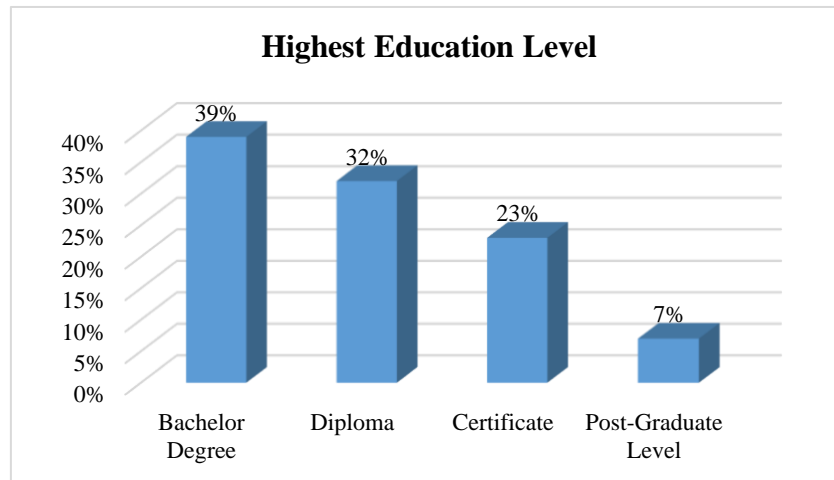
Figure 3: Highest Education Level

As indicated in Figure 3, 39% of respondents had attained bachelor degree, there were 32% who had achieved diploma level, 23% of respondents indicated having attained certificate level while only 7% had achieved post-graduate level of education. This showed that the hotel industry has highly skilled professionals. Yurynets et al. (2021) observed that the success and competitiveness of star rated hotels depend on educational background of its staff and management by enabling the acquisition of knowledge and skills while stimulating innovation and strategic mindset. Raina et al. (2022) added that education helps in skills upgrading and improving staff behaviour. The current findings demonstrated a combination of different levels of staff education which signifies that all the star rated hotel staff have acquired skills needed to understand customer insight, undertake competitive intelligences and have digital skills and management expertise to enhance competitive advantage. The results also demonstrated that respondents had good comprehension of the questionnaire thus provided valid feedback to support the study.

4.2.4. Experience in the Industry

Equally, the study analysed respondents'experience as presented in Table 1.

Table 1: Experience of Respondents

Experience	Frequency	Percent
Below 5 Years	65	58.6
6-10 Years	31	27.9
11-15 Years	11	9.9
Over 15 Years	4	3.6
Total	**111**	**100**

The illustration in Table 1 shows that majority of respondents at 58.6% had experience in the industry at below 5 years, there were 27.9% of respondents who had worked in the sector for 6-10 years, 9.9% had been in the industry for 11-15 years while 3.6% of respondents indicated that they had worked in the industry for over 15 years. This showed that all the respondents had varying experience that contributed to their understanding of star rated hotels' competitive advantage. It also demonstrated that the diversity in experience brought an understanding of strategic agility to enhance competitive advantage of the star rated hotels in Nairobi City County. Jayawardana and Priyashantha (2019) note that experience consists of length of period one holds in a specific career that enables the gaining of skills, abilities and knowledge. From the findings, all the respondents had been in the hotel sector that enabled the acquisition of skills and expertise that star rated hotels incorporated in strategic agility to enhance competitive advantage.

4.3. Digital Agility

Digital agility plays a crucial role in contributing to the management of market dynamics; competition, changing consumer preference and technological advances (Khraim & Afaishat, 2021). The findings of digital agility analysis are presented in Table 2.

Table 2: Digital Agility

Digital Agility	N	Min	Max	Mean	Std. D
My organization has employees with digital skills.	111	1	5	3.69	1.102
Digital transformation has been adopted across my organization.	111	1	5	3.70	1.157
Emerging technologies have enhanced my organization's competitive advantage.	111	1	5	3.72	1.222
My organization has developed digital solutions to meet customer needs.	111	1	5	3.83	1.119
My organization is flexible to changing market dynamics.	111	1	5	3.61	1.089
My organization adapts easily to changing business environment.	111	1	5	3.64	1.174
Total				**3.69**	**1.14**

From the findings in Table 2, respondents indicated that organization had employees with digital skills (mean = 3.69, SD=1.102), the star rated hotels had adopted digital transformation across the organization (mean =3.70, SD=1.157), emerging technologies had brought enhancement to the hotel's competitive advantage (mean=3.72, SD= 1.222), the hotels had developed digital solutions to meet customer needs where respondents rated the statement (mean = 3.82, SD = 1.119). Respondents gave a mean score of 3.61, standard deviation of 1.089 to the statement "my organization is flexible to changing market dynamics" while the statement "my organization adapts easily to changing business environment" was accorded a mean score of 3.64, standard deviation of 1.174. The aggregate mean for digital agility was 3.69, standard deviation of 1.14. This indicated that there was agreement among respondents that digital agility determined competitive advantage of star-rated hotels in Nairobi City County, Kenya. Respondents also provided qualitative responses as indicated by Respondent 1:

> "We are able to respond faster and better than competitors and adaptable to changes easily. Digital agility has enabled us to enhance self-booking thus increasing more customer to our hotel. This has also easen check-in and check-out procedures. Digital agility has also made the hotel to be responsive to emerging trends in the market and improve our efficiency in operations"(Respondent 1).

