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Keywords: strategic management, customer satisfaction, loyalty.

GJMBR-A Classification: JEL Code: M00
The Effect of Strategic Management Practices on Customer Satisfaction and Loyalty in Selected Hotels in Kumasi

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Abstract- Strategic management helps in making decisions about future opportunities and threats faced by the small and medium-sized enterprises. The main purpose of this study was to assess the effect of strategic management practices on the satisfaction and loyalty of customers of Hotels in Kumasi. Three objectives and accompanying research questions defined the scope of the study. The study adopted primary data which was solicited from two hundred respondents who were purposively sampled from selected hotels in Kumasi with a structured questionnaire on a five-point Likert Scale. Data collected were analyzed quantitatively using both descriptive and inferential statistics with SPSS version 21. Ordinary Least Squared (OLS) regression was adopted for the regression analysis. The study found out a positive effect on customer satisfaction hotels in Kumasi. Strategic Management Practices (SMP) suffused a coefficient of 0.046 in the regression model with a p-value of 0.0014 at 5% level of significance. Also, the study established a positive and significant relationship strategic management practices and customers loyalty of Hotels in Kumasi. The study recommends that hotels develop an organizational culture that reflects their business model since organizational culture will dictate how things should be run in the company and how individuals should act towards one another and clients in fulfilling the vision of the organization.

Keywords: strategic management, customer satisfaction, loyalty.

I. INTRODUCTION

Strategic management is the process of formulation, implementation and the evaluation of strategic actions which will enable a business entity to achieve its objectives (Garg & Goyal, 2012). It is also a set of managerial decisions and actions which determine the long run performance of a corporation which includes strategy formulation, implementation and control of managerial decisions intended to help the company achieves its set targets.

Strategic management helps in making decisions about future opportunities and threats faced by the small and medium-sized enterprises (Rubio & Aragón, 2009). It stipulates the development of appropriate endeavors that are intended to serve as powerful motivators of individuals and enhances communication, coordination as well as participation in the firm. Sahoo and Yadav (2017) asserted that strategic management is basically about setting the underpinning aim of the company, selecting the most appropriate goals towards those aims and fulfilling them with time. Strategic management process encompasses the development of a strategic mission, setting of objectives, developing a strategy, situation analysis, and finally the actual strategy implementation and a continuous evaluation process to keep track of the performance (Bahr, Pier & Sakka, 2017). The process is both dynamic in nature and continuous where an alteration in a single component may result in a complete change of the whole strategy.

II. PROBLEM STATEMENT

Strategic management increases the efficiency and effectiveness of firms by improving both current and future operations, it provides a framework for management’s vision of the future. Strategic management and customer satisfaction cannot be separated especially in for-profit organizations. Meanwhile most firms especially the small and medium enterprises place less emphasis when it comes to making an effective strategy for improved performance (Dauda, Akingbade, & Akinlabi, 2010). The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress.

Various studies have been carried out across the globe on the impact of strategic management practices and its impact on the organizational performance and success. For instance, Dauda et al. (2010) carried out a study on strategic management practice and corporate performance in Lagos Metropolis; Agwu (2018) conducted a study to analyze the impact of strategic management on the business performance and established that strategic management had a positive relationship with business performance. Gweh (2018) also conducted a study on the effect of strategic management on the growth of the firm but none of these studies has investigated the effects of strategic management practices on customer satisfaction and loyalty of hotels in Kumasi. This study is...
therefore motivated to bridge the gap by establishing the effects of strategic management practices on customer satisfaction and loyalty of hotels in Kumasi.

III. Objective of the Study

The main purpose of the study was to assess the effect of strategic management practices on the satisfaction and loyalty of customers of Hotels in the Kumasi.

In pursuance of the main objective, the following specific objectives were set for the study. They are as follows:

1. To assess the strategic management practices evident in Hotels in Kumasi.
2. To examine the effect of Strategic Management Practices (SMP) on customer satisfaction of Hotels in Kumasi.
3. To examine the effect of Strategic Management Practices (SMP) on customer loyalty of Hotels in Kumasi.

