

EFFECT OF STRATEGIC CHANGE MANAGEMENT ON PERFORMANCE OF LARGE AND MEDIUM HOTELS IN NAIROBI COUNTY, KENYA

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Abstract

The main propose of the paper was to determine effect of strategic change management on performance of large and medium hotels in Nairobi County, Kenya. The study was informed by discourse-based theory of organizational change, three-step change theory and phases of change theory. This study adopted an explanatory design because the research tried to establish causal relationship. The total number of the employees from which the sample was derived was 1769 employees drawn from 5 Five Star Hotels. The study used simple random sampling procedure to select a sample size of 225 employees. The research used questionnaires. Findings from Multiple regressions indicated that technology change ($\beta_1 = 0.254, p < 0.05$) and leadership change $\beta_2 = 0.426, p < 0.05$) have a significant effect on firm performance. This infers that technology change and leadership makes it possible for firms to improve its performance. It is therefore important for hotels to implement new electronic

communicative devices and adopt modern technologies on online bookings and payments. Firms should therefore keep those managers that bring new changes to the firm.

Keywords: Leadership Change, Technology Change, Firm Performance, Kenya

INTRODUCTION

Performance of any organization is one of the mechanisms to gain people's commitment towards achieving the stated objectives of the organization. Organization performance has implications to organization's health and ultimately its survival. The organization's management effectiveness and efficiency in making use of resources is highly reflected by high performance and this in turn contributes to the country's economy at large (Naser & Mokhtar, 2004). Hotel performance is very essential to management and other stakeholders such as shareholders, debt holders and the government as it is an outcome which has been achieved by an individual or a group of individuals in an organization related to its authority and responsibility in achieving the goal legally, not against the law, and conforming to the morale and ethic (Iswatia, & Anshoria, 2007). Increased competition, rapid change, reduced resources and mounting employee expectations, have all combined in such a way that organizations are being expected to achieve more out of less (Neely et al 2006). However, in the competitive market environment, Hotels seeking to improve their performance cannot simply rely on quality, but also on change.

Recognizing the need for change and leading organizations through that change is one of the most challenging for any leadership. Change is the only constant in today's life – for individuals and organizations. Change management should be effective, for example have the ability to move freely, have the ability to influence others, and directing the working forces in the target systems and administrative units (Harem, 2004). Balogun and Hailey (2008) argue that all organizations are currently undergoing some type of change. Many of these change programs arise from management such as culture change, business process engineering, empowerment and total quality. For hotels to improve on their performance and continuously evolving business environment, it must be able to successfully manage the change which is as a necessity. Even though there has not been consensus as to the framework for organizational change management and firm performance, there seem to be an agreement that change management improves firm performance (Balogun and Hailey 2004)

Change management thus now become inevitable and turns to be a regular feature of business life. Kennedy (2005) suggests that those that fail to accept and embrace change will have a limited future. One of the major reasons that necessitate change management in modern

enterprises is the evolution of technology. New raw materials, products, methods and operations, require organizations to adapt and implement new technologies, and employees to constantly update their knowledge (Piva et al., 2006). Another reason that makes change management necessary, is the one streamlined by the new patterns of globalization, mergers, acquisitions and corporate restructuring. Change management is seen as a necessary concept for organizations to compete in the ever changing and competitive business environment, Most of organization has experienced change. Yet despite organization's familiarity with change, success in implementation is relatively rare. It was estimated that 70% of change management initiatives fail completely (Bear and Nohria, 2000). Among those deemed successful, 75% of them fail to achieve their intended result (Nikolaou, Gouras, Vakola and Bourantas, 2007).

Kenya is considered all over the world as a great tourist nation but recently the hotel industry has been hit hard by the recent post-election violence as well as terrorism attacks (Kuria et. al., 2012). Many hotels have been closed and this has caused staff to be laid off. There has also been a low bed occupancy capacity of 10%-20% and the situation is headed for worse if something is not done (Nzuve and Nyaega, 2011). Similarly, Kenyan hotels have become more complex to manage because of the demands of the dynamic change managements. In Nairobi County, most hotels are dwindling in its performance and facilities such as the swimming pool, conference halls remaining dormant. There is therefore need change hotels to attract both local and international tourists to the town. The problem that arises in the hospitality industry is when the leadership is not supporting the change in the hotels., therefore the need to identify those leadership styles that foster change management.

