

**MIDLANDS STATE UNIVERSITY**



**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS MANAGEMENT**

**Strategic response to de-industrialisation effect on the hospitality sector in Mutare  
[CBD AREA]**

**BY**

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*This dissertation is submitted in partial fulfilment of the requirements of the Bachelor of  
Commerce in Business Management Honours Degree in the Department of Business  
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## Approval Form

The undersigned certify that they have supervised the student R133653Y dissertation entitled, **Strategic response to de-industrialisation effect on the hospitality sector in Mutare [CBD AREA]** , submitted in partial fulfilment of the requirements of the Bachelor of Commerce (Honours) Degree in Business Management at Midlands State University.

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## **Dedication**

I dedicate this research to my wife, mother and father for the endurance in making my research a success and who also stood by me during the most difficult times of my academic work.

## **Acknowledgements**

Glory to God, with his guidance and protection the project was completed successfully. I would love to thank my research supervisor, for the tireless efforts he committed to make this research success. The entire Business Management department lecturers are greatly appreciated for mentoring me throughout my studies at Midlands State University

**.....God bless you all.....**

## Abstract

The research was done to examine the strategic response to de-industrialization effect on the hospitality sector in Mutare. Mutare City has not been spared from the trend of declining industrial output that has characterized Zimbabwe for more than a decade. As a result, the hospitality sector suffers, since its business depends on the viability of industry. A well performing industrial base provides business to hotels through hiring conference facilities and funding hotel stays for employees during workshops while the industrial workers themselves can afford hospitality sector services. Due to de-industrialization, the opposite is true and a number of hospitality sector entities in Mutare have either retrenched or closed. The research sought to establish how the surviving entities in Mutare had employed to counter de-industrialization as well as their effectiveness. It also aimed to establish the challenges that are caused by de-industrialization as well as alternative, innovative strategies that have been implemented. Using a sample of 60 questionnaires and 10 interviews, the study found that de-industrialization did affect the performance of the hospitality industry and that the de-industrialization challenges included low room occupancy, and , lack of tourism skills through brain drain, lack of experience, high cost of doing business, low take up of promotions, lack of innovation and low domestic tourism. It was found out that discounts, negotiation and downward adjustment of prices, the compromising of quality, launching customer loyalty programs, rebranding, repositioning, restructuring and right sizing, workforce stability strategies, advertising, online marketing and effective working capital management strategies had been implemented to various degrees. The study found out that price adjustments and discounts, restructuring and downsizing, repositioning, advertising, rebranding, advertising and working capital management to be the most effective while quality compromise was the least effective. Lastly alternative strategies were found to be negotiation, offering credit (Sleep and Pay Later), operating bar facilities, hiring out to churches and the serving of cheaper traditional foods, subletting rooms into offices, converting conferences into casino and barter trade and were also very effective. As according to Yeboah et. al (2008), alternative enhancement strategies is an arsenal tool for addressing poor performance.

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## **List of acronyms**

CBD - Central Business District

# CHAPTER 1

## 1.0 Introduction

Local hospitality industries are an integral element of the business and viability of an economy or local council. According to Rosenfield and Kauffmsan (2011), local hospitality industry includes all private firms within a local unit which are involved in providing goods and services for tourists (people visiting a local unit for a short period of time). However, the performance of the hospitality sector in Zimbabwe (Mutare CBD included) has been adversely affected by de-industrialization.

The economics of employment creation has shown that Zimbabwe is regressing in achieving the goals of employment due to de-industrialization and the informalisation of the economy (Kanyenze et al., 2006). In terms of national economic arithmetic industrialization up to at least the phase of economic maturity is accompanied by three main developments: (i) an increase in the share of national income from industry; (ii) an increase in the share of the population employed in the industrial sector; and (iii) a continual rise in labor productivity in the leading industrial sector (and to a lesser extent in the agricultural sector)(Bogliaccini, 2013). While these changes in the structural composition are going on, for a successful industrialization process per capita income must be rising. The reversal of condition (i) or (ii) or both over the long period is commonly defined as de-industrialization. However, in the context of a dynamic or virtuous circle of economic development, the mere absence of any of these three main developments can be characterized as non-industrialization, a situation that faces most of Zimbabwe's industrial sector, the hospitality industry being no exception.

According to Howard Davies (1991) de-industrialisation is defined as a decline in manufacturing employment as a proportion of total employment. Singh (1977), the Cambridge definition of de-industrialization is the failure of industry to sell enough exports to pay for the full employment level of imports at a socially acceptable exchange rate. Similar objectives apply to thesis put forward by Bacon and Elitist in 1976 in the book entitled Britain Economic Problem Too few producers which saw the phenomenon of de-industrialization as part of a process in which the extension of the public sector diverted

resources away from the private sector and from the 'manufacturing in particular ,leading to the fall in the manufacturing employment .The definition put forward by Thirlwall (1982) is simply 'a decline in the absolute number of jobs in the manufacturing sector. The hospitality industrial in Mutare implemented several strategies so as to counter the effect of deindustrialization.

## **1.1 Background of the Study**

According to the findings of Madera (2012), deindustrialization has been a major feature of developed economies as they transform from industry based economies to services sector based. In recent years less developed nations have largely encountered immature deindustrialization whilst the tertiary sector remains at its infancy. This research focuses on the strategic response to deindustrialization effect on the hospitality sector in the City of Mutare. Some of the well-known hospitality companies in the city include Amber Hotel, Mount view , Golden Peacock Villa Hotel,Spess t/a East Gate Hotel just to mention a few. However, their performance of late has generally been affected by de-industrialization as many formal entities that would be expected to be their main clientele base in terms of overnight accommodation and dinner for company guests as well as the booking of conference facilities have become very few. Those few remaining firms in the Mutare industrial and CBD areas have also borne the brunt of a deindustrialized economy where the majority of the population is employed in the informal sector with very little pay. As such it becomes a vicious cycle as the few remaining businesses in Mutare are always looking at ways to cut costs, including the use of hotel facilities. The survival of these Hotels is highly dependent on a vibrant manufacturing and industrial base. The growth of the hospitality industry hinges on the reduction of the negative perception in major source markets and the re-investment in the upliftment of some of the country's tired tourism facilities and infrastructure. Zimbabwe has been hard-hit by massive company closures and downsizing resulting in hundreds of workers being thrown on the streets (Herald 2015).

Schweibberger and Suedekum (2009) define deindustrialization as a fall in the share of the output of the industrial sector in the nation's GDP or the share of industrial employment in total employment. Although the share of the industrial output in GDP is a good indicator of the level of deindustrialization, many studies have applied the employment approach to measure deindustrialization. While employment is regarded as the most used indicator of the level of economic development, Saeger (2010) argues that it is also extremely good as a

measure the size of the industrial sector. There has widely been two ways to measuring deindustrialization –either by focusing on the contribution of the industrial output to national economic output or the share of industrial employment to national employment. This study considers the latter approach by considering the fall in industrial employment as a measure of deindustrialization.

In support of these growth estimates, the Ministry of Finance allocated USD 6.13million for 2013, up from USD 5.23 million allocated to the Ministry of Tourism in the 2012(RBZ, 2013). Of the allocation only USD 750,000 was channeled towards tourism promotion while USD 1.75 million was channeled towards tourism programs, chief among them being the hosting of the United Nations World Tourism Organization in 2014 in Victoria Falls.

Bluestone and Bluestone & Harrison (2009)report that the deindustrialization process is not a stand-alone concept but rather develops from the industrialization phase. With economic development increasing, the industrial employment will be rising as well but at the expense of manufacturing and agricultural employment up to a level when the industrial sector reaches maturity. After this, industrial employment will begin to decline and the tertiary sector employment starts to outdo the industrial sector. Regardless of these views, Brady (2006) argues that globalization has had been relatively small in the context of the scale of the world trade to significantly affect the deindustrialization of the developed world. This view is cemented by Rowthon and Ramaswamy (2007) who concluded that the principal cause of de-industrialization in developed countries is a rise in productivity.

Deindustrialization has generally had a negative impact on the hospitality sector in Mutare.In other countries like United Kingdom they were affected by deindustrialization in the 1970s and 1980s according to Howard (1991) out of the 3; 2 million manufacturing jobs were lost over the 24-year period 1961 to 1985. The causes of the very rapid and substantial deindustrialization in Britain were technological progress which may have reduced demand for labour by increasing labour productivity very rapidly. The Japan economy did not experience rapid technological change but saw increase rather than decrease in industrial labour force. The other cause was decline ability to compete with industry in other countries both in the home market and abroad. In the home market imports penetration has increased rapidly and the manufacturing exports declined.



Price competition of the United Kingdom Products, relative price of imports, British firms were at a competitive disadvantage with respect to price. In the second place there was the broader question of non price competitiveness which refers to the quality of the product produced their technological level, the speed and reliability with which they are delivered and the effectiveness of the marketing and promotion efforts associated with them. Price and non price factors provide a general explanation for the loss of competitiveness in the United Kingdom manufacturing

Wolf (2004), Bamoul (2009) and Bluestone and Harristone (2000) conclude that the fall in employment of the industrial sector relative to other sectors has mainly been a result of high growth in industrial productivity relative to other sectors. Empirical evidence has shown that to maintain employment when productivity has risen, output must also increase otherwise employment will decline since a rise in productivity implies that less labor would be required to do the same job.

