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**COLLEGE OF BUSINESS & ECONOMICS SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANEGEMENT**

**THE INFLUENCE OF COMPITITIVE STRATEGIES ON STAR RATED HOTEL
PERFORMANCE IN CASE OF ADDIS ABABA, ETHIOPIA**

Presented in partial Fulfilments of the requirements for the
degree of masters of marketing management

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JUNE, 29, 2021

DECLARATION

I, the undersigned, hereby declare that this work titled “The Influence of Competitive Strategy on Star-Rated Hotel Performances in Addis Ababa, Ethiopia” is my own work. Except for the guidance and suggestions of advisors Mesfin workineh (PhD) and the article referred to, I created it entirely on my own. This research has not been submitted for any degree or diploma program at this or any other institution, and all resources and materials used for this thesis have been properly acknowledged.

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ABSTRACT

The hotel and tourism sector is one of the primary development drivers of the global economy, and certain African countries exploit it. Ethiopia, for example, employs this sector as one of its economic sources. However, exploitation is not as widespread as one might assume. This is because the sector has numerous obstacles, such as a lack of advancement, inability to adopt advanced technologies, frequent personnel turnover, and a lack of input, to name a few. As a result, hotel managers are expected to devise methods in order to profit from the industry. However, there is scant evidence that the Ethiopian hotel employs porter competitive techniques as a strategic reaction, and it is not supported by research. The goal of this study was to determine the impact of competing strategies on the performance of star-rated hotels in Ethiopia. Porter's generic strategic theories were applied in the study, and a descriptive and explanatory research method was adopted. The target population in Addis Ababa consisted of 78 star-rated hotel managers, 44 of whom were chosen via purposive selection. Frequencies, percentages, averages, and standard deviations were used to examine the data using descriptive statistics.. Explanatory, inferential analysis, correlation coefficient analysis and multiple regression analysis, the study discovered a significant association between cost leadership and hotel performances. $r=0.620^{**},p=0.000$, differentiation strategy and hotel performance $r=.639^{**},p=.000$, as well as focus and hotel performance $r=.509^{**},p=.000$.

Key words: cost leadership strategy, differentiation strategy, focus strategy and hotel performances

ACRONYMS

MSMs----- medium scale mining's

MICE-----meetings, incentives, conferencing, exhibition.

AU-----African union

UNECA-----united nation economic commission for Africa

AHA----- Addis Ababa hotels association

GDP-----Growth domestic product

Contents

DECLARATION	i
ACKNOWLEDGEMENTS	iii
ABSTRACT	iv
ACRONYMS	v
CHAPTER ONE	1
INTRODUCTION.....	1
1. Introduction	1
1.1 Background of the Study.....	1
1.2 Statement of the problem	3
1.3 Research question.....	4
1.3.1Main research question	4
1.3.2 Specific research question	4
1.4 Objectives of the study	4
1.4.1 General objectives of the study	4
1.4.2 Specific objectives of the study.....	4
1.5Significance of the study	5
1.6 scope of the study.....	5
1.7 limitations of the study	5
1.8 Organization of the study	5
1.9 Definitions of terms	6
CHAPTER TWO	7
REVIEW OF RELATED LITRATURE	7
2. Introduction	7
2.1Theoretical literature review	7
2.2 Competitive strategies	7
2.3 Theories on competitive strategies.....	7
2.3.1 Michael Porter’s Competitive Forces	7
2.3.2 Cost leadership strategies	9
2.3.3 Differentiation strategies	9
2.3.4 Focus strategies	9
2.4 Resource Based View Theory	10

2.5 Ansoff's Growth Strategy	11
2.6 Empirical literature	13
2.6.1 Porter Generic strategies and Hotel performances	13
2.7 Conceptual Framework.....	14
2.8 Research Gaps.....	16
CHAPTER THREE.....	17
RESEARCH METHODOLOGY	17
3. Introduction	17
3.1 Research Philosophies	17
3.2 Research design	17
3.3 Data types and Data sources.....	18
3.4 Population of the study.....	18
3.5 sampling procedure	18
3.6 Data Gathering Instruments	19
3.7 Data Analysis Technique	20
3.8 Reliability and validity	21
Reliability	21
3.9 Ethical consideration.....	22
CHAPTER FOUR	23
DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS	23
4 Introductions	23
4.1 Demographic profile of the respondents	23
4.1.1 Respondents' profile gender of respondents.....	23
4.1.2 Age of the Respondents.....	24
4.1.3 Education level on respondents.....	24
4.2 Descriptive analysis.....	26
4.2.1 Cost leadership strategy of hotels in Addis Ababa	26
4.2.2 Differentiation strategy of hotel in Addis Ababa.....	29
4.2.3 Focus strategy of Hotel in Addis Ababa.....	31
4.2.4 Performances of Hotel in Addis Ababa Ethiopia	32
4.3 Correlation analysis	33
4.4 Multiple regression analysis.....	35

Regression Results	36
CHAPTER FIVE	38
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMEDATIONS.....	38
5. Introduction	38
5.1 summary of the study	38
5.4 Recommendation.....	39
5.5 suggestions for further research.....	40
Figure 2.1 porter mode----- -----	8
Figure 2.2, source, adopted from Kelvin, 2016 -----	15
Table 3.1.a Coberench’s Alpha Result-----	22
Table 4.1.1a profile gender of respondents-----	23
Table 4.1.2.a Age of the Respondents-----	24
Table 4.1.3.a Education level on respondents-----	24
Table 4.1.4.a Experience of respondents-----	25
Table 4.2.1.a cost leadership strategy of hotel in Addis Ababa-----	27
Table 4.2.2.adiferenciation strategy of hotel in Addis Ababa-----	29
Table 4.2.3.afocus strategy of hotels in Addis Ababa-----	32
Table 4.2.4.a performances of hotel in Addis Ababa-----	33
Table 4.4.aModel summary-----	35
Table 4.3.a correlation results-----	34
Table 4.4.b ANOVA-----	36
Table 4.11.c Regression Results -----	36
References	41
Appendix-1Questionnaire	44
List Star rated hotels in Addis Ababa	48

CHAPTER ONE

INTRODUCTION

1. Introduction

This chapter will go through the background of the study, the problem statement, the objectives of the study, the research question, the significance of the study, the scope of the investigation, the limitations of the study, the organization of the investigation, and the definition of terminology.

1.1 Background of the Study

The hotel and tourism industry has grown to be one of the largest and fastest-growing industries in the world, accounting for a significant share of global GDP. With over 700,000 hotels worldwide and a contribution of \$3.41 trillion to the global economy, the global hotel business is steadily expanding. After the recessions of 2008, the industry has made a strong comeback (Hospitality report Africa, 2019).

Travel and tourism continues to be an important growth driver for Africa's economy, accounting for 8.5 percent of GDP in 2018, or \$194.2 billion. With a growth rate of 5.6 percent, the continent surpassed Asia-Pacific as the world's second-fastest-growing tourism region, compared to a global average growth rate of 3.9 percent. Ethiopia, as one of Africa's fastest growing tourism destinations, grew by 48.6% in 2018 to \$7.4 billion, placing the country fourth in Africa's hotel development (Hospitality report Africa, 2019). This demonstrates the government's commitment to the development of the sector, this industry supports a significant portion of our economy by producing jobs, alleviating poverty, generating foreign currency, and improving the country's image.

Addis Ababa has a lot of potential for MICE tourism because it is the seat of the African Union (AU) and the United Nations Economic Commission for Africa (UNECA). It is also the third city in the world with the highest city of diplomatic missions, and the African Union Congress Centre (AU-convention and facilities) is a world-class meeting venue., With world hotel standards such as Sheraton, Marriott, Radisson, Hilton, and many others, Bole International Airport is currently becoming an important aviation hub in Africa. As a result of these conditions, the city has

become one of Africa's major conference and event tourism destinations. (Ministry of Culture and Tourism, 2015).

Hotel investment is currently booming in Ethiopia, particularly in Addis Ababa. According to the report, one star hotel enters the industry every quarter, and these star hotels emerge with high technology, some hotels with international certification, which is a source of competitive advantage, they bring with new features such as digital material with something that excites guests, and they are also co-located with other star hotels.

Only enterprises that can build and maintain a competitive edge within a chaotic environment survive in these days of globalization and internationalization of markets. (Lee, 2013). Therefore hotels in Ethiopia need an appropriate competitive strategy to win the competition as well as improving its business

According to Porter, 1995, competitive strategy is the search for favourable competitive position in an industry, the fundamental arena in which competition occurs. According to Thompson and Strickland (2010), competitive strategies are all the actions and methods that a company has taken or is doing to attract consumers, endure competitive pressure, and strengthen its market position.

Porter (1980) proposed generic competitive strategies which enables firms competitive in the business environment ,which involves three elements: cost leadership where a firm goals to meet low cost in its industry, differentiation, a firm prospects becoming unique and different in its market, and focus, a firm engages in focusing on particular buyers, product lines, or markets. This study will seek to determine the application of the three competitive strategies by hotels and how it impacts on their performance.