In addition, despite the increase in the perceived necessity of change and attempts at implementing change management initiatives, it has been estimated that at least two-third (2/3) of change management efforts do not result in their intended aims nor do they foster sustained change (Choi and Ruana, 2011). Employee resistance is the most often cited problem encountered by management when trying to implement change, yet for an organization to change, it is essential that the employees of that organization also change, (Bovey and Hede, 2001). However, few studies have attempted to link change management and performance in hotels in developing nation like Kenya. This study therefore intended to establish the effects of change management on performance in hotel industry in Nairobi, Kenya . Thus, the study hypothesized that;

H₀₁: There is no significant effect of technology change on performance of large and medium hotels

H₀₂: There is no significant effect of leadership change on performance of large and medium hotels

THEORETICAL FRAMEWORK

A number of studies have suggested that discourse theory and the analysis of organizational discourse offer considerable potential for understanding the nature and complexity of organizational change. However, while these studies demonstrate some of the potential contributions that a discourse based theory of organizational change might make, they also exhibit two inter-related problems. First independently or in combination, none of the studies attempts to provide a comprehensive or integrated discourse theory of change. The discursive change model, if one exists, is implicit, but not fully articulated. Second, by virtue of the model being underspecified, the value of the observations and results of studies of organizational discourse and change are potentially open to question or even undermined (Ford, 2008). In reference to level of change related to discourses, it operates at several different levels. It is possible to identify five that merit attention in relation to organizational change the intrapsychic, the Micro, the Meso, the macro and the Meta. At the intrapsychic level a discourse might manifest itself in the form of internalized stories and introjected beliefs that an individual tells them self. It can also refer to cognitive frames and schemas (Ford, 2008).

Analyses of discourses at the micro level focus on the detail of language in use by individuals. Beyond the individual focus of the micro-level, it is possible to consider discourse at the meso-level to explore the interpersonal. At this level discursive interactions will impact on the actions and behavior of individuals within a localized context, e.g. a department or among a specific group of actors who socially interact on a regular basis (Mumby, 2004).

Macro level discourses can be viewed as an aggregation and accumulation of an amalgam of meso-level discursive interactions in organizations. Here, interactions such as conversations and texts coalesce to form the dominant thinking, institutional practices and collective social perspectives within an organization. Meta level discourses have been described as discourses that are recognized and espoused at the broader societal level and across institutional domains.

As such they might address more or less standard ways of referring to/constituting a certain type of phenomenon (Alvesson & Kärreman, 2000). The texts within any level of discourse are linked to, and informed by discourses and the texts that operate from other levels. This inter-textuality means that it is important to identify and analyze specific, micro-level discourses pertaining to change, within say a conversation, and to then place them in the context of other meso, macro or even meta discourses (Boje, 2001).

EMPIRICAL REVIEW

Effect of technology change on performance

Technology change has a considerable impact on corporate performance by producing an improved market position that conveys competitive advantage and superior performance (Walker, 2004). A large number of studies focusing on the technology change -performance relationship provides a positive appraisal of higher innovativeness resulting in increased corporate performance (Olson and Schwab, 2000; Hult and Ketchen, 2001; Du and Farley, 2001; Calantone et al., 2002; Garg et al., 2003; Wu et al., 2003).

A number of Canadian studies find strong evidence of a link between the use of ICT technologies and performance of plants. Sabourin (2002) and Baldwin and Sabourin (2003) link technology surveys to longitudinal data on the performance of manufacturing plants. They find that plants that use advanced technologies are more likely to experience productivity growth and that the superior productivity growth is then reflected in market share gains. Amongst the advanced technologies examined, communications technology is associated with the best performance. But they also point out that it is not ICT use alone that matters. Plants that combine ICT use with other advanced technologies tend to do better than those using only one or two isolated technologies.