The problem of deindustrialization is a phenomenon that has continued to worsen in Zimbabwe, despite the hope and the positive attitude about the future. Clearly it is a problem that warrants investigation because the hospitality sector depends on a thriving economy where they are able to receive much needed business from businesses. For example, in 2014, the Minister Finance claimed that the economy will grow by 3.2 percent while inflation will remain below one percent. According to World Bank (2015), 2014 GDP growth stood at 3.9% yet companies that close shop every day. Considering the year 2015 alone, more than 20,000 jobs were lost after a Supreme Court ruling in Zimbabwe that gave more leeway to employers to dismiss workers (Kanengoni, 2015). This is a clear sign of deindustrialization, despite the modest economic growth. The true figures of deindustrialization may actually be higher, given the fact that Namasivayam, Miao, & Zhao (2007) indicate that figures are far much more conservative as some companies can retrench or even close without notifying the authorities. Company closures is a serious threat to the survival of the key sectors of the economy, chief amongst them is the hospitality industry as explained before.

## **1.2 Statement of the problem**

An analysis of the strategic response to deindustrialisation response by the hospitality sector in Mutare .Most firms are closing in Zimbabwe and most hospitality sector have downsized

of late as cited Mujuru (2011). Among the firms in the same dilemma is Amber hotel had retrenched close to 150 employees, Golden peacock villa hotel had also retrenched and most firms have closed and others diversified for example Quality international hotel

### **1.3 Objectives**

The study will attempt to give answers to the following objectives:

- ✚ To establish the strategic response adopted by hospitality industry in the face of deindustrialization in Mutare.
- ✚ To establish the challenges faced in trying to respond to deindustrialization by the hospitality sector in Mutare.
- ✚ To analyse the effectiveness of the strategic response to deindustrialization by the hospitality sector in Mutare.
- ✚ To establish alternative strategies to boost performance in a deindustrialized market.

### **1.4 Research Questions**

- i. What are the strategic responses adopted by the hospitality industry in the face of deindustrialization in Mutare?
- ii. What have been the challenges faced in trying to respond to deindustrialization by the hospitality sector in Mutare?
- iii. Which are the strategic responses to deindustrialization by the hospitality sector in the Mutare market?
- iv. Which are the alternative strategies to boost performance by the hospitality sector in a deindustrialized market?

### **1.5 Significance of Study**

The tourism and hospitality industry is a significant part of the economy of Zimbabwe therefore there is an obvious need to maximize its performance. The performance of the sector, particularly for Mutare CBD is a cause for concern and the study is critical so that there can be improvement.

### **1.6 Hypothesis**

**H<sub>1</sub>** There is a relationship between strategies adopted and the hospitality sector.

**H<sub>0</sub>** There is no relationship between strategies adopted and the hospitality sector

**H<sub>2</sub>** There is a relationship between challenges faced and hospitality sector.

**H<sub>0</sub>** There is no relationship between challenges faced and hospitality sector

**H<sub>3</sub>** There is a relationship between effective strategies and hospitality sector.

**H<sub>0</sub>** There is no relationship between effective strategies and hospitality sector

**H<sub>4</sub>** There is a relationship between alternative strategies and hospitality sector.

**H<sub>0</sub>** There is no relationship between alternative strategies and hospitality sector

## **1.7 Delimitation of the Study**

The study is focused on the hospitality sector in Mutare and focuses on the stakeholders in the hospitality industry. The study's aim is to analyze the strategic response by to de-industrialization effect on the hospitality industry.

## **1.8 Benefits of the Study**

### **To the Researcher**

Apart from being able to meet the requirements of the degree, the researcher is able to obtain an in-depth knowledge of the impact of de-industrialization on the hospitality sector in Mutare and generalize the findings to apply to the wider hospitality sector.

### **To the University**

The university is able to contribute to the literature surrounding the hospitality sector performance.

### **To the Community**

Survival strategies identified through the research will help the companies in the sector to be more profitable and sustainable and removes the need to cut jobs and render the parts of the Mutare community who depend on the hospitality industry vulnerable.

## **1.9 Organization of the Study**

Chapter 1 considered the background to the problem as well as outlined the problem statement and the research objectives and research questions. Chapter 2 will consider the

theoretical models as well as the empirical literature surrounding the impact of de-industrialization on performance of the hospitality sector. Chapter 3 considers the methodological review which is the recipe that the study will follow pursuant to answering the research objectives. Chapter 4 will present and interpret the research findings while in Chapter 5 conclusions and policy recommendations will be proffered.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0 Introduction

Chapter 2 describe the strategies used by Hospitality sector in Mutare sector to counter the effect of deindustrialization .It outlines the challenges that have been faced by Zimbabwe's hospitality industry as a result of deindustrialization as well as the role the sector plays in the country. The chapter also reviews literature related to the deindustrialization in general, before presenting the importance of industry in an economy and how its collapse may affect the performance of the hospitality industry.

#### 2.1 Hospitality Industry

The hospitality industry is a comprehensive category of the service sector. It includes lodging, event planning, entertainment and transportation within tourism arena. Hospitality undertakings directly provide goods and services to facilitate business, pleasure and leisure activities away from the home environment (Bhatia, 2002). Nigeria is one of the most frequently visited countries in Africa at large. This is due to the fact that the country is a business tourist centre and one of the most developed states in Sub-Sahara Africa (Omogunloye & Ayeni, 2012). Guests need to lodge and feed which makes hotel business very relevant to the tourists. Hotel business in Nigeria is very lucrative and its revenue base and customer loyalty are not only influenced by the standards of services rendered but also by some geographical factors which include proximity to local and international airports, and other service centres. Quoted hotels are found among the 5 stars in Nigeria with excellent facilities and outstanding service quality to satisfy their local and international guests (Omogunloye & Ayeni, 2012).

Sorin and Carmen (2012) noted that in the contemporary period, the tourism and hospitality industry has experienced dynamic growth despite the challenges facing not only the global crisis, but also market changes, consumer behaviour and technological trends. Globalization has increased tourist activities and resulted in large number of travellers with grave competition within the industry. Hotel management has resolved to look into factors that will assist them in providing excellent services at affordable cost. The management also need to

ensure optimal cash level to gain purchase and investment advantage. Adequate appraisal of each service point should also be embraced to guarantee that only financially viable or complementary services are rendered to the clients in order to maximize wealth (Ekechukwu, 2006). The above issues have attracted management accounting attention to provide timely relevant information to remain competitive and increase the organization's bottom-line (Sorin & Carmen, 2012).

Sanders, (2013) recognizes the tourism and hospitality industry has a special role in the economy of Zimbabwe. According to Sanders, Nyamadzawo, Nyaruwata and Moyo, the sector has an important contribution to helping the government achieve its macro-economic objectives. Marunda, Sai and Muchenje (2013) agree with Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) and posit that tourism and hospitality receipts account for 10% of Zimbabwe's GDP. that Herman (2011) indicate that the importance of industry to the national economy cannot be overemphasized. According to Marunda<sup>a</sup>, Marunda<sup>b</sup> and Munyanyiwa (2014), the hospitality industry in Zimbabwe is of critical importance as a foreign currency earner for the country, particularly given the inability of the government to expand money supply given the existence of a multi-currency regime.

In terms of global exports, tourism and hospitality occupies fourth position after energy, fuels and food (Sanders, Nyamadzawo, Nyaruwata and Moyo, 2013). Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) add that in both developed and developing countries, the hospitality sector is a huge driving force behind socio-economic development as it generates earnings, is responsible for income creation, motivating and increasing domestic consumption, creating employment for both low-skilled and semi-skilled workers with a bias towards women and the youth in both urban and rural areas as well as contribution towards the achievement of Millennium Development Goals (MDGs). In Europe, Herman (2011) studied the impact of the industrial sector on employment and found that deindustrialization had a negative effect on the economy.

Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) indicate that the hospitality industry represents an opportunity for economic diversification, particularly in marginal areas with few other export options. In these remote areas, tourists are attracted to by high values of cultural, wildlife and landscape assets and the hospitality industry plays a key role in facilitating movement through partnerships with travel and touring companies and most

importantly by providing crucial temporary homes and accommodation. Honey and Gilpin (2009), in Sanders et al., (2013) posit that tourism and hospitality enable communities that are poor in material wealth but rich in history and cultural heritage to leverage their unique assets for economic development.

The tourism and hospitality industry is important because its forward and backward linkages with industries like agriculture, art and craft, the performing arts, culture, manufacturing, banking is invaluable finance and transport (Sanders, Nyamadzawo, Nyaruwata and Moyo, 2013). The growth of the hospitality sector has direct impact on the performance of the multiplicity of the downstream and upstream business that it is joined to (Sanders, Nyamadzawo, Nyaruwata and Moyo, 2013). Similarly, contraction of the sector due to deindustrialization has important ramifications. It is these ramifications that make this study necessary.

## **2.2 De-Industrialization**

According to Pieper (1999), deindustrialization is commonly referred to as the loss in output and employment of the industrial or manufacturing sector in relation to other sectors in the economy. Pieper (1999) also refers to deindustrialization as economic maturity. On the other hand, Rowthorn and Ramaswamy (1997) define deindustrialization as a secular decline in the share of manufacturing employment. The emphasis on employment puts weight on the possibility that as a result of deindustrialization the domestic tourism that depended on manufacturing employment is significantly affected. Mutare, once a thriving city had been hit by drastic reduction in manufacturing output as well as employment. Therefore, the night facilities that workers would for example visit at the end of a hard day's work might no longer experience the old volumes of business. At the same time, the restaurants and other family recreational facilities in Mutare that used to host families on weekends might also have been negatively affected as no one can really afford that since the inhabitants of the city lost their jobs due to deindustrialization.