Performance is associated with a firm's results, and revealed through outcomes of business processes and accomplishments and the success of meeting established goals .Wu (2001) used efficiency, sale performance, customer satisfaction and relationship development to measure of firm performance (Kelvin, 2018) .Firm performance can also be evaluated from an objective perspective which is about financial assessment in terms of Return on Assets (ROA), Return on Equity (ROE), Sales growth and profitability (Sheriff, Pious & Ali, 2010).

Hotels in Ethiopia are categorised into five categories, with five being the highest and one being the lowest, this study however intends to focus on the classification of hotels as given by the ministry of culture and tourism of Ethiopia on star rated hotels in Addis Ababa.

1.2 Statement of the problem

Pearce and Robinson, (2002), it should be recognized that all business firms operate inside an open system. This means they may have an impact on or be influenced by external factors that are largely beyond their control. As a result, all organizations, regardless of their industry, are being urged to develop competitive strategies in response to the unpredictable environment.

On the one hand, the Ethiopian hotel industry is exposed to globalization and internationalization of the market; on the other hand, it faces numerous challenges, including a lack of promotion, inability to use high technology, employee turnover, low access to hotel input, high demand for quality services, low availability of hotel accommodations, particularly in tourist areas, misperceptions about Ethiopia, and a shortage of staff. (Alelign, 2013). As a result, hotel managers must devise competitive tactics in order to achieve a competitive edge in the market. This allows them to provide a one-of-a-kind product and service that caters to a wide range of consumer preferences.

Previous studies show that competitive strategies are effective in boosting organizational performances for instance, Tanwar (2013), By examining various types of organizations, in his studies on effectiveness of competitive strategy. He concludes that generic strategies can assist organizations cope with competitive dynamics in the industry and perform better than other organizations in the business.

Oddity (2018), also looked into the link between competitive strategies and company performance. He tried to show that generic strategies have a favourable impact on firm performance, and that the impact of each generic strategy varies depending on the industry structure and competition intensity.

Some researches are also carried out in other countries, with a focus on competitive strategies and hotel performance, with the goal of establishing a link between Porter's generic strategy and hotel performance. Each study has a distinct sample demographic and sampling procedure.

However, according on my research, there is scant evidence that hotels in Addis Ababa, Ethiopia, have used porter generic techniques as a strategic response. However, hotels in Addis Ababa make poor strategic decisions due to the use of tactics that are not supported by research. As a result, the goal of this study is to close the gap by focusing on porter generic methods and their influence.

1.3 Research question

1.3.1 Main research question

What is the influence of competitive strategy on hotel performance in Addis Ababa in Ethiopia?

1.3.2 Specific research question

1. Does cost leadership strategy has influence on the performance of hotel in Addis Ababa city, Ethiopia?
2. To what extent does the differentiation strategy influence on the performance of hotels in Addis Ababa city, Ethiopia?
- 3, how does focus strategy influence the performance of hotel in Addis Ababa city, Ethiopia?

1.4 objectives of the study

1.4 Objectives of the study

1.4.1 General objectives of the study

The overall goal of this research was to determine the impact of competitive strategy on hotel performance in Addis Ababa, Ethiopia.

1.4.2 Specific objectives of the study

1. To investigate the impact of a cost-cutting approach on the performance of a star-rated hotel in Ethiopia's capital, Addis Ababa.
2. To observe how much differentiation strategy affects the performance of a star-rated hotel in Addis Ababa, Ethiopia.

3. Determine the impact of focus strategy on star-rated hotel performance in Addis Ababa, Ethiopia.

1.5 Significance of the study

The findings of this study will be useful to the following stakeholders in the hotel industry, new hotel investors, and hotel managers; even the Addis Ababa hotel associations, culture and tourism minister, by suggesting areas in which the hotel industry can deliver high performance; and institutions will use the information gathered from this study to expand their knowledge

1.6 scope of the study

The survey was done in Addis Ababa, Ethiopia, among hotels registered with the Ethiopian Ministry of Culture and Tourism as star-rated hotels, but not non-star-rated hotels. The goal of the study was to see how successful porter competitive techniques are on star-rated hotel performance by focusing on hotel managers.

The study is restricted to the variables of interest, which comprise both independent and dependent variables. Cost leadership strategies, differentiation strategies, and focus strategies are the independent variables, while hotel performance is measured by return on investment, sales performance, and customer satisfaction is the dependent variable.

1.7 limitations of the study

Other stakeholders such as finance managers, restaurant managers, and other employees were not included in the survey, which exclusively represents star-rated hotels by targeting hotel managers. Because hotel management are familiar with the hotel's core activities, this limits the target population. Porter generic tactics were used in the study; other generic methods were not used.

1.8 Organization of the study

There are five chapters in the research study.

Background of the study, statement of the problem, basic research questions, aims of the study, significance of the study, limitation of the study, plan to study, organization of the study, and then definition of terminology are all covered in the first chapter.

The second chapter contains a theoretical overview of current competitive strategy models and frameworks, as well as an empirical examination of competitive strategy performance, hypothesis, and conceptual framework.

The third chapter will cover research philosophy, research design, data types and sources, study population, sampling procedure, sample size, sampling technique, reliability and validity, as well as ethical considerations.

The results and debate would be discussed in the fourth chapter, and the findings, conclusion, and recommendation would be discussed in the fifth chapter.

1.9 Definitions of terms

Competitive strategies: Many businesses have made major strategic mistakes as a result of their failure to understand this. When there are several aspiring cost leaders, competition is generally severe since every point of market share is prized. The ramifications for profitability (and long-term industry structure) can be devastating unless one business can acquire a cost lead and "persuade" others to forsake their methods.

Cost leadership: The strategic logic of cost leadership usually requires that a firm be the cost leader, not one of several firms vying for this position. Many firms have made serious strategic errors by failing to recognize this. When there is more than one aspiring cost leader, rivalry among them is usually fierce because every point of market share is viewed as crucial. Unless one firm can gain a cost lead and "persuade" others to abandon their strategies, the consequences for profitability (and long-run industry structure) can be disastrous (porter, 1985).

Differentiation: a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It chooses one or more qualities that many buyers in a given industry consider significant and positions itself to satisfy those requirements in a distinctive way. It is compensated for its uniqueness with a premium price (porter, 1985)

Focuses: The focus strategy has two variants. A business seeking a cost advantage in its target market is said to be cost focused, whereas a firm seeking differentiation in its target segment is said to be differentiation focused (porter, 1985).

Performance: would be measured in terms of return on investment, sales performance, and customer satisfaction.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2. Introduction

Theoretical reviews, such as porter generic strategies, resource-based view competitive strategies, ansoff growth strategies, findings of relevant studies, and performance measurements of the hotel industry, as well as conceptual frameworks, will be reviewed in this chapter

2.1 Theoretical literature review

2.2 Competitive strategies

Porter's generic strategy matrix, which highlights cost leadership, differentiation and focus as the three basic choices for firms, has dominated corporate competitive strategy for the last three decades. According to this model, a company can choose how it wants to compete, based on the match between its type of competitive advantage and the market target pursued, as the key determinants of choice. Porter's generic strategy typology remains one of the most notable in the strategic management literature. A business can maximize performance either by striving to be the low cost producer in an industry or by differentiating its line of products or services from those of other businesses; either of these two approaches can be accompanied by a focus of organizational efforts on a given segment of the market. Any organization that fails to make a strategic decision to opt for one of these strategies is in danger of being "stuck in the middle". The organization in failing to decide, tries both to be the cost leader and differentiator and achieves neither, and in the process confuses consumers. (Ovidiu N. Bordean, et.al,2010).

2.3 Theories on competitive strategies

2.3.1 Michael Porter's Competitive Forces

Porter (2008) five factors of competition are identified: intense rivalry, threat of entrance, threat of substitutes, supplier power, and buyer power. Understanding the dynamics that shape a sector's rivalry, he believes, is the foundation for crafting a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices.

According to Porter, if the pressures are severe, no organization gets a significant return on investment, but if the forces are benign, most businesses are successful. The five forces' composition differs by business; therefore an organization needs a different plan for each industry, such as hotels. He goes on to say that low-cost, differentiation, focus, and combination tactics are examples of generic methods. These are frequently used as a strategic typology for all types of businesses. This approach is a powerful tool for systematically diagnosing a market's key competitive forces and determining how strong and significant each one is.

According to Lawrence (2011), a firm's relative position within its industry determines whether profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. Though a firm can have a myriad of strength and weaknesses, vis-à-vis its competitors, there are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation and focus. He further stated that Competitive strategies attempt to alter a company's strength relative to that of its competitors in the most efficient way and also molds actions and decisions of managers and employees in a coordinated, companywide game plan (Susan ,Titus ,2017)

Figure 2.1 porter model

Target scope	advantage	
	Low cost	Product uniqueness
Broad(industry wide)	Cost leadership strategy	Differentiation strategy
Narrow (Market segment)	Focus strategy	Focus strategy
	Low cost	Differentiation

Source: Porter, 1986

2.3.2 Cost leadership strategies

For a firm to adopt cost leadership strategies it appeals to cost-conscious or price-sensitive customers, this is achieved by having the lowest prices in the target market segment. To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals, this could be possible through some fairly unique capabilities to achieve and sustain their low cost position. Having secured sources of a scarce raw resource, having a dominant market share position, or having a high level of capitalization are examples of these. (Pearce & Robinson 2011). Low cost producers usually excel at cost reductions and efficiencies, they maximize on economies of scale, implementing cost cutting technologies, stress reductions in overhead and administrative expenses.