As Miller (2001) stated most firms seek technological innovation to gain competitive advantage in their market. Hence, all these efforts made require to be supported by marketing and organizational measures. Generally, researchers neglect organizational and/or marketing innovations, which are equally essential to the growth and effective operation of a firm. Relatively few studies on innovation capabilities advocate organizational and marketing innovations. They indicate that more innovative firms place more emphasis on management techniques and reach sustainable levels of higher performance (Ketchen, 2001; Guan and Ma, 2003).

Wolff and Pett (2004) and Walker (2004) conducted comparative research for the effects of technology change on firm performance. They indicated that particular product improvements are positively associated with firm growth. Gopalakrishnan (2000) broadened the topic while emphasizing that innovation speed and innovation magnitude were also relevant innovativeness features both of which had a positive effect on firm performance.

Studying biotechnology firms, Qian and Li (2003) obtained that technology change determined firm profitability, calculated as ROS, ROE, and return on assets (ROA) and sales growth. Similar to the study of Kafouros (2006) that showed that the technology change -firm performance relationship was moderated by the firm size and the technological intensity level. Specifically, large and high-technology firms profited more from R&D than they

counterparts. For the study carried out by Sher and Yang (2005) with a sample of Taiwanese firms, R&D expenditure jointly with R&D manpower positively affected firm performance; although, R&D clustering moderated these effect.

More recently, Belderbos et al. (2004) aiming to analyze the effect of technology change on firm productivity for Dutch firms, estimated the lagged effect of technology change intensity and observed a positive relationship with growth value added. Also, they concluded that cooperation with Universities and competitors increased growth performance of firms. Hanel and St-Pierre (2002) studied quoted Canadian firms and their results also showed that firm technology change have a lagged effect on profitability and it was stronger in sectors where appropriability is high.

For the case of US chemical firms, Gopalakrishnan (2000) assessed the simultaneous impact of market structure and technology change on firm performance. Their results showed that technology change, measured as radical innovation achievements, results in better performance. In the same line, with a sample of commercial banks, he observed that technology change speed and magnitude positively influenced firm ROA.

Weerawardena et al. (2006) observed, for a sample for SMEs Australian firms, that technology change affected positively brand performance. Technology change also presented a positive effect on firm sales and employee growth, but no significant effect on productivity for a sample of US service firms (Mansury and Love, 2008). However, in the works and Yalcinkaya et al. (2007) studying US importers, and Yamin et al. (1997), with a sample of Australian manufacturing firms, there is no evidence that technology change achievements increase market and business performance. Nevertheless, the latter found that process innovations positively influence performance. Similar results are those of Leipoen (2000) where, using a sample of Finish manufacturing firms, technology change positively affected firm profitability while product innovation effects were negative.

As showed by Love et al. (2002), technology change effect on firm profitability seems to be moderated by ownership for UK firms. Adopting technology change makes a difference in profit margin for indigenious firms but not for externally-owned firms. For a sample of manufacturing Canadian firms, Thornhill (2006) highlighted the interaction of knowledge, market dynamism and technology change in their effect of firm performance; he showed than when knowledge assets are high, the effect of new technology change on revenue growth was greater for high-technology firms. Finally, Rosenbusch et al. (2010) analyzed 45 empirical studies with a meta-analysis in order to study the effect of technology change on firm performance. Their results showed that the relationship was context dependent since factors such as age, type of

technology change and cultural context moderate the impact of technology change on firm performance to a large extent.

Effect of Leadership Change on Performance

Leadership change is one of the key driving forces for improving firm performance. Leaders, as the key decision-makers, determine the acquisition, development, and deployment of organizational resources, the conversion of these resources into valuable products and services, and the delivery of value to organizational stakeholders. Thus, they are potent sources of managerial rents and hence sustained competitive advantage (Rowe 2001). Prior research has examined various factors to explain the growth of firms, but the role of the leadership style of CEO has not been studied. Understanding relationships between performance, leadership styles, business strategies, and management systems should provide clues on how the growth paths of fast track firms differ from those of lazybones. Prior research has focused on diverse personal, firm, and market characteristics that influence small business success.