IV. Research Questions

This study was guided by the following research questions:

1. What are the strategic management practices evident in Hotels in Kumasi?
2. What is the effect of Strategic Management Practices (SMP) on customer satisfaction of Hotels in Kumasi?
3. What is the effect of Strategic Management Practices (SMP) on customer loyalty of Hotels in Kumasi?

V. Literature Review

a) Strategic Management

All firms are involved in one form of strategy or the other but for the decision-making process to be proactive rather than reactive, it should be approached logically, systematically, and objectively (Branislav, 2014). Branislav (2014) further puts it as “art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives”. As detailed in Adeyemi et al. (2017), this process is an iterative, continuous one and involves important interactions and feedback among five key facets: goal setting, analysis, strategy formation, strategy implementation and strategy monitoring.

These activities, as argued in Koech and Were (2016), should be geared towards ensuring the achievement of the long- and short-term goals and objectives of the organizations concerned. Therefore, it is necessary for managers to first understand the strategic management practices that best suit their firms and the way such practices affects their operations in a given industry; given that every organization, at any phase of its life-cycle, can be affected by some external environmental conditions and internal factors and as such finding ways to have competitive advantage is indispensable (Agwu, 2014).

b) Customer Loyalty

Many service organizations have developed customer loyalty programs as a part of relations development activities. Customer loyalty is a complicated concept. Oxford Dictionary defines loyalty as a state of true to allegiance. But the mere repeated purchase by customers has been mixed with the above-mentioned definition of loyalty. In service domain, loyalty has been defined in an extensive form as “observed behaviors” (Bloemer et al., 1999). Caruana (2002) argues that behavior is a full expression of loyalty to the brand and not just thoughts. However, behavior standards (such as repeated purchase) have been criticized, due to the lack of a conceptual basis of a dynamic process (Caruana, 2002). For example, the low frequency of repeated purchase of a special service may be resulted from different situation factors, such as non-availability or absence of a provider. According to this point of view, loyal behavior cannot offer a comprehensive conception of fundamental causes of loyalty.

c) Consumer Satisfaction

Consumers’ satisfaction has been considered one of the most important constructs (Morgan et al., 1996; McQuitty et al., 2000), and one of the main goals in marketing (Erevelles & Leavitt, 1992). Satisfaction plays a crucial role in marketing because it is a predictor of purchase behavior (repurchase, purchase intentions, brand choice and switching behavior). However, (Oliver, 1997) offered a deeper definition of satisfaction, “the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment”.

Finally, Kotler (1997) defines satisfaction as “a person’s feeling of pleasure or disappointed resulting from comparing a product’s perceived performance (or outcome) in relation to his or her expectations”. Consumer satisfaction research began in the marketing field in 1970s and it is currently based on the “disconfirmation of expectations paradigm” (Cadotte et al., 1987). This paradigm says that consumer brand evaluation involves comparing actual performance with certain standards.

VI. Methodology

a) Research Design

Cooper and Schindler (2014) asserted that research design is the framework that can be used by a researcher in collecting and analyzing data to effectively
address the research questions that guide the study. It is the overall strategy that is used in integrating various elements of the study in a logical way by ensuring that the research issue being investigated is addressed efficiently (Rouzies, 2013). This study adopted a descriptive research design as it entails the collection of data to answer questions concerning the effect of strategic management practices on customer satisfaction and loyalty in selected hotels in Kumasi. Cooper and Schindler (2003), defines descriptive research as a subject, usually by generating an outline of events by means of collecting data and tabulating frequencies on the variables for the research.

b) Sampling Technique and Sample Size

The study used Krejcie and Morgan (1970) formulae to determine the sample size. \( n = \frac{N \cdot e^2}{1 + N(e^2)} \), where: \( n \) = sample size; \( N \) = target population; and \( e \) = level of precision. Expected precision level = 95%, the sample size was: \( (n) = \frac{500}{(1+500(0.05^2))} = 222. \) Based on this, a sample of 222 respondents representing 44% of the target population was used for the study.

The study made use of inferential statistics since the study seeks to establish the relationships and effects between the independent and the dependent variables. The study also used a multiple regression analysis to establish the impact of the independent variable on the dependent variables.