2.3.3 Differentiation strategies

Differentiation is aimed at the broad market that involves the creation of a product or services perceived to be unique throughout the industry (Pearce & Robinson, 2011). Organization may differentiate in various methods such as new technology, brand image, design, dealers, network customer service or the number of features. With differentiation strategy is the limitation by competitors, changes in customer tastes and increase in selling price of products due to additional costs incurred in adding unique features on the product to achieve the differentiation.

2.3.4 Focus strategies

According to Lawrence (2011), whether a company's profitability is above or below the industry average is determined by its relative position within the industry. In the long run, sustained competitive advantage provides the foundation for above-average profitability. Though a company's strengths and weaknesses may differ from those of its rivals, there are two sorts of competitive advantages that a company might have. The three main methods for obtaining above-average performance in an industry are based on the two primary categories of competitive advantage and the scope of activities for which a business aims to achieve them: cost-cutting, distinctiveness, and focus. He went on to say that competitive strategies aim to change a company's power in relation to its rivals in the most efficient way possible, as well as shape managers' and employees' actions and decisions into a coordinated, companywide game plan(Susan ,Titus ,2017)

Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. A successful focus strategy (Porter, 1980) depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors

(Pearce et al, 2010). An organization advancing a focus strategy should be ready to service the needs of unreachable market locations with a special financing scheme or servicing tribulations or to tailor the product to the somewhat exclusive demands of the small to medium sized client. The market focusers profit from their enthusiasm to serve the otherwise ignored or underappreciated client segments (David, 2017).

2.4 Resource Based View Theory

The RBV approach to strategic management decision-making places a greater focus on the firm's strategic capabilities as a foundation for supremacy rather than striving to maintain a perfect environmental fit all of the time. The physical, human, and organizational assets that may be leveraged to implement value-creating initiatives are referred to as resources. Capabilities are complex bundles of acquired knowledge and skills that are exercised through organizational processes, allowing organizations to coordinate their activities and make use of their assets (Ekundayo&Ajayi, 2009). Clegg et al. (2011), According to the report, capabilities are always subject to being eroded or substituted by a competitor's higher level capacity, among other restrictions. Intangible assets, in contrast to tangible assets, are important to the RBV method to understanding competitive advantage since they are difficult to acquire or replicate.

Gathoga (2011) recognized intangible assets like as know-how, product reputation, culture, and networks as key contributors to a company's overall success. As a result, intangible strategic assets play a large role in unequal performance across diverse firms. David (2007) implies that variances in organizational performance are likely to be seen since firms have various characteristics at different levels and diverse bundles of resources. Firms have three sorts of resources, according to the theory: tangible resources, intangible resources, and organizational skills.. Tangible resources, such as financial, physical, technical, and organizational assets, are easy to identify; intangible resources, on the other hand, are more difficult to identify and hence harder to replicate. They are tactics that a company employs over time to increase its

performance (Barney, 2006). Finally, organizational capabilities are skills and competencies which a firm combines to transform tangible and intangible resources into outputs, for example, outstanding customer service (Dess et al., 2007).

The resource-based approach also claims that organizational resources aren't always a source of competitive advantage because competitors may have equal resources. In this scenario, competitive advantage comes from resources that have one or more additional characteristics, such as valued replacements. As a result, a company must maintain a competitive edge as long as other companies are unable to reproduce the same characteristics (Dess et al., 2007).

As a result, a company must maintain a competitive edge as long as other companies are unable to reproduce the same characteristics (Dess et al., 2007). Environmental dangers and opportunities are important, according to Parnell (2013), opportunities are essential, but an organization's distinctive resources are what allow it to build differentiated capabilities. This allows a company to set itself apart from its competitors and get a competitive edge.

The focus of resource-based theory is on individual companies rather than the competitive environment. It is thought that an organization's resources (both real and intangible) are linked to its skills, which in turn creates value and increases profit.

2.5 Ansoff's Growth Strategy

Several academics have developed competing strategy models with the goal of providing a better understanding to the topic, one of which being Ansoff's growth strategy. The Ansoff Matrix model is a strategic planning tool that gives executives, senior managers, and marketers a framework to use in devising future growth plans. Our investigations represented numerous researches and concepts that developed in the end in the strategic planning environment. Ansoff is considered one of the early thinkers who identified strategy's social function and strategic management's performance institutional pivot. The Ansoff Growth Matrix is a strategic planning tool that analyzes market penetration, product development, market development, and diversification methods in order to assist a company identify their product and market growth strategy. This idea helps to explain how a product development strategy is born in any firm. (Pleshko, 2008).

In general, businesses strive to attain strategic goals, which may be described as "survive, expand, and then realize advantages." Profitability and making a profit is one of the benefits that firms seek, and it is seen as important and as a fuel for such companies in order to reach their aims of survival, development, and benefits, realization of profit, and thus success, The cycle work of successful organizations is completed by survival, expansion, and benefits, as well as realization, which includes profit... (Bustanji ,2013), As a result, companies must use strategic planning at all levels, including marketing strategic planning, and use analysis methods and tools, as well as marketing strategic planning, to achieve strategic and marketing goals through the use of tools to aid in decision-making by selecting and implementing the appropriate strategy that leads to the achievement of marketing objectives and strategy that lead to strategic objectives achievement at organization level as a whole (Lee, 2006).

According to Azzam et al. (2011), Based on existing business internal resources, any firm must be able to recognize present and future marketing possibilities in the market. There is no company that can rely on its present goods and markets indefinitely. As a result, the company must develop marketing strategies to take advantage of appropriate marketing opportunities for its human, physical, and technical resources. Through diversification, the firm can either choose to add new but related products/services (concentric diversification) or expand by focusing on products/services that are unrelated to the firm's existing business (conglomerate diversification. In terms of growth, organizations have a number of strategies that they could adopt to achieve organizational expansion.

Hill et al. (2007) these growth strategies are classified as intensive, integration, or diversification strategies. To begin, with intensive strategies, the company tries to increase sales by putting in a lot of effort into marketing existing products in current markets. (market penetration); introduction of present products into new geographical areas (market development); or the use of R and D to increase sales through improvement of products (product development). Secondly, with integration strategies, the firm could either take over business activities formerly performed by its suppliers (backward integration) or its distributors (forward integration); or it could opt to reduce competition through mergers, acquisitions, takeovers, or strategic alliances (horizontal integration). Lastly, with diversification strategies, growth is achieved through operating in different markets or adding different products to its mix.

2.6 Empirical literature

2.6.1 Porter Generic strategies and Hotel performances

According to several studies, generic techniques had an impact on hotel performance. According to a study conducted by (Borden, Ovidiu, et al., 2014) on strategic management practices in the Romanian hotel industry, they discovered that innovation is an important strategy in Romanian hotels, and that hotel managers are well aware that pursuing an innovation strategy can lead to a competitive advantage.

Abdullah Hasen and muhamed in, 2017 they conducted a study on cost leadership strategy and hotel performance in the Nigerian context, and the findings show that cost leadership is a good predictor of hotel performance in Nigeria. They explain that cost leadership is a business strategy that helps a company become a low-cost producer by increasing internal efficiencies and refining the effective utilization of all resources.

Susan stated in her 2018 study on strategic management practices on organization performance in the hotel industry that in order to achieve cost leadership, hotels should evaluate their value chain to improve their ability to get a cost advantage. Second, hotels should invest in research and development projects that reduce the cost of existing items and develop new ones.

HO1: Cost leadership has statistical significant influence on performances of star rated hotel in Addis Ababa, Ethiopia.

Nila ,Ernie, Erie ,Meydia, 2016, conduct a study in Indonesia focused on managers on competitive strategy and its impact on hotel performance using partial least square approach, they discovered that hotel managers recognize that in order to maintain a positive image of their star hotels, they must place a high priority on the uniqueness of the product and services, which leads to price leadership, which is effective in boosting hotel performance.

According to the findings of a study conducted by Kelvin (2016) Nakuru, Kenya, on competitive strategy and hotel performance, differentiation strategy used by hotels had the greatest impact on hotel performance, both individually and collectively. When employed alone, distinctiveness was found to have the greatest impact on hotel performance of the three strategies. Hotels used a variety of strategies to differentiate themselves from competitors,

according to the study, including creating a unique image for our customers, focusing on high-value products, offering personalized room services, focusing on high-quality services, and implementing total quality management systems.

Hennery, 2014, also mentions in his study that quality of employees, giving a variety of services, and employing superior products are some of the indications that should be used to remain competitive. Then he came to the conclusion that these are the components that a corporation would try to use as extensively as possible in order to optimize sales and profit.

.In order to compete effectively, all hotels should constantly offer a wide product variety and services; broaden their physical products, and marketing practices, according to Susan, 2018.

HO2: differentiation strategy has statistical significant influence on performances of star rated hotel in Addis Ababa, Ethiopia

According to Thompson et al. (2008), the following conditions must be met for the focus strategy to be beautiful: the target market niche must be large enough to be lucrative and have good growth potential; industry leaders must not believe that having a presence in the niche is critical to their own success. Third, when it is costly and difficult for multi-segment rivals to put in place the capability to (David, 2017).