Crespi, (2003) in his study argues that the attitudes and behaviors change of the leaders substantially shape the functioning of smaller firms. In fact, owner/CEOs of small businesses have a strong influence on firm functioning and overall performance. The CEO of a small business, such as a restaurant, regional real estate agency, printing and publishing firm, or even a small local beauty salon, is often the operational manager as well as the leader of the firm. These CEOs are often involved with vendors and customers. They would be in charge of financial control and reporting systems and they tend to supervise operations and handle personnel decisions. At the same time, they continue to be the CEOs who frame the firm's vision and effectuate it through strategic planning.

Hence, the leadership change, which is indicative of their tendency in managerial behaviors and actions, is an essential ingredient in the mix of factors that influence a firm's success (Avolio 1999). A related premise underlying this study is the likelihood of a strong correlation between leadership change and firm characteristics. Specifically, it is posited that in order for a firm to succeed, the business strategies and management practices have to fit or match the owner/CEO's leadership style. In other words, certain types of business strategies and management systems are more appropriate than others for particular types of leadership styles and success is more likely when there is such an internal consistency.

Leadership change helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring employees have the resources needed to get the job done. The level of integration and interdependencies that are needed for the new work environment as well as global competition require leadership that goes beyond

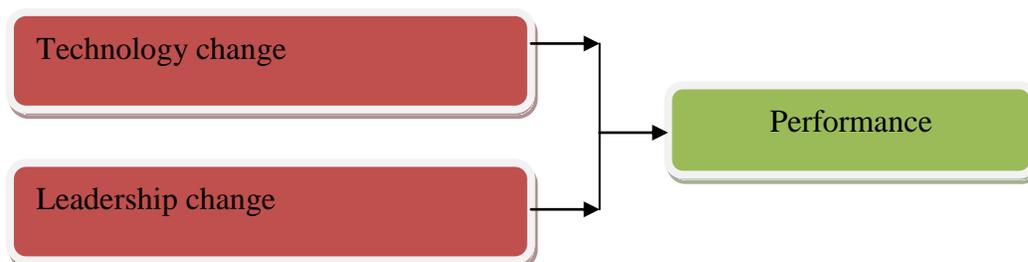
the more basic transactional styles, which involve contingent reinforcement and management-by exception, to styles that are more intellectually stimulating, inspirational, and charismatic (Avolio 1999,). Further, leadership change creates a strategic vision, communicate that vision through framing and use of metaphor, model the vision by walking the talk and acting consistently, and build commitment towards the vision (McShane & Von Glinow 2000). This view suggests that leadership change will result in high levels of cohesion, commitment, trust, motivation, and performance in these new organizational environments.

Previous empirical research and Meta analyses have indicated that leadership change has a positive effect on individual performance and organizational outcomes (Howell & Hall-Merenda 1999). Numerous studies have reported positive relationships between leadership change and outcomes at the individual level and firm levels (Avolio 1999 and Kirkpatrick & Locke 1996). Most recently, many empirical studies have reported that leadership change has a positive impact on follower performance and firm outcomes (Avolio 2003 Jung & Sosik 2002 MacKenzie 2000 and Walumbwa 2002).

Conceptual Framework

The conceptual framework refers to relationships among various variables. It is normally presented diagrammatically (Ogula, 2009). The conceptual framework that was used in this research depicts the various variables under study. The study dependent variable was performance, while independent variable was Leadership change and Technology change. These variables led to the conceptual framework of the study as illustrated in figure 1

Figure 1: Conceptual Framework



RESEARCH METHOD

This study adopted an explanatory design because the research tried to establish causal relationship. Explanatory research focuses on why questions and it also established causal relationships (De Vaus, 2001).