VII. Data Collection Technique

Data are values of qualitative or quantitative variables, belonging to a set of items. To meet the objectives of the study, the researcher used a primary data which were collected directly from the respondents on the ground. They are data collected for the need at hand. According to Ghauri and Gronhaug (2005), primary data is the first-hand data since it is collected primarily for the current research’s purpose. They further explained that this type of data often helps to obtain suitable responses to current research’s objectives. Jankuwics (2002) indicated that primary data to them, it consists of materials that the researcher has gathered himself through systematic observation, information from archives, the results of questionnaires and interviews and case study compiled. A comprehensive questionnaire designed to cover the objectives of the problem was used to collect the data. The study made use of quantitative methods to achieve the objective. It also made use of primary data and hence uses a questionnaire in the collection of data from the respondents. Structured questionnaires were used for the study.

VIII. Data Analysis and Results

The regression model was:

\[
CS = \beta_0 + \beta_1 \text{SMP} + \pi \quad \text{......} \\
CL = \beta_0 + \beta_1 \text{SMP} + \pi \quad \text{......}
\]

\( \beta_0 = \) Constant (Regression coefficient)
\( \beta_1 = \) Regression coefficients induced in the dependent variable by the independent variable.

CS = Customer Satisfaction
CL = Customer Loyalty
SMP = Strategic Management Practices
\( \pi = \) Error term normally distributed about the mean of zero

IX. Correlation Analysis

The importance of correlation analysis is to ensure that independent variables are not correlated with each other to avoid multicollinearity. Correlation also provides information regarding the linear association between the dependent variable and each of the independent variables. Correlation refers to the strength of linear associations between two or more Variables (Albright et al., 2011). The outcome of the correlation analysis (Table 1.1) is represented in Pearson correlation by calculating the correction of the variables with each other. From the table on the effect of strategic management practices, it was found that of strategic management practices (SMP) has positive and significant correlation with customer satisfaction (CS) and customer loyalty (CL). More so the two dependent variables have weak to moderate correlation with each other.

| Table 1.1: Correlation Analysis |
|-----|-----|-----|
|     | CS   | CL   | SMP  |
| CS  | Pearson Correlation | 1   | .100 | .165* |
|     | Sig. (2-tailed)     |     | .160 | .020 |
|     | N                | 200 | 200  | 200  |
| CL  | Pearson Correlation | .100| 1    | .019 |
|     | Sig. (2-tailed)     | .160|     | .592 |
|     | N                | 200 | 200  | 200  |
| SMP | Pearson Correlation | .165*| .019| 1    |
|     | Sig. (2-tailed)     | .020| .592 |     |
|     | N                | 200 | 200  | 200  |

* Correlation is significant at the 0.05 level (2-tailed)
a) Strategic Management Practices Evident in Hotels in Kumasi

Objective one of this study sought to assess the strategic management practices in Hotels in Kumasi. Table 1.1 displays the quantitative figures representing the opinions of respondents sampled for the study. These figures show the descriptive statistics of the strategic management practices in Hotels in the Kumasi presented to respondents in the form of statements used on the five-point Likert scale questionnaire.

The results suggest that each of the statements received a favorable affirmation from the respondents. On a scale of 1 to 5 from least agreement, somehow agree, moderately agree, agree and strong agreement respectively, the construct with the least mean value is ‘the hotels have a created a strategic plan to deliberately achieve their vision’ having a mean of 4.500. This mean falls in the position of ‘strong agreement’ on the Likert scale. The standard deviation associated with this variable stands at 0.819 which disperse approximately 18 percent from the mean value. This appears moderately low; an indication that the respondents were resolute on the assertion that their respective hotels do have strategic plans developed to service as a road map for the achievement of their respective visions.

The variable or statement that had the next highest mean value is ‘environmental scanning is conducted to match the company’s internal strengths and external opportunities. The mean stood at 4.200 with a standard deviation of 1.003. The implication of this mean is that the average opinion of the respondents is that they strongly agreed that the hotels conducted environmental scanning is to match the company’s internal strengths and external opportunities. The standard deviation suggests that there can be about 24 percent variations in the opinions of respondents should the same data be collected from the same group of respondents today. This level of deviation is quite high.