HO3: Focus strategy has statistical significant influence on performances of star rated hotel in Addis Ababa, Ethiopia

2.7 Conceptual Framework

In This study competitive strategy of porter i.e., cost leadership strategies, differentiation strategies and focuses strategies which is included in the independent variable and hotel performance measured by customer satisfaction, sales performances and return on investment as dependent variable.

Independent Variable

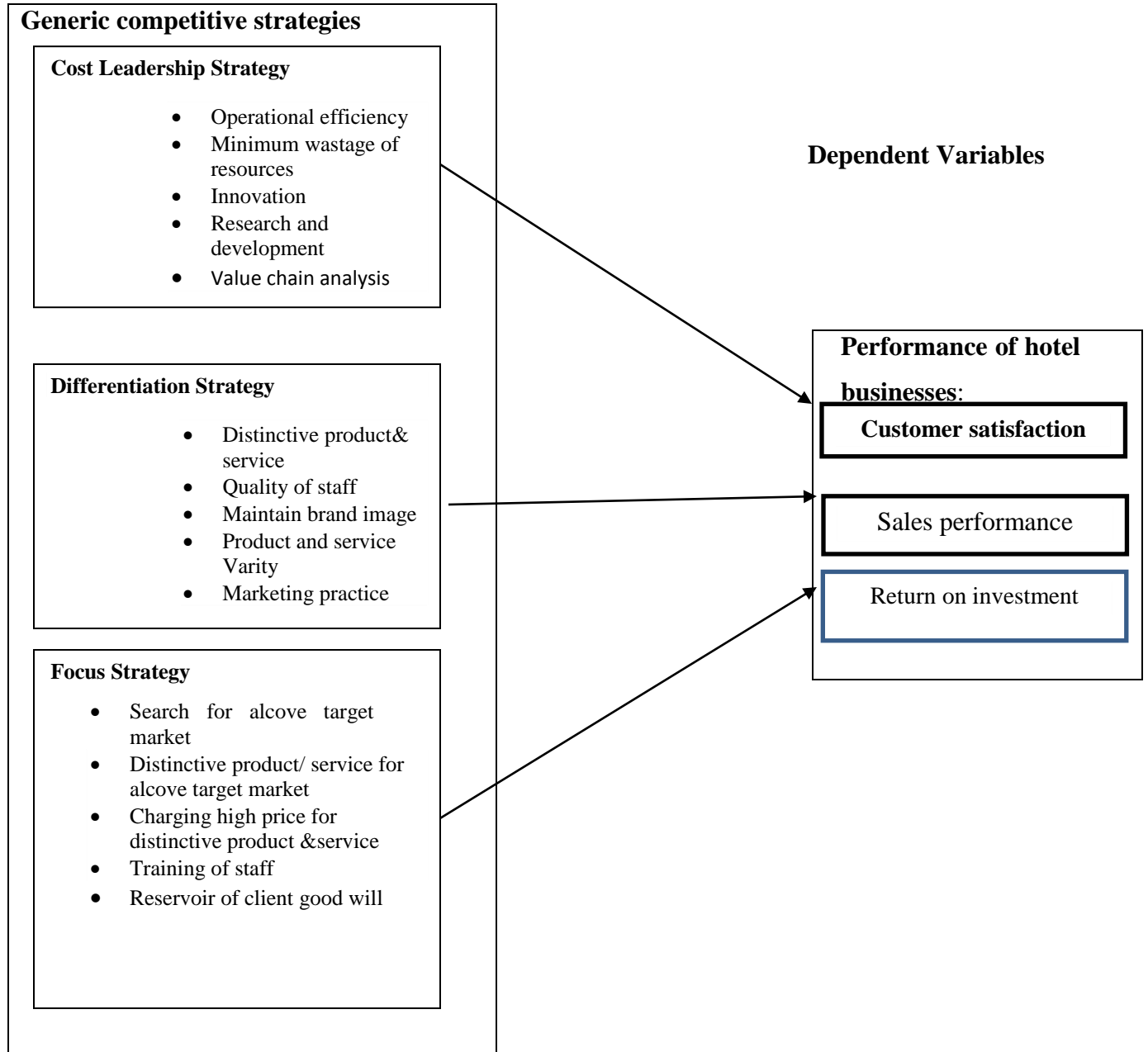


Figure 2.2, source, adopted from Kelvin, 2016

The figure 2.2 demonstrates the direction of interrelationships between general porter generic strategy and hotel performance. Hotel performance can be measured in terms of customer satisfaction, which increases sales performance, which leads to a high return on investment, which is influenced by cost leadership strategies, which are expressed in terms of operational efficiency, minimization of wastage of resources, and, Innovation, Research and development

and value chain analysis ,On the other hand, differentiation strategy is defined as "delivering distinctive products and services with variety," "maintaining brand image," and "implementing marketing practices that will be achieved by qualified staff," while focus strategy in this study is defined as "searching for an alcove target market," and "tailoring Distinctive Products and Services." for alcove target market, charging high price for distinctive product and service ,reservoir of client good will which will be achieved by training of staff.

2.8 Research Gaps

A review of the empirical literature reveals that the three generic Porters strategies for improving organizational competitiveness have been used in a variety of industries. Many studies have been conducted in foreign countries such as Africa, Europe, and Australia using Porter's competitive strategies to determine the impact of Porter's competitive strategies on the performance of hotel and banking industries, in manufacturing industries, However, the comparative impact of each strategy in enhancing firm competitiveness is unknown, and it is unknown whether these strategies are used in Ethiopia. As a result, the purpose of this study is to determine whether these strategies are used in Ethiopia, specifically in Addis Ababa, and, if so, which one has the greatest impact on hotel performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3. Introduction

This chapter focuses on the numerous methods and techniques that the researcher will use to perform the study and answer the research objectives given in the previous chapter. The following topics are covered in this chapter: research philosophies, research design, data types and sources, study population, sample techniques, data gathering tools, data analysis approach, reliability, and validity and ethical consideration

3.1 Research Philosophies

A research philosophy is a belief or an idea about the collection, interpretation and analysis of the data collected, Mark Saunders, Philip Lewis, Adrian Tournhill (2016).

Based on this some assumptions would be expected in this study which includes: the chosen data collection instrument would be valid and measure the desired constructs; the respondents would address all questions correctly since they are hotel managers.

In this study, I would also utilize the Positivism paradigm, which is based on the concept that social entities may be investigated as real in the same way that physical objects can. I would utilize the Positivism paradigm since the data has cause-and-effect links. The study employed a research approach that emphasized the use of a quantitative technique to collect quantitative data

3.2 Research design

The researcher would use descriptive and explanatory research design. According to Mugenda and Mugenda (2003) argues that descriptive research methodologies are appropriate for determining and reporting current conditions. The study would employ a descriptive research approach to determine the impact of competitive strategy on hotel performance, whereas explanatory research is used to investigate a condition or a problem in order to explain the correlations between variables (Mark, Philip and Adrian, 2016).

3.3 Data types and Data sources

Primary and secondary data were employed to meet the study's aims, with primary data serving as the primary source. Questionnaires would be used to acquire primary data. Structured questionnaires were sent by appointment to all star-rated hotel managers, as they create and implement initiatives. The questionnaire was written entirely in English. Secondary data would be gathered from prior research, books, hotel websites, and yearly reports on the hotel sectors in the world, Africa, and Ethiopia, as well as numerous published journals.

3.4 Population of the study

The total set of relevant units of analysis, or data, can be referred to as a population. All one to five star hotels in Addis Ababa were included in the study's population. Addis Ababa was chosen for the study because of its rapid growth in the hotel business, as well as the fact that it is Ethiopia's capital city and, more importantly, it hosts numerous international conferences the town of diplomats, many passengers passes through Addis Ababa, urbanization become expanded .

The city offers all types of hotels, which were intriguing for the study and would make information from various minister offices conveniently available to the researcher.

The study would concentrate on the classification of hotels in Addis Ababa, which range from one to five stars, according to data from Ethiopia's ministry of culture and tourism. Addis Ababa has 78 star rated hotels by the end of 2020.

3.5 sampling procedure

The research would concentrate on the classification of all-star rated hotels in Addis Ababa, using data from the Ethiopian Ministry of Culture and Tourism. At the end of 2020, Addis Ababa will have 78 hotels in this category. To determine the sample size of this study, Nassiuma (2008) at, al formula as shown below:

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

Where:

n = sample size

N=represents study population

C= represents coefficient of variation ($21\% \leq C \leq 30\%$) in our cases take 0.3

e = represents error margin take ($2\% \leq e \leq 5\%$) , In our cases take 0.03 at 97% confidence level.

Therefore:

$$n = \frac{78*(0.3)}{(0.3)^2 + (78-1)(0.03)^2}, n=44$$

As a result, the entire population sample size is 44, and these hotel managers are expected to create and implement hotel plans, therefore the researcher would purposively select respondents from the overall population.

3.6 Data Gathering Instruments

The researcher would gather data from relevant sources using both primary and secondary data collection instruments. To collect primary data, the researcher prepared closed and open ended questionnaires that would be distributed to all star rated hotel managers. Secondary data was gathered from reference books, journals, articles, reports, and the internet website.