As Pieper (1999) asserts, there are three phenomena that go together with the process of industrialization or economic maturity. These are an improvement the industrial sector's contribution in GDP, an increase in the employment share of the industrial sector as well as an increase in industrial labour productivity versus a falling rate in the agricultural sector

(Pieper, 1999). Pieper (1999) adds that for a successful industrialization process there has to be an increase in per capita incomes. Thus in a way it is expected that de-industrialization, a reverse of industrialization should result in the phenomenon described in this passage changing in the opposite direction. Pieper (1999) therefore formally defines industrialization as a reversal of two of these phenomenon. Therefore, deindustrialization can be seen as a decrease in the contribution of the manufacturing sector to GDP as well as a decrease in the ratio of employment in the industrial sector.

Pieper (1999) found that a shrinking industry results in job losses on aggregate. The author found that this kind of deindustrialization is rampant in sub-Saharan Africa, Zimbabwe included. Pieper (1999) posits that in the 80s, foreign exchange scarcity is one of the important factors behind industrial stagnation in sub-Saharan Africa as governments failed to source capital on the international market and international debt servicing used a significant amount of their income. However, the transition of Zimbabwe to industrial stagnation and later deindustrialization is explained by a number of factors as revealed in the next section.

### **2.2.2 Deindustrialization Impact on Performance of the Hospitality Sector in Mutare**

Mutare, located on the eastern parts of Zimbabwe sits right on the border with Mozambique. In Mutare, the dualistic nature of Zimbabwe's economy was also evident as the industry mostly processed produce from the surrounding farms; from saw mills, bottling companies, food processing, tea processing among other industrial activities. The industrial base was fairly complicated, advanced enough to process and market bananas from the hot fields of Burma Valley, as well as tea and timber from the mountain slopes of Chipinge and the pine plantations of Nyanga (Chamunorwa, 2014).

The agriculture farms surrounding the town produce a variety of crops, berries and fruits for both domestic consumption and export. Much of these industrial-agriculture linkages were destroyed as the land reform program gained impetus in 2000, but a significant proportion of the farms were unaffected but they have not been able to reverse the fortunes of the city and stop the deindustrialization. The discovery of diamonds in Chiadzwa in 2007 for a time brought significant amounts of business to Mutare's hospitality industry but the formalization of the diamond mining sector at Chiadzwa and the banning of the informal sector did not



bring any business to the hotels, restaurants and lodges as it was shrouded in secrecy (Chamunorwa, 2014).

The larger part of Mutare's industry remains dilapidating factory shells, save for Quest Motors Mutare that has over the past few years resumed car assembly. However, this company has not been able to generate enough momentum to significantly improve the general business climate in the city. As result Holiday Inn, The Wise Owl Hotel, Troutbeck Inn, Montclair Hotel and Casino, Leoprad Rock Hotel and other hotels, lodges and restaurants within Mutare, Nyanga and Vumba still suffer from low room occupancy due to industrialization.

### **2.3 The Significance of Domestic over International Tourism in Zimbabwe**

Rogerson (2014) highlights that although the financial crisis of 2008 and the subsequent global economic downturn negatively affected tourism, tourist arrivals in Africa were not as affected since they actually grew at a rate way higher than the global average. Therefore, the economic and operational challenges that the hospitality industry in Mutare and the rest of the country are facing cannot entirely be attribute to international tourism decline as Rogerson (2014) posits that this has not been very significant for Africa. It may suggest that domestic tourism may have had an impact on the sector, which in turn may have been affected by deindustrialization.

This is amplified by Sanders, Nyamadzawo, Nyaruwata and Moyo (2013). According to Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) local tourism is the biggest constituent of any country's tourism industry, by proving the foundation on which the hospitality industry can operate from. Domestic tourism is sustainable in the sense that it is unlike international tourism which is susceptible to shocks on the international market as well as shifts in foreign policy which is common in the international politics dynamic – and Zimbabwe's experience is a clear example. The domestic tourism industry has important significance for the hospitality players in Mutare, as shown in Table 1 and 2. Rusike and Chitambara (2012) argue that the hospitality industry plays an important role in employment of the communities in and around the cities and towns that they operate, adding that they employ more labour than any other sectors. According to Rusike and Chitambara (2012), the hospitality industry employs in excess of 71000 workers in Zimbabwe.

The domestic tourism sector has gained a lot of attention over the previous years as the hospitality industry could no longer solely rely on the international tourist arrivals. Rusike and Chitambara (2012) indicate that when the West issues travel warnings against going to Zimbabwe tourist arrivals plummeted. Thus there was a need to rely on the domestic tourism sector, yet deindustrialization and the general sorry state that the economy made that impossible.

According to Rusike and Chitambara (2012), The Zimbabwe Tourism Authority (ZTA) has called on the hospitality sector to come up with affordable packages that allowed locals to visit these facilities as well against a backdrop of low domestic incomes. This may thus reflect a realization on the part of the government that de-industrialization had indeed had a negative effect on the extent to which local tourism business could ramp up the performance of the hospitality sector. Rusike and Chitambara (2012) posit that in 2012, Zimbabwe's Minister of Finance also encouraged the hospitality industry to do more to promote domestic tourism as it had the capacity to contribute 50% of total tourism receipts. This therefore shows the importance of local tourist receipts for the hospitality industry, although it is highly likely that this is being hampered by unemployment and low output/income as a result of deindustrialization.

#### **2.4 Challenges faced by the Hospitality Sector in Zimbabwe**

There is a plethora of challenges that hamper the growth of local tourism and hospitality industry. Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) indicate that the below 50% figures of hotel occupancy in Table 2 may be due to a lack of awareness of holiday opportunities and packages that individuals and families could otherwise afford in the country, the absence of a holidaying culture amongst Zimbabweans and the perception that holidays are always expensive and are something for the rich. Other factors impeding on the effective growth of the domestic hospitality service consumers in the country are low disposable income (most notably due to deindustrialization), lack of affordable packages, absence of subsidies on domestic tourism, poor road infrastructure and expensive hotel meals (Sanders, Nyamadzawo, Nyaruwata and Moyo, 2013)

There are also a number of other problems that Zimbabwe's hospitality sector faced during the economic crisis. According to Rusike and Chitambara (2012), the hospitality industry faced a number of challenges including but not limited to food itself mostly due to exchange rate pricing controls that caused distortion and scarcity. Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) add that amongst the challenges that the hospitality sector in Zimbabwe is experiencing are absence of robust domestic airline connectivity, a road network that is in a deplorable state, the lack skills and optimal experience mix in tourism facilities, constrained ICT investment and usage in the sector as well as weak domestic tourism promotion. It is the last point of the weak domestic tourism that forms the crux of this investigation.

Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) posit that although the prospect of the sector in Zimbabwe are huge, the industry still faces a number of hindrances to growth that have undermined its overall contribution to growth in GDP, increased export earnings, employment and poverty alleviation. There are also other challenges that the Zimbabwean economy as a whole is going through, and which affect the hospitality industry as well. The 2011 – 2015 Medium Term Plan (MTP) identified skills flight, poor state of the roads, poor tourism infrastructure, water and electricity shortages, few direct flights to and from source markets, and high utility charges which increase the cost of doing business in Zimbabwe thus making the destination less competitive as the major impediments to growth and development of the tourism and hospitality sector in the country (Zimbabwe Government, 2011).

## **2.5 Strategies by Hoteliers and Government to Mitigate Deindustrialization Effects**

Thompson *et al* (2010), defined strategy as “management's game plan for strengthening the organizations position.” Strategy is therefore, the way managers decide their organizations should operate in an industry/market. Ellen (2003), defined survival strategies as methods that are employed in order to survive conditions that are presented by a turbulent environment. Likewise, there are a number of strategies that the hospitality and tourism industry in Zimbabwe may be involved in to survive the effects of deindustrialization.

There are number of reasons for strategy. Marlon (2007), referred strategy as road mapping. The author put forward the argument that road mapping leads a team to create a plan that integrates market and consumer needs, product evolution and the introduction of new

circumstances and technologies into their environment. On the other hand Obrian (2003), said that business strategy (also known as competitive strategy) is concerned with how a firm competes within a particular market. Without a clear roadmap, Marlon (2007), the firm is doomed to fail, especially if it operates in an environment with severe uncertainty such as hyperinflation.

According to Kotler *et al.* (2000) rising costs in an unstable economic environment squeeze profit margins. Nyambayo (2008) also adds that when the business environment is unstable business decisions are made frequently. Davis *et al.* (1991) were of the same view and they described a turbulent environment as the dynamism in the environment, involving rapid, unexpected change in the environment sub-dimensions. They said in this environment, decision windows are shorter; risk of obsolescence is greater, long term control becomes impossible and managers have to learn new ways to operate in this turbulent environment.