The analysis of the results further showed that a sizeable number of respondents do also agree that ‘Having a sense of direction motivates you to work towards the organization’s direction’. Details of the results indicate that the construct has a mean of 4.040 which can be equated to the ‘agree’ position on the Likert scale.

| Table 1.2: Strategic Management Practices |
|------------------------------------------|--------|--------|--------|------|------|
|                                           | N     | Min    | Max    | Mean | St. Dev |
| Your company has a created a strategic plan to achieve its vision. | 200   | 1.00   | 5.00   | 4.500 | 1.319 |
| Your organization conducts environmental scanning to identify strategic opportunities. | 200   | 1.00   | 4.00   | 3.520 | .911  |
| Your organization conducts environmental scanning to identify threats that may affect your operations. | 200   | 1.00   | 5.00   | 3.360 | .896  |
| Environmental scanning is conducted to match the company’s internal strengths and external opportunities. | 200   | 1.00   | 5.00   | 4.200 | 1.003 |
| Having a sense of direction motivates you to work towards the organization’s direction. | 200   | 1.00   | 5.00   | 4.040 | .940  |

b) Effects of Strategic Management Practices (SMP) on Customer Satisfaction of Hotels in Kumasi

The second objective of the study was to determine the effect of Strategic Management Practices (SMP) on Customer Satisfaction of Hotels in Kumasi. This section of the analysis presents results of data estimation on this objective. The results are based on multiple regression estimation technique and are reported on Table 1.1. Evidence from the table suggests that strategic management practices have positive effect on customer satisfaction hotels in Kumasi. Strategic Management Practices (SMP) suffused a coefficient of 0.046 in the regression model with a p-value of 0.0014 at 5% level of significance. The result therefore indicates that all other things remaining constant, an increase in the value on Strategic Management Practices (SMP) will stimulate 0.046 increase in customer satisfaction of Hotels in Kumasi.

The model shows F-statistic of 3.863 with a probability of 0.0014 indications of a significant relationship between the dependent and independent variables. The estimation however had an R squared of about 14 percent. This means that the variations in the customer satisfaction of Hotels in Kumasi can only be explained by the chosen explanatory variables up to 14 percent.

Based on the result strategic management practices (SMP) and customer satisfaction of Hotels in the Kumasi are positively correlated with each other. It is implied that when strategic management practices (SMP) are increasing, there is the possibility for enhanced customer satisfaction in the selected hotels. This result was confirmed in past studies. For instance, Al-Refaie, Ghnaimat, and Ko (2011) examines the relationships between nine quality management practices and customer satisfaction (CS) and innovation and found a directly and positive relationship between the two variables. The finding is also in line with Garg and Goyal (2013) who found that there exists a direct correlation between strategic planning and customer satisfaction.
satisfaction of an organization and further emphasized that companies that are focused and have a strategy in place are more likely to post good results as opposed to similar organizations that have neglected strategic planning initiatives.

Table 1.2: OLS Estimate of the Effect of Strategic Management Practices on the Customer Satisfaction of Hotels in Kumasi

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>β</th>
<th>S.E</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3.202</td>
<td>.046</td>
<td>.211</td>
<td>15.198</td>
<td>.000</td>
</tr>
<tr>
<td>SMP</td>
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<td>.103</td>
<td>.031</td>
<td>1.470</td>
<td>.0014</td>
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<tr>
<td>F-statistic</td>
<td>3.863</td>
<td>(.023*)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.138</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.128</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Computation based on Data Obtained from the Field Survey, 2022

c) Relationship between Effect of Strategic Management Practices (SMP) on Customer Loyalty of Hotels in the Kumasi

The third objective of the study sought to estimate the relationship between effect of Strategic Management Practices (SMP) on customer loyalty of Hotels in Kumasi. This section of the analysis presents results of data estimation on this objective, and it is also presented in Table 4.2. The analysis established a significant positive relationship between Strategic Management Practices (SMP) and customer loyalty of Hotels in Kumasi.

The coefficient of Strategic Management Practices was estimated to 0.123 at 10 percent level of significance. It means that the strategic management practices and customer loyalty of Hotels in Kumasi has positive and significant relationship, thus, as the hotels improve their strategic management practices customers get more loyal in the patronage of their services.