The questioner would be divided into five sections, the first of which would collect general information about the responders. Part two would gather information on the application of cost leadership strategies in hotels, Part three would gather information on the application of differentiation strategy in hotels, Part four would gather information on the application of focus strategy in hotels, and finally part five would gather information on hotel performance, which is measured in terms of return on investment, sales performance and customer satisfaction.

3.7 Data Analysis Technique

Hotel performance can be influenced by various types competitive strategies like resource based view competitive strategies, ansoff's growth strategies and porter generic strategies etc. and performance also can be described in terms of various parameters but this study was focused on porter generic strategies i.e. cost leadership strategy ,differentiation strategy and focuses as independent variable and performances would be measured in terms of sales performance ,customer satisfaction and return on investment as dependent variable.

The acquired data was analyzed using SPSS (Statistical Package for Social Science) version (20), Microsoft Word, and Excel to arrive at significant facts and conclusions. The purpose of the study was to obtain the opinions of star-rated hotel managers on the relationship between the use of competitive strategies and hotel performance.

To reach the research goal, the researcher mostly relied on quantitative data gathered from star-rated hotel managers' ratings. The association between the deployment of competitive strategies and hotel performance would be investigated using inferential analysis.

Correlation analysis was also utilized to evaluate the research hypotheses and evaluate the relationship between generic strategies and hotel performance while, Multiple regression analysis was performed to identify the mixture of strategies utilized by hotels in Addis Ababa and their impact on hotel performance.

The following regression model was used:

$$y_i = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \varepsilon$$

Where: y = is the dependent variable (hotel performance)

β_0 = Constant

X_1 – Application of cost leadership strategy

X_2 – Application of differentiation strategy

X_3 – Application of focus strategy

ε – Error Term NID (0, σ^2)

$\beta_1, \beta_2, \beta_3$ - are coefficients.

3.8 Reliability and validity

Reliability according to Mugenda and Mugenda (2003) is a metric for how well research tools produce consistent outcomes or data after multiple trials. At order to improve the study's dependability, the questionnaires were piloted in a few hotels in Addis Ababa. Because the hotels are in Addis Ababa, it would be a good place to test. The reliability of the items in the pilot questionnaires would next be assessed using Coberench's reliability coefficient in the statistical package for social scientists (SPSS).

Adams, Jackson, & Marshall (2007) Validity is defined as the strength of a research's conclusions and inferences, which is based on the degree of precision in measuring what the research is supposed to measure. The study relies on expert guidance and judgment to assure the research instruments' internal, external, and construct validity. This will be offered by Addis Ababa University's research supervisors and lecturers. There would be Consultations in all stages of the study.

Reliability

The accuracy and precision of the measurement technique is what reliability is all about. Cronbach alpha is a reliability coefficient that is widely used to assess an instrument's internal consistency or dependability. According to statistical interpretation, the closer Coberench's alpha reading is to digit 1, the stronger the internal consistency dependability is in general. Hence, according to Taber (2016), Coberench Alpha would be used and calculated to test the accuracy or dependability or, as we commonly call it, reliability of the instrument. Reliabilities less than 0.60 are deemed poor, those in the 0.70 range are acceptable, and those over 0.80 are good (yohannis, 2020).

Table 3.1.a Coberench's Alpha Result

variables	Coberench's Alpha	No of items
Cost leadership strategy	.699	8
Differentiation strategy	.659	8
Focus strategy	.730	5
Hotel performances	.873	3
Over all variables	.805	24

In this research each statement was rated on 5 point likert response scale .The reliability test was made with a sample of respondents in both genders of star rated hotel in Addis Ababa.

3.9 Ethical consideration

With regard to ethical issues, the researcher would be governed and follows the research code of ethics. Hence the respondent's names, privacy, their values, and their organization would not be asked or would be confidential

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4 Introductions

The researcher explained the research findings in this chapter, which were based on data acquired from a star-rated hotel in Addis Ababa. With the help of the SPSS statistical program for social science version (20), the data is examined and summarized using descriptive and inferential analysis. The descriptive analysis was utilized to show the respondents' demographic profile as well as a summary of their responses. ANOVA, multiple regressions, Pearson correlation analysis More than 56 questionnaires were gathered from star rated hotel managers in Addis Ababa in order to elicit their opinions on the impact of competing strategies on star rated hotel performance. Of these, 44 were purposefully selected based on sample size, and all were returned.

4.1 Demographic profile of the respondents

The demographic profile of the respondents will be summarized in this section, which will be used to explain the characteristics of the target group, including gender, age, educational background, and experience.

4.1.1 Respondents' profile gender of respondents

Table 4.1.1a profile gender of respondents

Gender	Frequency	percent	Valid Percent	Cumulative
Male	35	79.5	79.5	79.5
Female	9	20.5	20.5	100
Total	44	100	100.0	

Source Author, 202

The research was conducted with 79.5% of male respondents and 20.5% of female respondents, when comparing gender replies, female responses were smaller than male responses. This

suggests that, despite the fact that female participation in the hotel business is high; their engagement in managerial positions is low in Addis Ababa.

4.1.2 Age of the Respondents

Age	Frequency	percent	Valid Percent	Cumulative
25-35 Yrs	23	52.3	52.3	52.3
36-45 Yrs	12	27.3	27.3	79.5
46-55 Yrs.	6	13.6	13.6	93.2
>56 Yrs.	3	6.8	6.8	100
Total	44	100	100.0	

Table 4.1.2.a Age of the Respondents

Source Author, 2021

The Age brackets of star rated Hotel Managers in Addis Ababa was Determined Using Age brackets of 10 years ,and The Majority Age brackets Were Aged Between 25-35 years ,which accounts 52.3%,while 27.3% Were Aged Between 36-45 years ,13.6% where aged between 45-55years ,while only 6.9% where aged greater than 56years .The above age Brackets indicate that hotel industries are a full of young employee force, and whether this young force, aided by education and training, can make a significant difference in the hotel business

4.1.3 Education level on respondents

Education	Frequency	percent	Valid Percent	Cumulative
Diploma	5	11.4	11.4	11.4
Degree	27	61.4	61.4	72.7
Masters	12	27.3	27.3	100
Other.	0	0	0	
Total	44	100	100	

Table 4.1.3.a Education level on respondents

Source Author, 2021

The above table indicates the levels of education at Addis Ababa star rated hotels, with 61.4 percent having a bachelor's degree, 27.3 percent having a master's degree, and 11.4 percent having a diploma. This indicates that the vast majority of those respondents have a high degree of education.

4.1.4 Experience of respondents

Education	< 5 yrs.	6-10 yrs.	11-15 yrs.	16-20 yrs	21 yrs. & above	Total
Diploma	2 4.5%	1 2.3%	1 2.3%	0 0.0%	1 2.3%	5 11.4%
Degree	11 22.7%	12 27.3%	2 4.5%	1 2.3%	22 4.5%	7 61.4%
Masters	5 11.4%	6 13.6%	0 0.0%	0 0.0%	1 2.3%	12 27.3%
Other.	0	0	0	0	0	0
Total	17 38.6%	19 43.2%	3 6.8%	1 2.3%	4 9.1%	44 100%

Table 4.1.4.a Experience of respondents

Source Author, 2021

According to the above table, 38.6 percent of respondents had experience between 1 and 5 years, with 22.7 percent having a degree, 11.4% having a master's degree, and 4.5 percent having a diploma, while 43.2 percent had experience between 6 and 10 years, with 27.3 percent having a degree, 13.6 percent having a master's degree, and 4.5 percent having a diploma as can be seen from the table above, the majority of star rated hotel managers in Addis Ababa Ethiopia are made up of highly skilled individuals with extensive experience, allowing the hotel business to contribute more to the economy.

4.2 Descriptive analysis

The responses to the research objectives on cost leadership strategy, differentiation strategy, and focus strategy, as well as their impact on hotel performance, will be compiled and presented in this part.

The researcher presents the respondents' responses in a frequency table with mean and standard deviation for both independent and dependent variables. The mean indicates how much the sample group agrees or disagrees with certain statements on average, whereas the standard deviation depicts the variability of observed responses or the dispersion of values of a variable from its mean value. (Alhakimi and Alhariry, 2014)

4.2.1 Cost leadership strategy of hotels in Addis Ababa

The study's broad goals were to determine the impact of competitive strategy on the performance of star-rated hotels in Addis Ababa, Ethiopia. On the responses of hotel managers, the findings were summarized using descriptive statistics. The initial goal was to investigate the impact of cost leadership strategies on the performance of star-rated hotels in Addis Ababa, Ethiopia.