Prendergast and Berthon (2000) advised that in turbulent and complex environments, management is best practiced in flat decentralized organic structures as they can maintain global stability but absorb a high degree of uncertainty and still adapt at the detail level. In turbulent environments, planning is still important but it should have a short time horizon. Information should be freely distributed and used quickly, it should be about how to do things rather than what to do, and it should include alternative possible outcomes, in other words, less prediction, control and stability and more self or group control to enable quick adaptation to the changes, Jaworski(1998). This study investigates the strategies that have been used by the tourism and hospitality industry in Mutare to beat the effects of deindustrialization.

### **2.5.1 Adopted Strategies in hospitality industry**

According to Obonyo (2013) on his study on strategies adopted by hospitality sector for competitive edge argues that price management rarely attracts customers and he further argues that the image of the business is one of the main elements of customer satisfaction and high stock turn over which translates to high profits. This image can be created by good customer service. Service delivery cannot be separated from the service providers and therefore provider-client relationship should be maintained (Kotler et al, 2009). Recruiting right employees and providing them with excellent training will ensure competent, reliable, responsive and credible workforce for the organization and quality customer service. A

Company must emphasize rewarding people for accomplishing results related to creating value for its customers and not just dutifully performing assigned duties and tasks therefore create a work environment which is result oriented. It is flawed management to tie incentives and rewards to satisfactory performance of duties instead of desired business outcome and company achievements. It is important for organizations and individuals to align motivation and reward system with strategic priorities and be committed to executing the strategies (Cole, 2009).

Sanders, Nyamadzawo, Nyaruwata and Moyo (2013) identify marketing as an important strategy that has been used by hotels and other players in the hospitality industry to improve the prospects of the sector against a background of deindustrialization. The authors mention that ZTA has done some ground work in this respect, broadly marketing the country but they the authors point out that these efforts need to be more innovative and expanded in order to ensure that the country derives maximum benefits from its natural and manmade endowments. However, these strategies have targeted international tourists yet in actual fact they have little contribution from the point of view of hotel occupancy. There might therefore be need to investigate what strategies hotels and hospitality industry players have used locally to increase the business that they receive despite deindustrialization.

Ncube, Sibanda and Maunganidze (2013) posit that the economy of Zimbabwe had over the past few years been battered various forms of industrial fragility due to run-away inflation, low investment and undercapitalization post the land reform program. According to Ncube, Sibanda and Maunganidze (2013), hospitality sector also bore the brunt of this deindustrialization and was also operating below its capacity at least until the Government of National Unity (GNU) that was signed in 2008 and adoption of the multi-currency regime. Regrettably, the GNU came to an end in 2013 and the country has again transitioned to the orbit of stagnation and deindustrialization. The important point though is that the GNU and the multi-currency regime was a macro strategy that helped the hospitality sector to slide back onto a growth trajectory.

### **2.5.2 Rebranding**

Rebranding is the creation of a new look and feel for an established product in order to differentiate the product from its competitors. Rebranding efforts may include a name

change, new logo or packaging and updated marketing materials that include the latest industry buzzwords. The goal of rebranding is to influence a customer's perception about a product or service by revitalizing the brand and making it seem more modern and relevant to the customer's needs (Techtarget, 2016).

According to Kotler and Armstrong (2012) a brand is a name, term, sign, symbol or design or a combination of these that identifies the maker or seller of a product and branding can add value to a product. A brand is usually defined as 'a name, term, symbol, design or a combination of them intended to identify goods or services of one seller or group of sellers and to differentiate them from those of competitors' (Kotler, 2008). Brands are increasingly viewed as one of the major assets firms possess. Tadelis (1999) defined a firm's reputation (and its associated name) as a valuable intangible asset. Brands differentiate, protect and convey meaning to what firms communicate to customers. Competition increases the power of brands, as these allow non-price differentiation (Aaker, 1991).

Brand names are somewhat different than corporate brand names and corporate brands are more than just trade names (see Muzellec, 2006 for a review on the subject). Following Einwiller and Will (2002, p.101), corporate branding is considered a 'systematically planned and implemented process of creating and maintaining a favourable image and consequently a favourable reputation of the firm as a whole by sending signals to all stakeholders by managing behaviour, communication and symbolism'. Kay (2006) adds that corporate branding is the way an organization communicates its identity. As product brands, corporate brands are designed to evoke positive associations from stakeholders (Dacin and Brown, 2002). Corporate brands are said to be more central and strategic, controlled by top management (Hatch and Schultz, 2003), more abstract, representing higher-order values (de Chernatony, 2002) and more complex, with possible different meanings for different stakeholders (Balmer and Greyser, 2002), when compared to product brands.

The issue of corporate branding has been adequately discussed in the literature, but corporate rebranding has been somehow neglected from academic research, despite firms' evidence of such moves. Most of the existing research on corporate rebranding focuses on revolutionary rebranding, such as the creation of a new name (Horsky and Swyngedouw, 1987; Delattre, 2002; Muzellec and Lambkin, 2006; Muzellec, 2006). In 6 this paper, we approach all the continuum of rebranding, trying to include minor and major changes to corporate branding. A

good and strong corporate image influences current workers (Riordan et al., 1997), investors (Fombrun and Shanley, 1990), future applicants (Dowling, 1988) and customers' evaluations and preferences (Bravo et al., 2009; Howcroft, 1991). That is to say that managing a strong corporate brand is different than managing strong product brands: corporate brands are communicated to different stakeholders and may have lesser impact on consumers (Kay, 2006).

A well conceived, solid, strong corporate branding strategy provides management with a holistic framework to integrate the firm's activities, its vision and mission; it allows the firm to express its distinctiveness, that is, to differentiate itself in the relationship with stakeholders (Schultz and de Chernatony, 2002), and represents an opportunity to increase the future incomes of the firm. Sometimes, despite the high budgets spent on communicating the corporate positioning, firms fail to create a distinctive image and have to rebrand (Bravo et al., 2009). The reasons to rebrand can come from changing external conditions, weaker competitive position, changing ownerships structures and/or changes in corporate strategy (Fombrun and Shanley, 1990; Muzellec and Lambkin, 2006). Delattre (2002) finds four categories of reasons to rebrand: new corporate image, new management or shareholding structure, new activity, and change of legal status. Despite the motivation and the investment involved, rebranding has its risks: part of existing accumulated goodwill, in the form of name recognition, corporate image, and routinized purchase behaviour, can be lost (Horsky and Swyngedouw, 1987). Hence, corporate rebranding can be distinguished from corporate branding as the former refers to a change between an initially formulated corporate brand and a new formulation (Merrilees and Miller, 2008). Muzellec and Lambkin (2006) define rebranding as the creation of a new name, term, symbol or design for an established brand, in order to create a differentiation in the mind of stakeholders and competitors. As a brand is composed of tangible and intangible elements, rebranding may consist of changing one or all of these elements along a continuum (Daly and Moloney, 2004): from minor improvements to the visual identity of the corporate brand (i.e., logos and slogans) defining an evolutionary rebranding, to major changes such as the creation of a new name, i.e. revolutionary rebranding (Daly and Moloney, 2004; Muzellec and Lambkin, 2006).

Delattre (2002) divides corporate name changes into 'level 1' changes (when reorganising the elements of a whole system that remains unchanged) and 'level 2' changes (when the system is modified). We can consider these two levels as similar to the

evolutionary/revolutionary continuum. Rebranding strategies are directly linked with brand equity management. Firms wanting to add value to their offer through corporate rebranding have to evaluate and manage their brand equity. One approach to assess the value of brand equity derives from finance theory and uses the stock price as the evaluation basis (Aaker, 1991). The argument is that the stock market will adjust the price of a firm to reflect future prospects of its brands. Stakeholders' define their image of the firm based on the signals that emanate from it. Corporate rebranding is a very strong formal signal that stakeholders receive that something about the corporation has changed (Muzellec and Lambkin, 2006). It is expected that these corporate rebranding actions will impact the corporate market value and thus constitute a signal that shareholders will use when they evaluate the firm. One mentioned disadvantage of working with the stock market relates to the need of events to be sufficiently large to be detected. Corporate rebranding exercises are considered major events and so noticeable.

### **2.5.3 Repositioning**

The aim of repositioning strategy is to generate revenue, Boyne and Meir (2006), the aim is directed on growth and innovation. This strategy is used an entrepreneurial strategy. Boyne and Meir (2006) states that repositioning involves implementation of several sub strategies for instance, moving into a new market looking for new sources of revenue. It involves the development of new products, resetting the firm mission and image of the company. It also alters the way the market views the organisation. Repositioning more so deals with effectiveness and efficiency, at most firms reposition in a bid to sustain growth in slow industries or improving on positioning mistakes.

Brand positioning involves establishing key brand associations in the minds of customers and other important constituents to differentiate the brand and establish (to the extent possible) competitive superiority (Keller et al. 2002). Besides the obvious issue of selecting tangible product attribute levels (e.g., horsepower in a car), two particularly relevant areas to positioning are the role of brand intangibles and the role of corporate images and reputation. Brand positioning is the desire of a customer to prefer to buy from Bulsho than other competitors, this can only happens if Bulsho position its products so that they meet the needs and wants of its customers and thus the reason brand activation foster a competitive advantage on ensuring that brand positioning of international worth more brands is achieved.