The total number of the employees from which the sample was derived was 1769 employees drawn from 5 Five Star Hotels. This number comprised of all the managers and the junior staff as they were all considered employees of the hotels. The 225 employees selected using Nassiuma (2000) formula were stratified and then simple random sampling was used to select the samples who gave responses to the research instruments.

Primary data was collected by administration of questionnaires. Reliability was measured using the Cronbach's Alpha at a level of 0.7%. in the opinion of Hair *et al.*, (2005) the generally agreed upon lower limit for Cronbach's Alpha is $\Rightarrow 0.70$ but may decrease to $\Rightarrow 0.60$ in explanatory research and increase up to ≥ 0.80 in studies that required more stringent reliability. A pilot test was conducted to test the construct validity of the data collection instruments. A five star hotel in Nakuru County hotel was used to conduct the pilot study and it was not part of the hotels selected for the actual study where 30 employees were given the questionnaires.

The descriptive statistics was used to describe the employees and managers working in the hospitality industry work experience in terms of years worked in the current organization, years worked in the hospitality industry in general, and the current job position. In addition, demographic information, such as gender, age, marital status, the educational level, and the income level, were tabulated using frequency and percentages. Multiple regression analysis is used to predict the value of dependable variable based on the value of two or more independent variables. The study hypotheses were therefore tested using multiple regression analysis where the significant level was set at 0.05. The null hypotheses were either rejected at $p < 0.05$ level, otherwise fail to reject at $p > 0.05$ level.

FINDINGS

Sample Characteristics

The section illustrates the demographic information of the respondents. The demographic information of the respondents focused on their gender, age category, academic qualifications and job tenure. Results on respondents' gender revealed that female respondents comprise 58.3% (120) of the respondents while the remaining 41.7% (86) are Individuals in the age range of 36 to 40 years are the least represented in the study while those between 41 and 45 years are mostly represented. There is almost even distribution of individuals between the ages of 22 to 30 years and 31 to 35 years. It is clear from the results that the respondents have high academic levels with majority of them being those with Masters, degree and certificate level of education. The statistics point to a somewhat equal distribution in the number of years worked among the employees.

Table 1. Sample Characteristics

		Frequency	Percent
Gender	Male	86	41.7
	Female	120	58.3
	Total	206	100
Age category	22-30	41	19.9
	31-35	39	18.9
	36-40	26	12.6
	41-45	72	35
	46-50	28	13.6
	Total	206	100
Academic qualifications	Certificate	33	16
	Degree	43	20.9
	Masters	92	44.7
	Others	38	18.4
	Total	206	100
Job tenure	Below 3	38	18.4
	Between 4-7	62	30.1
	Between 8-10	73	35.4
	Above 10	33	16
	Total	206	100

Descriptive Statistics and Factor Analysis

The researcher sought to examine the effect of technology change on performance of large and medium hotels. The findings are as presented in Table 2. As shown in the Table, the firm implements new electronic communicative devices within the firms (mean = 4.22, SD = 0.783). In fact, the firm has adopted modern technologies on online bookings and payments (mean = 3.61, SD = 1.374). As well, the firm has increased its use of online communication with clients and staff (mean = 3.55, SD = 1.63). However, there is doubt whether the firm has increased online marketing (mean = 3.35, SD = 1.63) and implemented E-procurement and ERP (mean = 3.33, SD = 1.48). Also, it was uncertain whether the firm has implemented IFIMS(mean = 3.18, SD = 1.724). Technology change is evident among the large and medium hotels. Precisely, particular product improvements such as adoption of modern technologies on online bookings and payments and new electronic communicative devices are positively associated with firm growth. The firms therefore experience superior productivity growth which is evidenced by market share gains.