Table 4.2.1.a cost leadership strategy of hotel in Addis Ababa

Source Author, 2021

	SA	A	UD	DA	SDA	Mean	std div
Valid	5	4	3	2	1		
The Hotel operations is very efficient	12 (27.3)	24 (54.5)	5 (11.5)	3 (6.8)	0	4.02	.821
Minimization of wastage of resources	13 (29.5)	17 (38.6)	3 (6.8)	10 (22.7)	1 (2.3)	3.70	1.19
Offer of lower cost of goods and services	10 (22.7)	12 (27.3)	4 (9.1)	8 (18.2)	10 (22.7)	3.09	1.52
Delivery of Innovated goods and services	15 (34.1)	21 (47.7)	5 (11.4)	3 (6.8)	0	4.09	.858
Investment in research and development	10 (22.7)	9 (20.5)	6 (13.6)	14 (31.8)	5 (11.4)	3.11	1.385
The research centre new way of offering goods and services	5 (11.4)	12 (27.3)	9 (20.5)	14 (31.8)	4 (9.1)	3	1.246
Our hotel Developing Value chain analysis	11 (25)	10 (22.7)	14 (31.8)	5 (11.4)	4 (9.1)	3.43	1.246
Our hotel work End to End work flow	18 (40.9)	15 (34.1)	3 (6.8)	6 (13.6)	2 (4.5)	3.93	1.208

Key: 1 – Strongly Disagree, 2 –Disagree, 3 – Undecided, 4 –Agree, 5 – Strongly agree.

According to the data in the table above, 27.3 percent and 54.5 percent of star-rated hotels in Addis Ababa strongly agree and agree, respectively, while 11.4% are undecided and 6.8% disagree. According to the responses, 81.8 percent of respondents ensure that their operations are very efficient in order to save expenses, with a mean of 4.02 and a standard deviation of .821.

In terms of reducing resource waste, 29.5 percent and 38.6 percent highly agree and agree, respectively, 6.1 percent are undecided, and 22.7 disagree that their hotel business is focused on reducing resource waste. The results suggest that 68.1 percent of respondents agree that their hotel operates on the principle of waste minimization, with a mean of 3.70 and a standard deviation of 1.19.

When it comes to low-cost goods and services, almost everyone agrees and almost everyone disagrees. The results indicated that 22.7 percent and 27.3 percent strongly agreed and agreed, respectively; 9.1 percent was unsure; and 22.7 percent and 18.2 percent disagree and strongly disagree, respectively, with a mean of 3.09 and a standard deviation of 1.52.

Question four revealed that 34.1 percent and 47.7% of star-rated hotel managers strongly agree and agree respectively, 11.4% were undecided, and 6.8% disagreed that their hotel delivers innovative goods and services, with a mean of 4.09 and a standard deviation of .858

In terms of research and development, the majority of star-rated hotels in Addis Ababa do not have a research centre, but high-star-rated hotels do, and they conduct their own research. Further, the findings show that 22.7 percent and 20.5 percent strongly agree and agree respectively, 13.6 percent are undecided, and 31.8 and 11.4 percent disagree and strongly disagree respectively with mean 3.11 and 3.14 percent. Our research and development centre develops innovative ways of supplying goods and services, according to question six. The results show that 11.4 and 27.3 percent highly agree and agree respectively, 20.5 percent are undecided, and 31.8 and 9.1 percent disagree and strongly disagree. The mean is 3.43 and the standard deviation is 1.246. As a result of the responses to question seven, 25% and 22.7 percent strongly agree and agree, 31.8 undecided, 13.6 percent and 4.5 percent disagree and strongly disagree that their hotel develops value chain analysis to achieve higher performance than competitors, with a mean of 3.43 and a standard deviation of 1.246.

Regarding question eight the majority respondent's responses shows that 40.9% and 34.1% where strongly agrees and agrees respectively ,6.8 % undecided while 13.6% & 4.5% disagrees and strongly disagrees that their operation is end to end work flow with mean 3.93 and standard deviation 1.208

The highest mean value of hotel manager responses among cost leadership strategies that had an impact on hotel performance is that our hotel provides innovative goods and services, with a mean of 4.09 and a standard deviation of .858, while the lowest mean value is 3 and a standard deviation of 1.246 for the question our research and development centre develops new ways of offering goods and services.

Even if only a few hotels conduct, it is clear from the above description that the majority of star-rated hotels supply innovative goods and services, but they are not produced or supported by research and development teams. Other hotels do not conduct research or even value chain analysis, so they are not comparing themselves to other hotels; instead, they are offering goods and services on the assumption that the customer will come, implying that they are not assessing their business through simple research, which is why their hotel is unable to deliver goods and services in novel ways, and thus they are not competing.

4.2.2 Differentiation strategy of hotel in Addis Ababa

The second goal was to assess the extent to which differentiation strategy influenced hotel performance in Addis Ababa, Ethiopia. The results are listed in the table below. Table 4.2.2.a differentiation strategy of hotel in Addis Ababa

Table 4.2.2.a differentiation strategy of hotel in Addis Ababa Source Author, 2021

	SA	A	UD	DA	SDA	Mean	std div
Valid	5	4	3	2	1		
Delivery of unique goods and services	16 (36.4)	19 (43.2)	4 (9.1)	4 (9.1)	1 (2.3)	4.02	1.023
Testimonies from Quality award institution	17 (38.6)	20 (45.5)	2 (4.5)	4 (9.1)	1 (2.3)	4.09	1.007
Qualified sales and customer service force	19 (43.2)	19 (43.2)	4 (9.1)	1 (2.3)	1 (2.3)	4.23	.886
Creation of unique image in minds of the customer	25 (56.8)	14 (31.8)	5 (11.4)	0	0	4.45	.697
Reputation within the hotel industry	26 (59.1)	11 (25)	2 (4.5)	4 (9.1)	1 (2.3)	4.3	1.069
Product and service variety	17 (38.6)	16 (36.4)	3 (6.8)	7 (15.9)	1 (2.3)	3.93	1.149
Implementation of marketing strategy practice	15 (34.1)	20 (45.5)	3 (6.8)	5 (11.4)	1 (2.3)	3.98	1.045
Implementation of 7p marketing mix	19 (43.2)	13 (29.5)	4 (9.1)	7 (15.9)	1 (2.3)	3.95	1.180
Key: 1 – Strongly Disagree, 2 –Disagree, 3 – Undecided, 4 –Agree, 5 – Strongly agree.							

The foundation is based on the table above. With a mean of 4.02 and standard deviation of 1.023, the majority of respondents (36.4 percent) strongly agree and (43.2 percent) agree, 9.1 percent unsure, and 9.1 percent disagree that their hotels offer distinctive goods and services to their clients than competitors.

Regarding the second question the finding shows 38.6% and 45.5% strongly agree and agree ,4.5% undecided and while 9.1% disagree that their hotel had testimonies from quality award institution with mean 4.09 and standard deviation 1.007 .

In terms of sales and customer service experience, the majority of star-rated hotels in Addis Ababa hired staff who are superior in their industry, with 43.2 percent strongly agreeing, 43.2 percent agreeing, and 9.1 percent undecided. The standard deviation is.886 while the mean is 4.23.

It had a significant impact on their performance in terms of developing a unique image in the eyes of customers. With a mean of 4.45 and a standard deviation of.697, the results show that 56.8% strongly agreed, 31.8 percent agreed, and 11.4 percent undecided, while the majority of respondents strongly agree 38.6% and agree 36.4 percent, 6.8% undecided, and 15.9% disagree with a mean of 3.93 and a standard deviation of.697.

In terms of providing a wide range of goods and services, the majority of star-rated hotels in Addis Ababa do so, with 34.1 percent strongly agreeing, 45.5 percent agreeing, 6.8 unsure, and 15.9 disagreeing. The mean is 3.93, and the standard deviation is 1.149.

The majority of star-rated hotels use marketing strategy tactics such as segmentation, targeting, and positioning, according to the survey. While the hotel applies the 7 p marketing mix elements, 34.1 percent strongly agrees and 45.5 percent agrees with the mean 3.98 and standard deviation 1.045. 43.2 percent strongly agree, 29.5 percent agree, 9.1 percent undecided, and 15.9 percent disagree, according to the findings.

In general, the respondents' highest mean value among differentiation strategies that influence the performance of star rated hotels in Addis Ababa Ethiopia was that our hotel creates a unique image in the minds of customers, with a mean of 4.45 and a standard deviation of.697, while the

highest but not list strategy is that hotel provides a wide variety of goods, with a mean of 3.93 and a standard deviation of 1.149.

4.2.3 Focus strategy of Hotel in Addis Ababa

The final goal was to determine the impact of focus strategy on hotel performance in Addis Ababa, Ethiopia. The results are listed in the table below.

The purpose of the study was to see how well the porter concentration strategy worked in practice. The table below illustrates that the majority of star-rated hotels in Addis Ababa are looking for undiscovered niche markets, with 63.6 percent, 20.5 undecided. While 11.4 disagree with mean 3.57 and standard deviation 1.02,

They also develop new products for their untapped narrow market segment, with an agreement level of 65.9% and 11.4% undecided, while 15.9% disagree and 6.8% strongly disagree, with a mean value of 3.55 and a standard deviation of 1.149. In terms of pricing, almost all disagreement and agreement levels are equal, whether they price high or low.

Concerning employee training, the majority of star-rated hotels believe it has a strong link to performance, with 45.5 percent strongly agreeing, 38.6 percent agreeing, and 11.4 percent undecided, implying that it would increase the reservoir or positive impression of employees towards customers, with strongly agreeing 68.2 percent and agreeing 38.6 percent, respectively (25 percent).