This showed that star rated hotels adopted digital agility as they were able to quickly respond, could adapt easily and faster to changing customer preferences hence developed digital solutions for check-in and self-booking. The qualitative response agreed with quantitative feedback where respondents indicated how their organization adopted emerging technologies, were flexible as well as adaptable to changing market conditions. This was also evident in feedback from Respondent 5;

> "We move with speed to get assimilated into the digital trends and whenever they change we are able to use customer relationship management software to handle client bookings & general inquiry responses through email & call, thus enhancing quality customer relations. There is improved customer experience by leveraging digital tools, our organization can personalize customer interactions and streamline service delivery. This enhances customer experience, fosters loyalty and differentiates our brand" (Respondent 5).

The results demonstrated that digital agility enabled star rated hotels to improve in customer relationship management by taking advantage of latest technologies thereby enhancing customer experience and loyalty thereby achieving competitive advantage. However, not all star-rated hotels were digitally agile as reported by Respondent 4:

> "The uptake of digital agility has been somewhat lacking but the organization is taking steps to remedying the shortcoming" (Respondent 4).

This shows that despite the star-rated hotels adopting more digital agile initiatives, not all have been able to incorporate digital agility to enhance their competitive advantage.

The findings that star rated hotels demonstrate flexibility to market conditions agree with Waale and Unuoha (2024) who reported that star rated hotels in River State were receiving accolades and awards as they achieved competitive advantage through their flexibility to changing environmental conditions. Ali and Alalmai (2021) also reported that Saudi Arabian star rated hotels adopted digital agility as they were able to quickly adapt to challenges brought by Covid 19 pandemic where they shifted from traditional to electronic business, trained their workforce to acquire digital skills, adopted creativity and innovation as well as virtual work. These hotels also quickly responded to opportunities that enhaced their competitive advantage which concurs with the current study where star rated hotels in Nairobi City County are flexible, have adopted digital transformations, equipping employees with digital skills and easily adapt to business environment to spot opportunities, thereby enhancing their competitive advantage.

4.4. Competitive Advantage

Competitive advantage is the achievement of superior performance using existing resources and organizational attributes better than the competition (Porter, 1985). The study analyzed how star-rated hotels in Nairobi City County had achieved a competitive advantage as indicated in Table 3.

Table 3. Competitive Advantage

Competitive Advantage	N	Min	Max	Mean	Std. Dev
My organization has achieved customer loyalty due to its strategic agility.	111	1	5	3.78	1.23
Due to strategic agility, my organization has attained high efficiency.	111	1	5	3.74	1.20
There is increased profitability as a result of strategic agility adopted by my organization.	111	1	5	3.69	1.16
My hotel has unique products better than competitors.	111	1	5	3.38	1.30
My organizations has unique employees and management skills.	111	1	5	3.59	1.21
My hotel has the most recognized brand as compared to the competition.	111	1	5	3.43	1.21
Total				**3.60**	**1.22**

The revelation from Table 3, the hotels had achieved customer loyalty due to strategic agility with a mean score rating of 3.78, standard deviation, 1.23, as a result of strategic agility, star ratetd hotels had attained high efficiency with a mean of 3.74, standard deviation of 1.20, there was increased profitability as a result of strategic agility the star rated hotels adopted with mean score rating of 3.69, standard deviation, 1.16. The findings showed the star rated hotels had unique products better than competitors which were rated with a mean score of 3.38, standard deviation of 1.30, the findings indicated that star rated hotels in Nairobi City County had unique employees and management skills with a mean score rating of 3.59, standard deviation 1.21. The results showed the hotels had the most recognized brand as compared to the competition with a mean score rating of 3.43, standard deviation of 1.21. This showed that star rated hotels in Nairobi City County had achieved competitive advantage. Opinion of respondent 21 further indicated;

> *"Our culture is unique and makes us change faster than competitors. We have superior performance, a vibrant work force keen to bring in new business, employees and Managers trainings that have enhanced efficiency and customer loyalty". (Respondent, 21).*

The results indicated that star-rated hotels had invested by developing a strong and unique culture. The hotels were also experiencing high performance and had vibrant work force that improved customer loyalty that demonstrated competitive advantage exhibited by star-rated hotels in Nairobi City County. Respondent 13 further added;