The results show that the firm regularly changes its managers (mean = 4.93, SD = 0.43) and keeps those managers that bring new changes to the firm (mean = 4.73, SD = 0.507). Besides, the firms immediately fires leaders who do not bring change to the firm (mean = 4.55, SD = 0.715). As such, leaders are willing and able to try new things and balance risk/reward (mean = 3.81, SD = 0.733). Further, leaders are willing and able to fully appreciate another

person's experience of change and to attach a value judgment to it (mean = 3.56, SD = 0.761). However, it is uncertain whether the firm has experienced change in leadership (mean = 3.26, SD = 1.67). In a nutshell, firms regularly change their managers and keeps those that bring changes to the firm. This means that leaders are potent sources of attaining competitive advantage in the hotel industry. They should thus be able to embrace employees' experience of change and deploy organizational resources in order to improve firm performance.

Table 2 shows that there is an increase in the number of employees (mean = 4.37, SD = 0.568) and market size in new markets in relation to competitors (mean = 4.22, SD = 0.509). There is also growth in profits in relation to expectations (mean = 4.03, SD = 0.926) and competitors (mean = 4.02, SD = 0.942). As well, there is growth in sales in relation to competitors (mean = 3.92, SD = 1.088). However, there is no growth in sales in relation to expectations (mean = 2.29, SD = 1.296). Improve firm performance is evidenced by increase in the human capital, market size in new markets and the growth in sales.

To check the adequacy of the data for extraction of principal components, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and the Bartlett's test of sphericity were used. Consequently, a value of 0.5 and above for the KMO statistic and a significant measure of sphericity were acceptable as suggested by Tabachnick and Fidell (2001). As shown in Table 2, the KMO value is significant since it is more than 0.05. The principal component analysis with varimax rotation churned out six factors with Eigenvalues greater than 1.0. The six factors extracted accounted for cumulatively 76.856% of the variance explained in outsourcing motives. Factor analysis was conducted to ensure that all of the constructs used are valid and reliable before proceeding for further analysis. The study requested that all loading less than 0.5 be suppressed in the output, hence providing blank spaces for many of the loadings. Thus from the findings in Table 2, all values for all the factors were more than 0.5 reflecting the accepted value of factor loading.

Cronbach alpha coefficient test was employed to measure the internal consistency of the instruments used and the coefficient alpha of these variables were reported in Table 2. As shown in Table 2, the Cronbach alpha test showed values ranging from a low of 0.702 (employee change) to a high of 0.953 (organization structure change). These findings were in line with the benchmark suggested by Hair, et al. (2010) where coefficient of 0.60 is regarded to have an average reliability while coefficient of 0.70 and above indicates that the instrument has a high reliability standard. Although most researchers generally consider an alpha value of 0.70 as the acceptable level of reliability coefficient, lower coefficient is also acceptable (Nunnally, 1978; Sekaran & Bougie, 2010). Thus, it can be concluded that data collected from the pilot

study were reliable and have obtained the acceptable level of internal consistency. Therefore, all items were included in the survey instrument.

Table 2. Descriptive Statistics and Factor Analysis

N=206	Mean	Std. Deviation	Skewness	Factor loadings	% of Variance	Cum%	Cronbach's Alpha
The firm has adopted modern technologies on online bookings and payments.	3.6	1.37	-0.8	0.95	33.1	33.1	0.86
The firm has increased use of online communication with clients and staff.	3.55	1.44	-0.8	0.95			
The firm has increased online marketing.	3.35	1.63	-0.2	0.93			
The firm as implement new electronic communicative devices within the firms	4.22	0.88	-0.9	0.91			
The firms has implemented E-procurement and ERP	3.33	1.49	-0.3	0.91			
The firms has implemented IFIMS	3.18	1.69	-0.2	0.87			
technology change	3.54	1.24	-0.2		20.4	53.5	0.87
We have experienced change in leadership	4.11	1.17	-1.6	0.7			
The firms regularly change it managers	4.93	0.43	-7.8	0.76			
The firms keeps managers who bring new changes to the firm	4.73	0.51	-2.1	0.58			
The firms immediately firms leaders who do not bring change to the firm	4.55	0.72	-2	0.99			
Our leaders is willing and able to fully appreciate another person's experience of change and to not attach a value judgment to it	3.56	0.76	0.4	0.94			
Our leaders are willing and able to try new things and balance risk/reward	3.81	0.73	-1	0.95			
leadership change	4.14	0.49	-1.3		15.2	68.7	0.9
Growth in sales in relation to your expectations	2.29	1.3	0.99	0.48			