In general, the majority of star-rated hotels agree with searching for untapped niche markets and supplying new products, although disagreement and agreement levels are equal when it comes to price. As a result, the highest mean and standard deviation from the above focus strategies is 4.55 and. 820 reservoirs of customer good will, and the lowest mean price of goods and services, with a mean of 3.27 and a standard deviation of standard deviation 1.149

Table 4.2.3. afocus strategy of hotels in Addis Ababa

	SA	A	UD	DA	SDA	Mean	std div
Valid	5	4	3	2	1		
Searching untapped narrow market segment	6 (13)	22 (50)	9 (20.5)	5 (11.4)	2 (4.5)	3.57	1.021
Developing unique product and service for narrow segment	8 (18.2)	21 (47.7)	5 (11.4)	7 (15.9)	3 (6.8)	3.55	1.170
High price for unique product and service	7 (15.9)	14 (31.8)	8 (18.2)	14 (31.8)	1 (2.3)	3.27	1.119
Training of employees to increase their performances	20 (45.5)	17 (38.6)	5 (11.4)	2 (4.5)	0	4.25	0.839
Employees' politeness and impressions to customer	30 (68.2)	11 (25)	0	3 (6.8)	0	4.55	.820

Key: 1 – Strongly Disagree, 2 –Disagree, 3 – Undecided, 4 –Agree, 5 – Strongly agree.

Source Author, 2021

4.2.4 Performances of Hotel in Addis Ababa Ethiopia

The study's broad aims were to determine the effects of competitive strategy on the performance of star-rated hotels in Addis Ababa. The results of this study are measured in terms of customer satisfaction, return on investment, and sales performance.

The majority of hotel managers in Addis Ababa said the strategy reflected in sales performance, even though the strategy brought much better (29.5 percent), better responses (50 percent), moderate extent 15.9 percent, worth 4.5 percent with mean 4.05 and .806 standard deviation, according to the study.

While hotel performance was also influenced by one way of customer satisfaction, with more responses being better (43.2%) and much better (47.7%), moderate extent 6.8% only worth 2.27,

with mean 4.36 and standard deviation.718, This would boost the return on investment with a lot better (29.5%), better (47.7%), and moderate extent (18.2%) with a mean of 4.02 and a standard deviation of 8.21.

Generally speaking, the highest mean is customer satisfaction and the lowest mean return on investment but all means are the highest.

Table 4.2.4.a performances of hotel in Addis Ababa

Valid	much		moderate		much		Mean	std div
	Better	Better	extent	worse	Worse			
Sales performances	13 (29.5)	22 (50)	7 (15.9)	2 (4.5)	0		4.05	.806
Return on investment	13 (29.5)	21 (47.7)	8 (18.2)	2 (4.5)	0		4.02	.821
Customer satisfaction	21 (47.7)	19 (43.2)	3 (6.8)	0	1 (2.27)		4.36	.718

Table 4.9.a summary of performances indicator

Source Author, 2021

4.3 Correlation analysis

A correlation is a measure of how strongly two variables relate to each other or association between two variables. Pearson’s correlation coefficient is the most widely method of measuring the degree of the relationships between two variable. This coefficient assumes the following, (i) there is linier relationships between variable. (ii) That the two variables are causally related that means one of the variable is independent the other is dependent variable. (iii), a large number of independents causes are operating in both variables so as to produce normal distribution (Kothari, 2004).

The study used a coliniarity test between the variables to see if there were any relationships between the independent variables and the dependent variable, as shown in table

Correlation between generic strategies and hotel performances

	Cost leadership	Differentiation	Focus	Hotel Performances
Cost leadership				
Pearson's correlation	1	.668**	.705**	.620**
Sig (2-tailed)	.000	.000	.000	.000
N	44	44	44	44
Differentiation				
Pearson's correlation		1	.609**	.639**
Sig (2-tailed)		.000	.000	.000
N		44	44	44
Focus				
Pearson's correlation			1	.509**
Sig (2-tailed)			.000	.000
N			44	44
Hotel performances				1

Table 4.3.a correlation results.** Correlation is significant at the 0.000 level (2-tailed).

The correlation matrix for the independent variables of cost leadership strategy, differentiation strategy, and focus strategy can be found in the table above. The dependent variable is hotel performance as assessed by customer satisfaction, sales performance, and return on investment.

According to Pearson's coefficients of correlation. The value of 'r' is between one and one hundred. When $r=(+)$ 1 indicates perfect positive relationships and when $r=(-)$ 1 indicates perfect negative relationships, positive values of 'r' show positive correlation between the two variables, whilst negative values of 'r' show negative correlation between the two variables.(Kothari ,2004).

The study discovered that the independent and dependent variables have positive and substantial connections. At least one of the factors is significant.

The independent variable $r=.705^{**}$ between cost leadership and focus strategy has a considerable amount of reliance, as shown in the table above. There is a considerable relationship between differentiation strategy and cost leadership ($r=.668^{**}$), as well as between differentiation and focus ($r=0.609^{**}$). The independent variable or strategy with the greatest impact on hotel performance is differentiation strategy $r=.639^{**}$, followed by cost leadership $r=0.620^{**}$ then focus $r=.509^{**}$.

4.4 Multiple regression analysis

Multiple regressions are used to gain a better understanding of the links between various independent or predictor factors and dependent variables. In this study, the average scores of all three competing strategies used by star-rated hotels in Addis Ababa were compared to the average scores on hotel performance using multiple regression analysis. The outcome of regression analysis are presented on table Table 4.4.a

Table 4.4.a Model summary

Model	R	R square	adjusted R square	Std Error of the Estimate
1	.690 ^a	.476	.437	.48958

A, predictor (constant) mean of cost leadership, differentiation, focus.

B, Dependent variable hotel performances

Determination coefficient R^2 measures how well changes in the dependent variable (cost leadership strategy, differentiation strategy, and focus strategy) can be explained by changes in the independent variable. The explanatory power of regression is represented by the adjusted R square, which indicates that the model has an explanatory power of .436. according to the regression model summary in the table $R^2 = .476$ implied that the use of the three competitive strategies accounted 47.6% of variation in the performances of hotel in Addis Ababa.

Table 4.4.b ANOVA

Model	Sum of Squares	df	Mean square	F	Sig
Regression	8.723	3	2.908	12.131	.000 ^b
Residual	9.588	40	.240		
Total	18.311	43			

A, dependent Variable mean of hotel performances

B stands for predictor (constant) Cost leadership, differentiation, and focus

ANOVA The significance of the model in describing the connections was tested using table tests, with the findings $F(3, 43) = 12.13, p = 0.000$). Demonstrates that the model adequately describes the relationship under consideration. As a result, the entire strategy can cooperatively contribute 12.13% to the hotel performance.

Regression Results

Table 4.11.c Regression Results

Model	Unstandardized		Standardized			Co linearity Statistics		
	Coefficients		Coefficients		t	Sig.	Tolerance	VIF
	B	Std. Error	Beta					
Constant	1.318	.524			2.517	.016		
Cost leadership	.297	.159	.331		1.861	.070	.413	2.423
Differentiation	.399	.160	.398		2.497	.017	.516	1.938
Focus	.034	.172	.033		.196	.846	.468	2.136

a, Dependent Variable: Hotel performances

The beta coefficients as shown on. Table 4.10 If all other factors remain constant, a unit increase in the implementation of differentiation strategy would result in a 39.9% increase in hotel business performance in Addis Ababa. This suggests that there is a significant relationship between differentiation strategy and hotel performances, but cost leadership strategy and focus strategy had insignificant relationships on hotel performance.

As the degree of correlation between the independent variables grows in multiple regression analysis, regression coefficients become less accurate. When there is a high degree of correlation between variables, we have a situation known as multi coliniarity. (Kothari, 2004).

The coliniarity statistics in Table 4.4.c revealed that each variable had a tolerance value of more than 0.1 and a VIF of less than ten, indicating that multicoliniarity would not affect the results of multiple regression analysis. Hair, field A, (2006) (2009).

The findings of the above study are consistent with Kelvin's (2016) study in Nakuru, Kenya, which demonstrated a positive and strong correlation between cost leadership strategy, differentiation strategy and focus strategy with hotel performance. Nakuru, Kenya follows a highly differentiated approach.

Suzan's research was conducted in Nairobi, Kenya, in 2018. She also discovered a favourable and strong link between porter's generic methods and hotel performance in Kenya, though the majority of hotels in Nairobi state use cost leadership tactics.

This study, like Islami et al (2020) Kosovo, shows that businesses who use a differentiation strategy outperform those that use a low-cost strategy or a focus approach.

According to the literature, there are disagreements among authors on the adoption of a cost leadership strategy and a differentiation strategy at the same time. According to Islam et al.journal, (2020), Hestery and Barney stated that these techniques cannot be implemented at the same time since their organizational requirements are inherently conflicting. Strategy with alow cost strategy requires simple reporting relationships, whereas product diversification requires cross functional linkages, Firms who do not make a strategic decision or attempt this plan, according to them, will fail. On the other side, another approach to this technique known as "Blue Ocean" argues the opposite and even claims that corporations can use this technique at the same time (elimination, reduction, growing and creating).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5. Introduction

This chapter presented the summary of the findings study; it also extracted the conclusion from the findings study and outlined the recommendations based on the research objectives

5.1 summary of the study

In Addis Ababa, Ethiopia, one of the goals of this study was to look at the impact of cost leadership strategy as an independent variable and star-rated hotel performance as a dependent variable. The majority of hotels, according to the report, run efficiently, According to the study, star-rated hotels worked to reduce resource waste, but more than half of the respondents from the sample population stated that they spent more money to produce goods and services in order to focus on quality, which is ensured by their efforts to deliver innovative goods and services.