Brand position is the benefits customers can get from one brand that they can't get from the others of which it is value to them, for example the prices of the goods and services, Bulsho has high prices which is of little benefit to customers as compare to the other shop, therefore the management has to finds ways to reduce price in other to compete with the others in the same line of business. Bulsho has the advantage and benefit of a variety of products and basic necessities like the traditional Muslim cloths, which cannot be found in any other competitors shop and a coffee shop to relax and watch, live sport which adds as a leisure chain to the business. The shop has the simple services and basic needs, the varieties of product, which puts it in a better position to attract more customers; however the pricing strategy needs to be re-strategized to put the shop in a better position to customers.

According to Pranulis (1998) survey techniques like scales of graphic evaluation, Likert's scale, and semantic differential scale can be proposed to identify the current position of product and other competing products. A positioning map provides a valuable means to position product by graphically illustrating consumer's perception of competing products and the product their positioning. Positioning map and brand activation develops understanding of how the relative strength and weaknesses of different product are perceived by buyers thereby ensuring that sales volume are increased. It builds knowledge about the similarities and dissimilarities between competing products. It assists the process of re-positioning of existing products and the positioning of new products. Positioning map is an important tool in development and tracking of promotional strategy. It enables manager to identify gaps and opportunities in the market and allows monitoring of effects of past marketing communications (Arora, 2006). A good number of studies have been conducted on selection of positioning strategies. Positioning strategies is the choice of target market segments which determines Scholars Doyle, Stern (2006). Product positioning strategies are product features, price/quality, product class dissociation, user, competition, benefit, heritage or cultural symbols (Fill 2006, Kotler 2007, Armstrong 2004, and Doyle 2006). On the other hand qualities, competitors, product users, product class, applications forms positioning strategies (Boone, Kurz 2001). Inadequate positioning is studied in detail by Grancutt, Leadley, Forsyth (2004). They have defined risky positioning as under positioning, over positioning, confused positioning, and doubtful positioning. Similarly, many studies have been undertaken on positioning statements. Positioning statements is highly interactive process often involving many cut and try attempts before satisfactory results are achieved. According to Kalafatis,

Tsogs, Blankson (2000) positioning statements play a vital role in helping to guide and coordinate the firm's efforts in the market place. They are crucial internally and externally.

#### **2.5.4 Price Adjustment**

Price adjustments include Discount and allowance, psychological pricing, promotional pricing, dynamic pricing and international pricing According to Kotler and Armstrong (2012) companies usually adjust their basic prices to account for various customers' differences and changing.

#### **2.5.5 Challenges faced by hospitality sector**

In a study of survival strategies by hotels in Zimbabwe in a hyperinflationary environment, Shumba (2012) found that hotels compromised quality as a survival strategy. One of the ways this was done was by serving substandard meals. Some of the interview respondents in the study by Shumba (2012) indicated that for example, they had to go for 3 months during a particular year without payment of DSTV subscription fees for the lodge lounge TV sets. This therefore reduced service quality as the hotel technicians had to replay the same animal films as entertainment for guests (Shumba, 2012). The challenges of deindustrialization may more or less be similar to those faced by the tourism and hospitality industry during the era of hyperinflation, and this research intends to establish whether compromising on quality is another consideration by the sector in the face of deindustrialization.

Min & Min<sup>15</sup> (1997) have mentioned in their research concluded that with escalating competition in the hotel industry, a growing number of hotels have given service quality their top priority for sustaining competitiveness and to do the same, hotels needs to develop reliable standards for service quality which requires to comparing the hotel's service performance with that of the service leader and examine its performance continuously through competitive scales. In doing so; hotels have proposed the use of competitive gap analysis through analytic hierarchy process. These methods may help the hotel manager design viable service improvement strategies in the ever competitive industry. This research also highlights the usefulness of the proposed benchmarking methodology through case of Korean luxury hotels. Dwayne et al (2007) conducted study and examined service quality expectation differences among three stakeholder groups involved in the interaction of tourists, employees and management of service providers to degree to which service climate

may explain these differences. It revealed that very few management barriers have considerable impact on managers' perceptions of tourists' expectations and most of employee barriers drastically impacted frontline employees' perceptions of visitors' expectations.

The effectiveness of SERVQUAL in measuring service quality in Education service is studied Galloway (2008). He has mentioned that Quality being an elusive concept, particularly in public service with variety customers and stakeholders, the staff and students, it is found that SERVQUAL does stand fit in this context and the expectation contributes nothing to the predictive value of the data. There exists significant gap in the factors of perceived quality between internal and external customers, arising from the degree of dependence as well as nature of contact between the provider and receiver of services which may be more a general phenomenon about customer characteristics in both public and private sectors. Analyzing over 800 critical incidents across six service industries, Wels-Lips et al (1998) finds that occurrences of positive incidents are largely driven by understanding the customers, by responsiveness and frequent communication with customer. The absence of reliability, competence, credibility functions as dis-satisfiers driving the occurrence of negative incidents. It is found that two dimensions which emerge from multiple correspondence analyses are service system versus service staff, and customer initiative versus staff initiative further which suggests that the service system is associated with negative incidents, and service staff with positive incidents.

The technical framework within which quality assurance systems develop is well recognized. Likewise, although not as well recognized, the non-technical framework which affects quality assurance systems is nevertheless an important element. The awareness of the technical and non-technical interface in quality system is never acknowledged and taken as separate entities. Pheng (2008) in his research has categorically emphasized on the interface between the technical and non-technical framework that must be acknowledged to achieve quality management effectively and system which links these two frameworks must be recognized for service quality. According to services marketing literature the concept of service loyalty requires conceptual and empirical investigation. Ruyter et al (2008) in his paper has developed a theoretical framework for service loyalty consisting of three dimensions: price indifference loyalty; preference loyalty; and dissatisfaction response. As we focus on the role of service quality and costs as background to these types of loyalty, a study of a large sample

of consumers in five different service industries provide evidence for service loyalty as a construct comprising three-dimensions.

Further the influence of service quality on service loyalty varies notably per industry and therefore findings from one industry cannot be comprehensive to other industries. The study also establishes that in industries known for relatively less switching costs, customers will be somewhat less loyal in comparison to services with higher switching costs. Research paper presented by Tschoh (2008) demonstrates the value of a systems approach in considering performance management at an operational level in the hotel industry. The concept of systems & techniques are applied in a hotel check influences between various subsystems. This study has suggested importance of having meaningful and appropriate performance measures in the service delivery system design, which would create perception of organizational service quality. Effectiveness of the SERQUAL- traditionally an instrument for measuring service quality and proven as an effective tool in assessing customer perceptions of service quality in restaurants model was tried and tested by Bojanic & Rosan (2012) through their extensive research on restaurant business. The examination of the type of the association between service quality perceived by consumers and its service determinants is carried out. It is discussed, and a demonstration on use by restaurants in assessing quality service is included has proved SERVQUAL as an assessment tool include matching and managing customer expectations and managing the physical design of the products. It also included service customer's education and developing a total quality management program as well as achieving continuous quality by use of automation, timely review of the property, personnel and procedures of operation where by restaurant can manage their strengths and weaknesses effectively.

Service organizations are determined to improve the service quality by various management techniques. Redman & Mathews (2013) have examined a variety of management practices including human resource management (HRM), used in service sector. On assessment of their potential impact on service quality and total quality management (TQM), most of the techniques are identified as being potentially supportive of quality improvement but few in particular to those closely associated with minimization of cost and the less subtle forms of managerial control posed danger to the improvement process. It is a known fact that profits are directly linked to service quality and productivity especially in service operations where customer has active role to play in delivery of services and has direct impact not only on the

service provider but on the entire network. This highlights the assessment of returns on relationships in relationship marketing, the concept introduced by Gummesson (2014). Analogical study between internal and external service quality put forward that assessment of internal quality is independent of differences between organizational customers and real customers.

Auty & Long (2009) have detailed research into organizational networks has stressed upon environmental and atmospheric factors in exchange activities. The gaps in service quality arise due to conflict between departmental and organizational loyalties. However, Parsuraman, Zeithaml and Berry suggests that organizational power-struggles and lack of communication lead to misunderstandings about the priorities and resources available for internal service exchanges and improvement are possible when there is closer interaction between “warring” but yet dependent departments. Therefore, an overarching need for organizational goals to take precedence and for limited resources to be allocated according to the vital needs of the external customer. Research on service quality has stated that the relationship between perceived service quality and service loyalty requires empirical and conceptual elaboration by further studies. Research undertaken by Bloemer et al (2009) focuses on the enhancement of a level for measuring service loyalty dimensions and the associations between magnitude of service quality and these service loyalty dimensions. The study suggest four dimensions of service loyalty . Price sensitivity, word-of-mouth communication, complaining behavior and intention of purchase. On individual dimensions there exists an intricate pattern of service quality-service loyalty relationships with significant differences within industries.

Service quality in the tourism industry has been studied by many but still there exists a debate as to which measure has greatest validity. Two main research instruments are Importance Performance Analysis (IPA) and SERVQUAL have been questioned and research has introduced measures that multiply SERVQUAL by Importance, and measure of just Performance (SERVPERF). The study presented by Hudson et al (2000) assesses these four main methods of measuring customer service quality by studying data obtained in cooperation with a major U.K. tour operator. It is found that though there was variety in the rankings of the different elements, the difference between these four methodologies could not be proved statistically. Parsuraman (2000) has stated that companies involved in services industry must broaden their tests of productivity from the typical company-oriented

perspective to a newer company customer perspective. This latest approach may help reconcile conflicts ie., the synergies between improving service quality and increasing service productivity. Successful implementation of service quality can be drawn from a case study carried out by Longnecker & Scazero (2000).