The F-statistic for the customer loyalty of Hotels in Kumasi model is 3.202 which is statistically significant at the 10 percent level of significance. This implies that strategic management practices are significant in committing the customer loyalty of Hotels in Kumasi. The R² value of 0.138 also indicates that the variations in customer loyalty of Hotels in Kumasi are explained by strategic management practices by approximately 14%.


Table 1.3: OLS Estimate of the Effect of Strategic Management Practices (SMP) on Customer Loyalty of Hotels in the Kumasi

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>β</th>
<th>S.E</th>
<th>T</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3.202</td>
<td>.123</td>
<td>.211</td>
<td>15.198</td>
<td>.0000</td>
</tr>
<tr>
<td>SMP</td>
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<td>.051</td>
<td>.167</td>
<td>2.386</td>
<td>.0180</td>
</tr>
<tr>
<td>F-statistic</td>
<td>3.863</td>
<td>(.023)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.138</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.128</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s Computation based on Data Obtained from the Field Survey, 2022

X. Summary of Findings

Findings regarding data analysis on the objectives of the study revealed the following. The first objective of the study was to assess the strategic management practices in Hotels in Kumasi. The study found that ‘the hotels have a created a strategic plan to deliberately achieve their vision’, ‘environmental scanning is conducted to match the company’s internal strengths and external opportunities’.

The second objective of the study was to determine the effect of Strategic Management Practices (SMP) on Customer Satisfaction of Hotels in Kumasi and found suggests that strategic management practices have positive effect on customer satisfaction hotels in Kumasi. Strategic Management Practices (SMP) suffused a coefficient of 0.046 in the regression model with a p-value of 0.0014 at 5% level of significance. The model shows F-statistic of 3.863 with a probability of 0.0014 indications of a significant relationship between the dependent and independent variables.

The third objective of the study sought to estimate the relationship between effect of Strategic Management Practices (SMP) on customer loyalty of Hotels in Kumasi and found positive and significant relationship, thus, as the hotels improve their strategic management practices customers get more loyal in the patronage of their services. The F-statistic for the customer loyalty of Hotels in Kumasi model is
3.202 which is statistically significant at the 10 percent level of significance.

XI. Conclusion

The main purpose of this study was to assess the effect of strategic management practices on the satisfaction and loyalty of customers of Hotels in Kumasi. Three objectives and accompanying research questions defined the scope of the study. The study adopted primary data which was solicited from two hundred respondents who were purposively sampled from selected hotels in the Kumasi with a structured questionnaire on a five-point Likert Scale. Data collected were analyzed quantitatively using both descriptive and inferential statistics with SPSS version 21. Ordinary Least Squared (OLS) regression was adopted for the regression analysis.

The study found that ‘the hotels have a created a strategic plan to deliberately achieve their vision’, ‘environmental scanning is conducted to match the company’s internal strengths and external opportunities, ‘having a sense of direction motivates you to work towards the organization’s direction’, selected hotels in Kumasi conduct environmental scanning to identify strategic opportunities, ‘hotels in Kumasi conducts environmental scanning to identify threats that may affect your operations are the strategic management practices in Hotels in the Kumasi. It also found a positive effect on customer satisfaction hotels in Kumasi. Strategic Management Practices (SMP) suffused a coefficient of 0.046 in the regression model with a p-value of 0.0014 at 5 % level of significance. Also, the study established a positive and significant relationship strategic management practices and customers loyalty of Hotels in Kumasi.

XII. Recommendations

Based on the findings, discussions and the conclusions drawn, the following recommendations are submitted: Since the study has established a significant relationship between strategic management practices and customer satisfaction and loyalty, this study recommends that hotels develop strategic plans that are in line with their operations to ensure that the current and future customers are satisfied. This study recommends that the hotels should undertake an effective environmental scanning to identify potential opportunities that they can pursue. The study also recommends that hotels develop an organizational culture that reflects their business model. This is crucial for the hotels since organizational culture will dictate how things should be run in the company and how individuals should act towards one another and clients in fulfilling the vision of the organization.

References Références Referencias


management research? Academy of management review, 26(1), 22-40.