Growth in sales in relation to your competitors	3.92	1.09	-0.6	0.62			
Growth in profits in relation to your expectations	4.03	0.93	-1.1	0.76			
Growth in profit level in relation to your Competitors	4.02	0.94	-1.1	0.62			
Increase in number of employees	4.37	0.57	-0.2	0.86			
Increased market size in new markets in relation to your	4.22	0.51	0.3	0.68			
Increased market size in new markets in relation to your Competitors	4.04	0.89	-1.3	0.69			
Firm performance	3.84	0.69	-0.4	0.82	8.16	76.9	0.95
KMO and Bartlett's Test							
<i>Kaiser-Meyer-Olkin Measure of Sampling Adequacy. Approx.</i>							
<i>Chi-Square</i>	0.65						
<i>Bartlett's Test of Sphericity</i>	7385						
<i>Sig.</i>	0.000						

Testing hypothesis

Pearson Correlation results showed that technology change is positively related with firm performance with a Pearson Correlation coefficient of $r = .711$ which is significant at $p < 0.01$. The output also shows that leadership change is positively related with firm performance, with a coefficient of $r = .730$ which is also significant at $p < 0.01$. From the foregoing, there is a linear relationship between technology change, leadership change with firm performance. This provided more ground to perform multiple regression analysis. Table 3 illustrates the model summary of multiple regression model, the results showed that all the four predictors (technology change, leadership change) explained 62.4 percent variation of firm performance. This showed that considering the four study independent variables, there is a probability of predicting firm performance by 62.4% ($R^2 = 0.624$). Study findings in ANOVA Table 3 indicated that the above discussed coefficient of determination was significant as evidence of F ratio of 83.338 with p value $0.000 < 0.05$ (level of significance). Thus, the model was fit to predict firm performance using technology change, leadership change and employee change and structure change.

Hypothesis 1 (H_{01}) stated that technology change has no significant effect on firm performance. Findings showed that technology change had coefficients of estimate which was significant basing on $\beta_1 = 0.254$ ($p\text{-value} = 0.01$ which is less than $\alpha = 0.05$). The null hypothesis

was thus rejected and it was concluded that technology change had a significant effect on firm performance. Consistently, prior studies have indicated that higher innovativeness resulting in increased corporate performance (Olson and Schwab, 2000; Hult and Ketchen, 2001; Du and Farley, 2001; Calantone et al., 2002; Garg et al., 2003; Wu et al., 2003). Similarly, Sabourin (2002) and Baldwin and Sabourin found out that plants that use advanced technologies are more likely to experience productivity growth and that the superior productivity growth is then reflected in market share gains.

The results are also consistent with findings by Miller (2001) showing that most firms seek technological innovation to gain competitive advantage in their market. On the same note, Wolff and Pett (2004) and Walker (2004) conducted comparative research for the effects of technology change on firm performance revealed that particular product improvements are positively associated with firm growth. Further support to the study findings is by Qian and Li (2003) on their study of biotechnology firms where they found out that technology change determined firm profitability, calculated as ROS, ROE, and return on assets (ROA) and sales growth. Results are also the same for Canadian firms where technology change has a lagged effect on profitability and is stronger in sectors where appropriability is high (Hanel and St-Pierre 2002). In the case of US chemical firms, technology change, measured as radical innovation achievements, results in better performance (Gopalakrishnan 2000). Besides, Weerawardena et al. (2006) observed, for a sample for SMEs Australian firms, that technology change affected positively brand performance. However, for Yamin et al. (1997), with a sample of Australian manufacturing firms, there is no evidence that technology change achievements increase market and business performance.