In their research, workers from two different organizations with similar systems, techniques and infrastructure were surveyed for company's quality program, however only one was considered as successful from quality point of view. The study also revealed that better attention is on human aspects were seen in successful organization which includes improved management support for quality, better communication in organization, implementation of Rhoades et al (2000) in their research paper have addressed efforts in bringing up quantitative index of factors & characteristics which comprises quality in airport operations & facilities from varied customer's perspective. It has shown and identified 12 broad factors that, in customer view affect the quality of operations at airport. The important factors are ground transportation, parking, shopping and restaurant services, capacity as well as the waiting area. Similar study may be undertaken for hotels and other accommodations. Kandapally. J. et al (2001) have stated that expected services go beyond the essential services required for the company to stay in business and such services need to be offered to remain competitive. Over the year, expected services increases and guest becomes more demanding, requiring service provider to move beyond what is commonplace.

### **2.5.5 Effective strategies in hospitality sector**

According to Barry et al (2008) organizations need to assess users' satisfaction levels and attitudes towards their service delivery by querying them. Research findings shows that satisfied customers may not remain loyal but dissatisfied customers certainly will not remain loyal if they have a choice. Nearly all research studies indicate that dissatisfied customers tell more people about their bad experience with a company than satisfied customers with good experience (John and Elsevier, 2004). There is a relationship between customer satisfaction and loyalty and a relationship between customer loyalty and company performance. Studies indicate profits increase with the length a customer remains in a relationship. Additional studies across industries have to be conducted before accepting the relationship. Service industries such as airlines, restaurants and hotels may have a different loyalty / profit profile than telephone and insurance companies (Barry, 2008).

A company's success depends increasingly on the knowledge, skill and motivation of its workforce which also depends increasingly on having opportunities to learn and practice new skills, McGregor's theory X, (Boone and Kurtz, 1995). Engagement is manifested by empowerment whereby people have authority to make decisions based on what is best and right have control over their work, take risks and learn through mistakes and promote change. Armstrong, M. (2001) argues, empowerment requires sincere belief and trust in people by management, therefore, an understanding of key factors that drive work such as motivation is necessary for company to thrive and succeed. Organizational cultures designed in a way that promotes efficiency, cooperation, skill sharing, innovation, a performance-based competition recognizing rewards and incentives supports a high performance motivated workforce. According to Obonyo (2013) on his study on strategies adopted by supermarkets for competitive edge argues that price management rarely attracts customers and he further argues that the image of the business is one of the main elements of customer satisfaction and high stock turn over which translates to high profits. This image can be created by good customer service. Service delivery cannot be separated from the service providers and therefore provider-client relationship should be maintained (Kotler et al, 2009). Recruiting right employees and providing them with excellent training will ensure competent, reliable, responsive and credible workforce for the organization and quality customer service. A Company must emphasize rewarding people for accomplishing results related to creating value for its customers and not just dutifully performing assigned duties and tasks therefore create a work environment which is result oriented. It is flawed management to tie incentives and rewards to satisfactory performance of duties instead of desired business outcome and company achievements. It is important for organizations and individuals to align motivation and reward system with strategic priorities and be committed to executing the strategies (Cole, 2009).

### **2.5.6 Alternative strategies implemented in the hospitality sector**

Offering superior services acts as a competitive advantage for some hotels and by emphasizing customer service and building strong relationship the business can widen its market share and profits. A relationship exists between customer's satisfaction levels, loyalty and company profits which increase with the length a customer remains in a relationship (Brand, 2006). The failure of most businesses is a result of low customer satisfaction service

levels, *Management Magazine* (May,2011). Lower relative costs can also be a source of competitive advantage either by focusing on a particular group of buyers or geographical market and the business gains a cost advantage in the target market, Gurley (2008).

Superior human skills and capital resources can influence the performance of hotels by providing satisfactory services to the customers and as the service industry labour intensive. Arthur et al (2008) argues that competent, trained and well informed employees with the right attitude to offer prompt and reliable services with the help of modern equipments and information technology can be a source of competitive advantage and success to organizations.

Long- term quality plans, tactics, programs and systems for implementation throughout the organization can maximize the competitive advantage of an enterprise and enable it to achieve its objectives (Gurley et al, 2008). Plans need not only be well understood and known but realistic and effectively implemented by managers who must be champions of customer experience by example and emphasis.

### **2.5.7 Effective Liquidity Management**

In a deindustrialized economy where demand is very low and the tourism and hospitality sector struggles to increase occupancy levels, there is need for an effective working capital management strategy otherwise hotels risk tying too much capital in food stocks that sell slow. For perishables, it would be better to procure on a Just in Time (JIT) basis since the hotel may suffer even more losses. Shumba (2012) found that storing value in goods and assets was an important strategy that hotels were involved in at the peak of hyperinflation in Zimbabwe, but further mentions that in a deflationary environment where falling demand push prices down the opposite strategy should be adopted. This concurs with Mills (1997), who put forward the argument that in a deflationary environment (as a result of deindustrialization) the firm has more to lose if it retains more than necessary stocks. Thus effective liquidity management is investigated as a probable strategy that has been used by the tourism and hospitality sector in Zimbabwe.



### **2.5.7 Workforce Stability Strategies**

Given falling demand for the services of the tourism and hospitality industry, the sector may not afford to maintain a normal load workforce otherwise they would not be able to break even. Shubma (2012) indicated that the sector has thus maintained a leaner workforce, that is line with reduced demand. To illustrate the innovation that the tourism and hospitality industry had employed in order to maintain workforce stability, Chiboiwa et al (2010) indicates that some hotels have put in place a strategic recruitment plans by sponsoring students in tertiary institutions with the undertaking that beneficiaries of such sponsorship would be bonded to work for the organization after completing their studies for the number of years such sponsorship lasted. This then allows hotels some flexibility in terms of the wages that they can pay their workers in a deindustrializing economy.

### **2.5.8 Restructuring and downsizing**

Organisations downsize or restructure so as to conserve resources and reduce cost, generally this is because the market place or the industry has become strongly competitive until there is no longer a potential to stay profitable without any significant changes. Restructuring mean the same as downsizing in some way. At most these are desperate measures made in an effort to bring the company back from bankrupt or closure. Restructuring of a company or firm involves two steps mainly:

1. Reducing the hierarchy of authority and streamlining the number of levels in the hierarchy to its lowest level. Reducing the number of workers in the organization so as to reduce operating costs.
2. Downsizing and restructuring becomes essential for many compatible reasons. Sometime changes in the business environment (internal and external environment) may not be foreseen, for instance changes in technology made the entity products obsolete. Sometimes a firm has excess capacity because buyers no longer want the service and goods the company provides, this may be because the products are out dated or are not of modern.

Alternatively, organisations downsize because of inflexibility and bureaucratic costs have become too high. Fifield (2008) coined that, sometime organisations restructure even when they are in a strong position but this will be simply to build and improve on their competitive advantage and survive in the competitive market.

Restructuring and downsizing has become more the rule than the exception in today's business world. Industries change rapidly, technology changes, rapidly, and companies across industries have learnt that survival means being nimble. Companies must meet demand and opportunities; employees must be ready to be shaken up along the way. Even service industries like insurance are changing seemingly overnight. New consumer trends mean new expectations for all kinds of products and services (Carlopio, 2003).

### **2.5.9 Customer Loyalty Programs**

Shumba (2012) acknowledges that in a turbulent environment, there is even more critical need for companies to maintain very close relations with their customers. One such actions would be to do develop a customer loyalty program. According to Shumba (2012), hotels have survived in turbulent times through good customer relations and the offering of gifts to customers. Mutara and Mushonga (2014) and Harrison et al., (2015) argue that customer loyalty programs are a way of giving back to customers, and can be used as a strategic tool to lure and maintain customers who repeatedly purchase from the business. According to Harrison et al., (2015) to gain a competitive advantage there is need for the business to focus more attention on the customer and a customer loyalty program, where customers collect points at every purchase that they can then redeem for trinkets and other small value gifts can go a long in separating a business from competition. The research investigates whether this strategy has been employed the tourism and hospitality industry in Mutare.

### **2.5.10 Strategic implementation**

Poirier and McCollum (2006) coined that strategic implementation revolves in the translation of strategy into play. These are ways by which the strategies are put in practice or prescribed as, strategic design of an organisation. They further noted that, successful strategy implementation of the correct strategy will depend on many factors including: company employees, how they link to adapt to the new strategy. Skill availability or the techniques required for the strategy, factors such as structural re-organisation and resulting cultural disturbance is essential for success. Availability of resources and strategic resource allocation need to be taken in consideration in the implementation plan.

Poirier and McCollum (2006) stipulated that, strategic implementation involves the transformation of translation programmes or objectives for operating units. Some plans go into detailed specification as to how the activities should be carried out. Target specification which management is expected to reach on their targeted initiations

In summary, this study encompasses on the need for enabling resources when implementing strategies. The implementation of strategic plans is the transformation of the strategies into detailed plans or actions. Management is responsible for insuring that all the strategies have been properly formulated and implemented successfully. When implementing strategies it is also of essential to determine the relevance, rate of progress. Implementation of strategic.