> *"We are able to get guests from far away counties and countries. Also the data we have, we are able to have tailor made packages for our clients i.e birthdays, anniversaries etc. we also exercise financial discipline and low cost of operations" (Respondent,13).*

From the analysis, star-rated competitive advantage was evidenced in the acquisition of customers, from long distances, due to tailor made solutions and surprise experiences for their guests; anniversaries and birthdays which made the star-rated hotels to possess a competitive advantage. The findings on competitive advantage were also acknowledged by Respondent 2:

> *"We focus on aggressive employees, professionalism and secret recipes to maintain our customer flow. We also have outstanding products and unique brands" (Respondent, 2).*

The revelations indicated that star-rated hotels had achieved competitive advantage as they had secret recipes that enhanced the flow of their customers, they had highly professional staff and had built a strong brand that provided the star-rated hotels an edge over their peers in the industry.

Makuthu (2021) observed that competitive advantage of star-rated hotels is achieved through quality customer care, good reputation, physical attraction, financial performance, conferencing and accommodation as well as geographical coverage which is in line with the current findings where star-rated hotels have built unique, strong and recognized brands that enhance their reputation, unique employee skills and high profitability.

Ayele et al. (2024) found that the star-rated hotels had unique brands that was representing the company, there were supplementary services that added more value to customers, significant improvements were made in customer service, reduced cost, improved productivity and enhanced effort in the attainment of economies of scale which is in line with the current findings where star-rated hotels have made improvements in tailoring packages according to customer needs, there are secret recipes to improve value to customers. The star-rated hotels have also adopted measures to reduce costs of operations as well as improve superior performance and customer loyalty.

Porter (1980) theory of competitive advantage may be used by the management to develop competitive strategies such as differentiation, brand loyalty to improve competitive advantage (Cheng, 2013). From the findings, star-rated hotels have incorporated Porters theory by differentiating their services through secret recipes, developing unique products and hiring of highly professional staff with high skills and vibrancy. The star-rated hotels have also built a strong brand and culture as well as invested in technologies that have enhanced their efficiency thereby attaining improved performance.

Teece, Pisano and Shuen (1997) recommended that organizations may use dynamic capability by looking at their internal environment to identify unique attributes and competencies that they may deploy to remain competitive. From the results, star-rated hotels possess unique culture and brand, superior performance and distinguished employee skills which may be used as a strategic resource to enhance competitive advantage.

Wernefelt (1984) added that with a bundle of resources, organizations may take advantage of their valuable and non substitutable resources to position themselves for sustained competitive advantage (Barney, 1991). With secret recipes, loyal customers, technology adoption, culture and strong customer relationships, star-rated hotels have the advantage to respond to environmental dynamism and enhance value proposition better than the competitors thereby improving their competitive advantage.

4.5. Correlation Analysis

The relationship between the independent and dependent variables was analysed using Karl Pearson Correlation as indicated in Table 4.

Table 4: Correlation Analysis

Variables		Digital Agility	Competitive Advantage
Digital Agility	Pearson Correlation	1	.785**
	Sig. (2-tailed)		.000
	N	111	111
Competitive Advantage	Pearson Correlation	.785**	1
	Sig. (2-tailed)	0.000	
	N	111	111

The results showed that digital agility had a significant and positive relationship (r=0.785, p=0.000). Senthilnathan (2019) notes that, correlation direction may be categorized as negative, positive or zero. The author adds that correlation coefficient of 0.7 and above demonstrates very strong relationship, 0.5-0.7 signals strong correlation while coefficients with 0.3-0.5 are deemed as moderate correlation.

From the findings, digital agility coefficient was 0.785 hence demonstrating strong and positive correlation. Waale and Onuoha (2023) found that digital agility exhibited a strong relationship which agrees with the current study findings.

4.6. Model Summary

The researcher used R, R Square and Adjusted R Square to present the model summary as illustrated in Table 5.

Table 5: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.785a	0.616	.612	0.67259

a. Predictors: (Constant), Digital Agility

The model summary in Table 5 showed that R was 0.785, which indicated the quality of the model in predicting the dependent variable. It was found that R Square was 0.616, thereby signifying that 61.6% of digital agility accounted for the variation in competitive advantage. The remaining 38.4% of the factors were however outside the study scope. The study further showed that Adjusted R Square was 0.612, indicating that after adjustments were made in the model, true variation of the dependent variable was caused by 61.2% of digital agility. Ali and Alalmai (2021) findings demonstrated a lower R Square hence indicating 41.6% variation of digital agility in competitive advantage of Saudi Arabia hotels. The current study having been done in Kenya, targeting star-rated hotels demonstrated a higher variation of 61.6% of digital agility on competitive advantage.