Hypothesis 2 (Ho2) stated that leadership change had no significant effect on firm performance. However, research findings showed that leadership change had coefficients of estimate which was significant basing on $\beta_2 = 0.426$ ($p\text{-value} = 0.000$ which was less than $\alpha = 0.05$) hence the null hypothesis was rejected. Leaders are the key driving forces for improving firm performance because they make key decisions in the acquisition, development, and deployment of organizational resources and the conversion of these resources into valuable products and services.

Thus, Rowe (2001) posits that leaders are potent sources of managerial rents and hence sustained competitive advantage. In a similar vein, Crespi, (2003) in his study argues that owner/CEOs of small businesses have a strong influence on firm functioning and overall performance. Furthermore, Avolio (1999) stipulated that the leadership change, which is indicative of their tendency in managerial behaviors and actions, is an essential ingredient in the mix of factors that influence a firm's success. In addition, McShane & Von Glinow (2000) echo

that leadership change creates a strategic vision, communicate that vision through framing and use of metaphor which results in high levels of cohesion, commitment, trust, motivation, and performance in these new organizational environments. Furthermore, numerous studies have reported positive relationships between leadership change and outcomes at the individual level and firm levels (Avolio 1999 and Kirkpatrick & Locke 1996).

The rule of thumb was applied in the interpretation of the variance inflation factor. From Table 3, the VIF for all the estimated parameters was found to be less than 4 which indicated the absence of multicollinearity among the independent factors (Hair, *et al.*, 2010). This implied that the variation contributed by each of the independent factors was significant independently and all the factors were included in the prediction model.

Table 3. Multiple Regression Results

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics		
	B	Std. Error	Beta	t	Sig.	zero order correlation	Tolerance	VIF
(Constant)	0.269	0.324		0.83	0.408			
technology change	0.142	0.055	0.254	2.591	0.01	.711**	0.195	133
leadership change	0.606	0.099	0.426	6.124	0.00	.730**	0.387	2.585
R Square	0.624							
Adjusted R Square	0.616							
F	83.338							
Sig.	.000b							

a Dependent Variable: Firm Performance

CONCLUSION AND RECOMMENDATIONS

Technology change has a positive impact on firm performance by producing an improved market position. Technology change enhances competitive advantage and superior performance. As such, hotels seek technological innovation in order to gain competitive advantage. This is done by implementing new electronic communicative devices within the firms that will enhance the communication process as well as the adoption of modern technologies on online bookings and payments. Increase in online communication with clients and staff is notable though the implementation of E-procurement and ERP together with IFIMS is uncertain. On the whole, technological change has resulted in improved firm performance.

Leadership change makes it possible for firms to have improved firm performance. Leadership change results in high levels of cohesion, commitment, trust, motivation within the organization. Leaders therefore have a strong influence on firm functioning and overall performance. Firms therefore regularly change its managers and keep those managers that

bring changes to the firm. In light of this, leaders are willing and able to try new things and balance risk/reward. These points to the need for business and management strategies to match the CEO's leadership style.

The study has revealed that technological innovations is essential to the growth and effective operation of a firm. It is therefore important for hotels to implement new electronic communicative devices and adopt modern technologies on online bookings and payments. Besides, hotels have to increase their use of online communication with clients and staff. The focus should therefore be on the combination of ICT with the use of other technologies other than using only one or two isolated technologies.

The study has established that leadership change impacts positively on firm performance. It is therefore important for firms to have leadership change since it helps the firms to achieve their objectives effectively by linking job performance to valued rewards. Firms should therefore keep those managers that bring new changes to the firm. Also, hotel leaders need to be willing and able to fully appreciate other person's experience of change and to attach a value judgment to it. Firm performance is enhanced when there is flexibility in terms of employee adaptation of change. Firms should therefore allow new innovative ideas among its employees and ensure that they are regularly trained.

Future research should have to draw sample of respondents on a larger sample for the sake of generalizing the results of the study. Moreover, more time should be allocated to the same and a combination of more than one data collection instrument should be used for example focus group discussions, as these will help to counter check the information provided by the respondents. A further study needs to be conducted using more variables that may be relevant to this study.

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