#### **2.5.11 Advertising**

According to Kotler and Armstrong (2012) advertising is any form of nonpersonal presentation and promotion of ideas goods or services by an identified sponsor. Advertising can be either informative, persuasive, reminder.

**Table 2.1: Advertising Objectives**

<u>Informative Advertising</u> Communicating customer value Building a brand and company image Telling the market about a new product Explaining how a product works	Suggest new uses for a product Informing the market of a price change Describing available service and support Correcting false impression
<u>Persuasive Advertising</u> Building brand preference Encouraging switching to a brand Changing customers' perception of product value	Persuading customers to buy purchase now Persuading customers to receive a sales call Convincing customers to tell others about the brand
<u>Reminder Advertising</u> Maintaining customer relationship Reminding consumers that the product may be needed in the near future	Reminding the consumers where to buy the product Keep the brand in customers' mind during the off season

Kotler and Armstrong (2012)

### **2.5.12 Online Marketing**

According Kotler and Armstrong (2012) Online marketing is the fastest growing form of direct marketing .wide spread use of the internet is having a dramatic impact on both buyers and the marketers who serve them. Much of the business today is carried out over the digital networks that connect people and companies. As the world is becoming one village through globalisation there is need for online marketing so that the goods and services can be marketed international. This will assist in the widen base of revenue for the companies

### **2.6 Relationship between Industrial Sector and the Hospitality Industry**

Pieper (1999) indicates that the manufacturing or industrial base has historically been recognized as a critical ingredient in the well-functioning of economies, although in Latin America and sub-Saharan Africa there had been a gradual decline of the industrial base over the past years. According to Pieper (1999), there is an important relationship between the economic performance of a country and deindustrialization. Thus the economic trajectory of Zimbabwe also has important implications for deindustrialization. As the conditions in the economy overall worsened, also did deindustrialization and this study is intent of examining how this deindustrialization affected the performance of the hospitality industry in Mutare.

Herman (2011) raises a number of issues that make the industrial sector, particularly manufacturing of essence to the good performance of an economy. According to Herman (2011), there is a correlation between the degree of industrialization and income per capita. Therefore, a highly industrialized country is able to create more jobs and exports of finished goods which adds to the prospering and boost in business for the hospitality sector. Higher per capita incomes mean that the society is able to afford recreation activities within the domestic tourism faucet, which is good business for the hospitality sector. Deindustrialization thus may result in a reversal of the fortunes of the hospitality industry. Herman (2011) adds that although there are quite strong linkages within manufacturing or industry itself, there are even stronger spill over effects and benefit links between manufacturing and the services sector, which the hospitality sector happens to be part of.

Lanza and Pigliaru (2000) indicate that there is a strong relationship between GDP growth and the tourism and hospitality development. This therefore means that when the economy takes a downturn, the hospitality industry also suffers a recession. This is the question that this research seeks to further dissect.

## **2.7 Chapter Summary**

The chapter reviewed the literature related to the effect of deindustrialization on the performance of the hospitality industry in Zimbabwe. The next chapter is the methodology.

## CHAPTER 3

### METHODOLOGY

#### 3.0 Introduction

This chapter outlines and justifies the methodological approach that is adopted so that findings to answer the pertinent questions of the study can be found. The chapter outlines the main types of research before focusing on the research design and the chosen research instruments.

#### 3.1 Types of Research

Research is a fascinating discipline because it seeks to find answers to societal problems, explore and make new discoveries. The main types of research that is qualitative and quantitative research are considered in this section.

##### 3.1.1 Qualitative Research

According to Acap (2012), qualitative research is more on the explanatory end of the research spectrum. The methodology is used when researchers do not exactly know what to expect, how some issues can be defined as well as why and how certain phenomenon behave the way they do (Acap, 2012). Thus in a nutshell quantitative research may be seen to be of a descriptive nature while qualitative research enables more understanding by using why and how as the key questions. Acap (2012) add that qualitative research tends to be characterised by textual observations that portray attitudes, perceptions and intentions.

Hancock et al (2007) indicate that qualitative research in most cases focuses on people or groups of people that can have somewhat different ways of looking at reality so that comparisons can be made. Acao (2012) indicates that the main strengths of qualitative data are that it is rich in detailed information, captures perspectives of specific and cultural contexts as a well as a data collection system that do not necessarily require a very large sample and thus cheaper. It is also because of the financial viability or 'cheapness' that prompted the student to adopt the qualitative research design as opposed to the quantitative alternative.

### **3.1.2 Quantitative Research**

Hancock, Windridge and Ockleford (2007) indicate that quantitative research is mainly about describing and understanding reality by the discovery of general laws using a sample. According to Acaps (2012), quantitative research involves the collection of data or information that can be analysed numerically, and which the results can be presented in the form of statistics, tables and graphs. According to Acaps (2012), this research method aims to prove or disprove pre-determined and produce results that can be generalized about a particular phenomenon. Quantitative research has certain complexities, for example there is need for a wider sample to be surveyed so that the probability of bias in the sample is reduced and that it also calls for the researcher to have a special set of skills to be able to analyse the data, produce and interpret the results – thus can be more expensive. The other weakness with quantitative is thus it tends to have less explanatory power when it comes to provide an in-depth description of the experience or phenomenon under investigation.

## **3.2 Research Design**

As already mentioned, this research adopts a qualitative research methodology. Again too much focus should not be put on which method is chosen because qualitative and quantitative research methods are not meant to be in constant conflict with each other but are actually complimentary and are there to assist the researcher (ibid, 2002).

### **3.2.1 Population**

The term population is used to mean the set of elements of interests under considerations for a particular study (Brink 1996). The population is the group of interest to the researcher. Fraenkel and Wallen (1996) claim that it is upon this group that the researcher would generalise the results of the study. The population includes all individuals whom the researcher is interested in obtaining the information and making inferences on. The population can be in two categories, the target and the study population. (Fraenkel and Wallen 1996). The target population is the actual population to which the researcher would really like to generalise. The target population in this study is the population of employees and owners of hospitality management facilities and services inside Mutare.

**Table 3.1: Target population**

<b>Category</b>	<b>Total</b>
<b>Employees</b>	<b>120</b>
<b>Management</b>	<b>30</b>
<b>Total</b>	<b>150</b>

**Source: Survey Mutare 2016**

**i. Sample size**

According to Bruce(2007) sample size refers to the sampling portion that is drawn from the Target population .According to Lucy (2006), she states that if population is below 200 you use 40% and if it is above 200 you use 30%. Therefore the sample size is  $(0.40*150) =60$

**Table 3.2: Target population**

<b>Category</b>	<b>Total</b>
<b>Employees</b>	<b>40</b>
<b>Management</b>	<b>20</b>
<b>Total</b>	<b>60</b>

**Source: Survey Mutare 2016**

### **3.3 Research instruments**

In order to attained adequate, appropriate and reliable information, the research work uses mainly in-depth interviews and a questionnaire mainly because these two methods were the most appropriate

#### **3.3.1 In-depth Interview and Questionnaire**

Before conducting interviews, the research uses an interview guide that helps to direct the conversation toward the questions that the research wants to find answers to. Interview guides vary from highly scripted to relatively loose, but they all share certain features: They help the researcher know what to ask about, in what sequence, how to pose the questions, and



how to pose follow-ups. They provide guidance about what the researcher needs to do or say next, after the interviewee has answered the last question (Hancock, Windridge and Ackleford, 2007). The interview guide ensures that the researcher is able to cajole and probe for more answers during the interviews with employees and owners of hospitality facilities in Mutare.

The research uses convenience sampling to decide on which person to approach for an interview or to hand out a questionnaire. Convenience sampling is mainly based on the principle that the researcher interviews the respondent who is fit, available and willing to answer a given set of questions at a particular time.

**Table 3.3: Number of In-depth Interviews/Discussions and Questionnaires**

<b>Research instrument</b>	<b>Number</b>
Interviews	7
Questionnaires	3
<b>Total</b>	10

### **3.3.1 Questionnaire**

The questionnaire is selected as a tool of data collection. A standard questionnaire is used for 100 employees at different organizational levels in selected hospitality entities in Mutare such as hotels, restaurants and lodges. The study uses the questionnaire method as it permits wide coverage. The study includes 100 respondents, which is not easy with the use of approaches such as the interviews given that time is limited. It is also suitable because, since the questionnaire provides written information, there is less danger of misrepresentation of facts or information. Thirdly, questionnaire responses are easier to analyse using charts and graphs as presented by Chapter 4 of this dissertation. The questionnaire includes questions that require the respondents to indicate whether they agree or do not agree with the statements used as an add on to the interviews. For reasons of cost efficiency questionnaires enable interviewers to include a much broader range of respondents in their research. Mainly closed and partly open questions are used in the survey in order to identify trends and patterns.

### **3.4 Summary**

This chapter considered the different approaches to research which are qualitative and quantitative research. It outlined the adopted qualitative research design the chapter pointed that due to the fact that both are complimentary by design, it is not exactly hard and fast which method is chosen as the researcher can pick elements from both methods which in his or her view can make the research findings stronger. The research uses in-depth interviews and questionnaires.

## CHAPTER 4

### DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4:0 Chapter Introductions

This chapter presents the data presentation, analysis and discussion of findings on the strategic response to deindustrialization effect on hospitality sector in Mutare [CBD]. The findings will be drawn from the questionnaire response rate and the presentation will be done using graphs, tables and the staging will be done using statistical package. The chapter will be concluded with a chapter summary.