4.7. Analysis of Variance

The study analysed whether there was a significant difference in the outcome of the model using the F statistics indicated in Table 6.

Table 6: Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78.979	1	78.979	174.588	.000[b]
	Residual	49.308	109	.452		
	Total	**128.287**	**110**			

a. Dependent Variable: Competitive Advantage: b. Predictor: (Constant), Digital Agility

The results demonstrated that $F(1,109)=1274.588$, p (0.00), <0.05 hence there was a statistically significant difference in competitive advantage using the model.

4.8. Regression Coefficient

Regression coefficient was used to analyse the contribution of each independent variable to competitive advantage as illustrated in Table 7.

Table 7: Coefficient of Regression

	Unstandardized Coefficients		**Standardized Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
(Constant)	0.378	0.252		1.498	0.137
Digital Agility	0.871	0.066	0.785	13.213	0.000

From the revelation in Table 7, when all factors are constant, competitive advantage will increase by 0.378, p value=0.137. However, when digital agility was introduced into the model, competitive advantage would rise by 0.871, p value=0.000 hence significant rise as the p value was below the threshold of 0.05. This showed that digital agility has positive contribution to competitive advantage of star-rated hotels in Nairobi City County. The findings agree with Al-Romeedy (2019) who established that digital agility exhibited a significant effect ($\beta=0.463$, p=0.000) on competitive advantage of Egyptian airlines. The results align with the findings of Uru et al. (2024) who also reported that digital transformation had positive effect on competitive advantage of SMEs located in Turkey. However, Aditia and Wahyuni (2022) established a contradicting result with the current study where the study reported that digital agility did not have signficant effect on competitive advantage of Indonesian Torusim SMEs. However, the study indicated that the lack of significance of digital agility in contributing to competitive advantage was due to lack of preparedness among the SMEs to take advantage of digital capability as well as limitation of resources. The current research established that Kenyan star rated hotels have prepared to take advantage of digital agility and hence making significant contributions to competitive advantage.

5. Conclusions

The objective of the study was to determine how digital agility affected competitive avantage of star rated hotels in Nairobi City County. The findings revealed that star-rated hotels had developed digital solutions, employees had digital skills, there was digital transformation across the organization and adoption of new technologies that enhanced competitive advantage of the star-rated hotels. Equally, the results showed that the hotels exhibited flexibility and adaptability to changing market dynamics that enhanced their competitive advantage. Qualitative responses indicated how swift the star-rated hotels were in responding to customer needs as well as adopted technologies that enabled the improvement of customer service. However, there were some star-rated hotels that

were still lagging behind in digital agility. Correlation analysis showed a strong and positive relationship while multiple regression indicated that digital agility did not have signficant effect on competitive advantage.

It is concluded that digital transformations and the new technology adoptions enhance organizations' efficiency thereby improving star-rated hotels' competitive advantage. The study concludes that star-rated hotels that are more flexible and adaptable to environmental dynamics may achieve competitive advantage as they are more swift in responding to customer expectations. It is concluded that some star-rated hotels are not agile enough which may affect their competitive advantage. The study makes conclusion that even though digital agility contributes positively to the enhancement of competitive advantage, there is no statistically significant effect on competitive advantage of star-rated hotels in Nairobi City County.

5.1. Recommendation for Policy and Practice

The study recommends that star-rated hotels should embrace digital transformation and the adoption of emerging technologies. This will help in the improvement of operational efficiency and the identification of emerging opportunities as well as threats that may have impact on their competitive advantage. It is recommended that with the dynamics in the current business environment, star-rated hotels should be more flexible and adaptable to cope with the changes hence proactive response thereby improving competitive advantage.

This study focused on strategic agility and competitive advantage of star-rated hotels in Nairobi City County, Kenya. There were three objectives; digital agility, strategic foresight and strategic response that targeted hotel staff. Future studies should consider other determinants of competitive advantage such as macro-environment and technology adoption. The study may also extend the variables by incorporating the mediating variable such as organizational resources. Future studies may consider the inclusion of customers as the target population. Other studies may also be done in other sectors and counties outside Nairobi City County.

5.2. Limitations of the Study

The study faced challenges at the data collection stage, where some firms were reluctant to give strategic details concerning their strategic agility for fear of being used by competitors. Respondents were asked not to indicate their names on questionnaires to ensure their confidentiality and mitigate the risk. Further, the university's letter of introduction provided comfort as respondents' information remained confidential. The National Commission for Science, Technology, and Innovation (NACOSTI) granted a permit to the researcher prior to data collection. Because respondents were very busy, the researcher agreed with the respondent on the most convenient time that gave opportunity for more time to the respondents to provide feedback. Participants in the study were informed of the ethical requirements and the importance of the data collected when they consented to participate.

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