However, despite the fact that some of them do not have a research centre, they believe that their delivery of goods and services in new ways is not satisfactory, and the majority believe that they do not conduct value chain analysis and instead operate in an end-to-end work flow without value chain analysis.

While studying the degree of influence of differentiation strategy, it has the largest impact among the three; the second purpose was to investigate the extent of influence of porter differentiation strategy on star rated hotel performances in Addis Ababa, Ethiopia. The majority of star-rated hotels provide unique goods and services with variety, and they have testimonies from various quality award institutions. They believe that this achievement is due to hotels hiring qualified sales and customer service staff, which allows them to create a unique image in the minds of customers and thus a positive reputation within the hotel industry

The majority of star-rated hotels, on the other hand, use marketing strategy approaches such as segmentation, targeting, and positioning in conjunction with marketing mix elements, and each differentiation technique has a substantial impact on hotel performance.

The final goal was to see how the focus strategy affected the performance of a star-rated hotel in Addis Ababa. The findings of the study show that the majority of hotels look for unexplored niche markets and produce new products for them. However, when we look at the prices set by the hotels, we observe that a few of them are overpriced, while the rest believe they are underpriced. Rest of them thought that they didn't price high or not willing to indicate that they priced high. On the other hand, they train the employees to increase their performances as a result their politeness and impression towards the customer increases.

The study found that cost leadership strategies play a significant role in enhancing competitiveness of star rated hotel performances in Addis Ababa, Ethiopia, by operating efficiently and offering innovative goods and services. However, the majority respond that there is wastage of resources, they don't conduct research, and thus did not conduct value chain analysis.

Second, the study indicates that differentiation strategies have a high relationship with performance because they provide distinctive products and services with variety, as well as a unique image in the minds of customers, but they still require marketing practice.

Third, the focus strategy in Addis Ababa had a minimal impact on star rated hotel performance. This is because hotels in Addis Ababa do not have a clear alcove target market segment, and if there is one, it is owned by others in the industry. As a result, the study did not find a significant relationship between performance and focus strategy, but it did find positive relationships with performance.

5.4 Recommendation

The findings suggest that the majority of star rated hotels in Addis Ababa are wasting resources because they are unable to produce goods and services at a cheaper cost or in a new fashion. They also don't undertake value chain analysis. As a cost-cutting measure, I propose that star-rated hotels in Addis Ababa establish a research and development team, which they should customize with their own resources, such as human, financial, and physical resources, because this centre can solve multiple value chain analysis problems at the same time, allowing them to produce innovative goods.

In terms of differentiation strategy, it has the greatest impact on hotel performance, so hotel managers should concentrate on delivering unique goods along with a variety of services. This can be accomplished by hiring qualified sales and customer service personnel who can create a unique image in the minds of customers, as well as a positive reputation. But some star rated hotels don't implement those strategies so the researcher suggests in addition to the above strategies hotel managers should conducting marketing strategy practices together with marketing mix unless they can't bring satisfactory performance and this can be achieved by hiring employees expert on the field.

In terms of focus strategy, it has had no significant impact in Addis Ababa hotels, but managers can use it as a supplementary strategy.

5.5 suggestions for further research

The focus strategy used in this study did not show any significant relationships with star-rated hotel performance in Addis Ababa, Ethiopia. As a result, the researchers invite other researchers to conduct research in this area, specifically which focus or niche strategy will be better to exert the most effort on performance.

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Appendix-1 Questionnaire

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

Masters of Marketing Management Program

4.1. English Version Questionnaire

I am master's student at Addis Ababa University and I am doing my post graduate thesis under the supervision of Dr. Mesfin. W

Dear respondents; First of all I would like to give you my heartfelt gratitude and respect to you for administering this questionnaire honestly and responsibly. The questionnaire is designed to collect the necessary information to undertake a research on the topic 'the influence of competitive strategy on the performances of star rated hotel in Addis Ababa ,Ethiopia' Your response is highly valuable for the study. The information you will provide will be used for researcher purpose only and confidential .The questionnaire consists of five parts (personal information, your opinion in cost minimization strategy, your opinion in making differentiations strategy, your opinion on focus strategy and finally the performances .Therefore; your genuine answer to the questions in the questionnaire has an enormous value to the completion of this study. Thank you in advance for your kind cooperation and valuable time.

Remark: **No need to write your name and your organizations**

Yitbarek Taye

yitbeone23@gmail.com

Par III: Differentiation strategy

Indicate your answer on the level to which you agree or disagree with the statements express your agreement using the weight of 1-5 where ,1-strongly disagree, 2-disagree , 3-undecided , 4-agree , 5-strongly agree

Differentiation strategy	5	4	3	2	1
The hotel offers unique goods and services to their client than competitors.					
We have testimonies from the various quality award institution for best service delivery					
The hotel has an experienced sales and customer service force that provides superior on their field.					
The hotel create unique image in minds of customers.					
The hotel strives to build strong reputation within the industry.					
Our hotel provides wide variety of goods and services to the client than competitor.					
The hotel implement marketing strategy practice like segmentation, targeting, positioning.					
The hotel uses all the 7'ps marketing mix elements in order to enhance, maintain and attract customers.					

Part III: focuses strategy

Indicate your answer on the level to which you agree or disagree with the statements express your agreement using the weight of 1-5 where ,1-strongly disagree, 2-disagree , 3-undecided , 4-agree , 5-strongly agree.

Focuses strategy	5	4	3	2	1
The hotel search for untapped narrow market segment to exploit the segment.					
The hotel develop unique product for the specific needs of narrow market segment.					

The hotel priced high for the unique product and services.					
The hotel trains the employees to increase their performances.					
The hotel staff serves the customer in a polite and with positive impression.					

Part Iv: hotel performance

To what extent do you agree or disagree with the following questions? Using the scale below 5 = Much better, 4 = Better, 3 = Moderate extent, 2 = Worse and 1 = Much Worse

Performance	5	4	3	2	1
Our strategy indicated in Sales performance.					
The hotel strategy significantly improved our return on investment.					
Our strategy helped us to create great Customer satisfaction					

THANK YOU

List Star rated hotels in Addis Ababa

No	NAME OF HOTEL	STAR
1	Sheraton Addis Hotel	5
2	Capital hotel	5
3	Ellele international hotel	5
4	Marriott Executive Hotel	5
5	Radison Blue hotel	5
6	Golden Tulip Hotel	5
7	Gatefam Hotel	5
8	Debredamo hotel	4
9	Dreamliner Hotel	4
10	Friendship hotel	4
11	Harmony Hotel	4
12	Intercontinental Hotel	4
13	Jupiter int. Hotel (Kazan chis)	4
14	Jupiter Int. Hotel (Bole)	4
15	Momona Hotel	4
16	Nazra hotel	4
17	Nexus hotel	4
18	Saromaria hotel	4
19	Sarem International Hotel	4

20	Washington hotel	4
21	TegenGuest Accommodation Hotel	4
22	Addis Regency Hotel	3
23	Addis View Hotel	3
24	Addissinia Hotel	3
25	Caravan hotel	3
26	Aphrodite hotel	3
27	Ararat Hotel	3
28	Beer Garden Inn	3
29	Beshale Hotel	3
30	Ambassador Hotel	3
31	Crown Hotel	3
32	Cyan city hotel	3
33	Embilta Hotel	3
34	Global Hotel	3
35	Hilton Addis Ababa	3
36	Kaleb Hotel	3
37	King's Hotel	3
38	Monarch hotel	3
39	Panorama Hotel	3
40	Sidra hotel	3
41	Reliance hotel	3

42	Seyonat hotel	3
43	Solo Te hotel	3
44	The residence hotel	3
45	Wassamar Hotel	3
46	Umma Hotel	3
47	Top Ten hotel	3
48	Southern Addis Hotel	3
49	Zola international hotel	3
50	Adotina Hotel	2
51	Astara Hotel	2
52	Axum Hotel	2
53	Churchill Hotel	2
54	Damu Hotel	2
55	Desalegne Hotel No.2	2
56	Destiny Addis Hotel	2
57	Edna Addis Hotel	2
58	Empire Addis inter. hotel	2
59	Lobelia Hotel	2
60	Ghion Hotel	2
61	Haimi Apartment hotel	2
62	Homage hotel	2
63	Louvera Hotel	2

64	KZ Hotel	2
65	Kenenisa Hotel	2
66	Pacific Hotel	2
67	Queen of Sheba	2
68	Ras Amba Hotel	2
69	Trinity Hotel	2
70	Soramba Hotel	2
71	AG palace hotel	1
72	Ethiopia Hotel	1
73	Filwuha hotel enterprise	1
74	M.N Int. Hotel	1
75	Paramount Hotel	1
76	Semien Hotel	1
77	Three days hotel	1
78	TDS Hotel	1