#### 4.2 Response Rate

##### 4.2.1 Analysis of data response rate

The questionnaires were distributed to employees and managers and the administration is shown by the table from above.

**Table 4.1: Data response rate**

Category	Administered	Returned	Total%
Employees	40	35	88
Management	20	20	100
Total	60	55	92

**Source: Primary data**

The table from above shows the questionnaires that were distributed to both employees and manager and from the 60 that were distributed only 55 were successful giving an overall response rate of 91%. The overall response rate is deemed favourable in this research as it is high.

#### 4.2.2 Interview response rate

#### 4.2.3 Analysis of data response rate

The interviewed planned and scheduled were conducted to employees and managers and the administration is shown by the table from above.

**Table 4.2: Interview response rate**

Category	Administered	Conducted	Total%
Employees	7	5	71
Management	3	2	67
Total	10	7	70

**Source: Primary data**

The above table shows the interviews that were conducted and it shows that out of 10 only 7 were successful.

#### 4.3 The Overall response rate

The overall response rate involves a combination of the responses from questionnaires' and interviews. Questionnaires response rate of 92% and the interviews have a response rate of 70%. The combination of the two gave an overall response rate of 81%. The response rate is high therefore making the data appropriate and reliable for the study such that examination, conclusions and recommendations can be made. The general response rate was calculated as;

$$\begin{aligned}\text{Overall average response rate} &= (\text{questionnaire response rate} + \text{Interviews response rate})/2 \\ &= (92\%+70\%)/2 \\ &= 81\%\end{aligned}$$

#### 4.4 Graphical presentation of questionnaire responses from the research.

Management levels contribution

Contribution formula = number of respondents in that level/ total number of respondents who participated.

Employees =  $(35/40) \times 100$   
= 88%

Management =  $(20/20) \times 100$   
= 100%

**Fig 4.1: Questionnaire response rate**



The graph above graph shows the questionnaire response rate and it shows that of the 55 that were exclusively distributed only 55 out of 60 were successful.

## 4.5 Questionnaire response rate on the relationship between strategies and hospitality Sector

**Table 4.3: Do you think strategies adopted by hospitality industry are effective?**

	Strongly agree <sup>5</sup>	Agree 4	Neutral 3	Strongly disagree <sup>2</sup>	Disagree 1
Have rebranding effectively work	8	6	3		1
Are firms in hospitality industry surviving as result of strategies	8	2		1	
Have firms that have implemented retrenchment improved	7	3	3	1	1
Did the strategies enhance quality of services		4	4	1	2

The above table shows the response rate on the first objective when the question relating to the strategies adopted by the hospitality. Most respondents were sure that the strategies being employed are working and this is shown by a higher percentage of 69% showing that the strategies are working. In relation to the above responses, the below outcome tested the relation between study variables using stata 11.

**Table 4.4: Relationship between strategies employed and hospitality sector**

. reg sd hs

Source	SS	df	MS			
Model	5.22710224	1	5.22710224	Number of obs =	55	
Residual	16.1547159	53	.304805961	F( 1, 53) =	17.15	
Total	21.3818182	54	.395959596	Prob > F =	0.0001	
				R-squared =	0.2445	
				Adj R-squared =	0.2302	
				Root MSE =	.55209	

  

sd	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
hs	.2815775	.0679953	4.14	0.000	.1451961	.4179589
_cons	3.36321	.21947	15.32	0.000	2.923009	3.803411

**Source: Primary data**

There is a positive relationship between strategies adopted and hospitality sector from the Results as shown from above by 't'- value of 4,14, it show the relevance of study variables as

Indicated by a 'p'-values of 0,000 which is below 0,5. The findings above also show a Squared of 24% which shows the level of confidence as supported by coefficient of 28%. The study variable therefore shows that an increase in strategies adopted by 1 unit will result in an increase in hospitality by 1 unit.

Rebranding is the creation of a new look and feel for an established product in order to differentiate the product from its competitors. Rebranding efforts may include a name change, new logo or packaging and updated marketing materials that include the latest industry buzzwords. The goal of rebranding is to influence a customer's perception about a product or service by revitalizing the brand and making it seem more modern and relevant to the customer's needs (Techoarget, 2016).

According to Kotler and Armstrong (2012) a brand is a name, term, sign, symbol or design or a combination of these that identifies the maker or seller of a product and branding can add value to a product.

**Table 4.5: What perception do you have on the effectiveness of strategies implemented by hospitality industry?**

	<b>Strongly agree</b> <b>5</b>	<b>Agree</b> <b>4</b>	<b>Neutral</b> <b>3</b>	<b>Strongly disagree</b> <b>2</b>	<b>Disagree</b> <b>1</b>
Are the strategies effective	8	6	3	2	1
Did the challenges improve on profitability	8	2	2	1	
How do you rate the effectiveness of these strategies	7	3	3	1	1
Are employees motivated by these strategies	2	4		1	

The above table shows the response rate on the second objective when the question relating to the strategies adopted by the hospitality. Most respondents were sure that the strategies being employed are working and this is shown by a higher percentage of 73% showing that

the strategies are working. In relation to the above responses, the below outcome tested the relation between study variables using stata 11.

**Table 4.6: Relationship between effective strategies and hospitality sector**

```
. reg es hs
```

Source	SS	df	MS			
Model	.875767989	1	.875767989	Number of obs =	55	
Residual	12.7605956	53	.240765956	F( 1, 53) =	3.64	
Total	13.6363636	54	.252525253	Prob > F =	0.0619	
				R-squared =	0.0642	
				Adj R-squared =	0.0466	
				Root MSE =	.49068	

  

es	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
hs	.1660939	.0870877	1.91	0.062	-.0085819	.3407697
_cons	3.871707	.3126789	12.38	0.000	3.244552	4.498861

**Source: Primary data**

There is a positive relationship between effective strategies and hospitality sector from the results as shown from above by ‘t’- value of 1,91, it show the relevance of study variables as indicated by a ‘p’-values of 0,062 which is below 0,5. The findings above also show an R squared of 6% which shows the level of confidence as supported by coefficient of 17%. The study variable therefore shows that an increase in effective strategies by 1 unit will result in an increase in hospitality by 1 unit.

The findings are in line with this literature review, Barry et al (2008) organizations need to assess users’ satisfaction levels and attitudes towards their service delivery by querying them. Research findings shows that satisfied customers may not remain loyal but dissatisfied customers certainly will not remain loyal if they have a choice .Nearly all research studies indicate that dissatisfied customers tell more people about their bad experience with a company than satisfied customers with good experience (John and Elsevier, 2004). There is a relationship between customer satisfaction and loyalty and a relationship between customer loyalty and company performance. Studies indicate profits increase with the length a customer remains in a relationship. Additional studies across industries have to be conducted before accepting the relationship. Service industries such as airlines, restaurants and hotels may have a different loyalty/profit profile than telephone and insurance companies (Barry, 2008).



**Table 4.7: Do you think the alternative strategies employed by the hospitality industry are working?**

	Strongly agree 5	Agree 4	Neutral 3	Strongly disagree 2	Disagree 1
Do you think butter trading is the solution to deindustrialisation	8	6	3	1	1
Does McGregor theory X and Y strategy work	8	2	2		
Do you think the strategy of sleep now or consume now and pay later work	7	3	3	1	
Do you think the conversation of conference rooms to casino work	6	4			

The above table shows the response rate on the third objective when the question relating to the alternative strategies by the hospitality. Most respondents were sure that the strategies being employed are working and this is shown by a higher percentage of 69% showing that the strategies are working. In relation to the above responses, the below outcome tested the relation between study variables using stata 11.

**Table 4.8: Relationship between alternative strategies and hospitality sector**

```
. reg alt hs
```

Source	SS	df	MS			
Model	.508337073	1	.508337073	Number of obs =	55	
Residual	4.83711747	53	.091266367	F( 1, 53) =	5.57	
Total	5.34545455	54	.098989899	Prob > F =	0.0220	
				R-squared =	0.0951	
				Adj R-squared =	0.0780	
				Root MSE =	.3021	

  

alt	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
hs	.1174729	.0497757	2.36	0.022	.0176355	.2173102
_cons	3.76308	.1521659	24.73	0.000	3.457874	4.068286

There is a positive relationship between alternative strategies and hospitality sector from the results as shown from above by 't'- value of 2,36, it show the relevance of study variables as indicated by a 'p'-values of 0,022 which is below 0,5. The findings above also show an R

squared of 10% which shows the level of confidence as supported by coefficient of 12%. The study variable therefore shows that an increase in alternative strategies by 1 unit will result in an increase in hospitality by 1 unit. In addition to the above findings, many restaurants and hotels have resorted to offering traditional local foods, Chinese foods, subletting of rooms into offices. They are also offering promotions during holidays for instance, the first couple to arrive on that particular day is offered a room for free.

The findings are supported by this review, offering superior services acts as a competitive advantage for some hotels and by emphasizing customer service and building strong relationships, the business can widen its market share and profits. A relationship exists between customer's satisfaction levels, loyalty and company profits which increase with the length a customer remains in a relationship (Brand, 2006). The failure of most businesses is a result of low customer satisfaction service levels, *Management Magazine* (May, 2011). Lower relative costs can also be a source of competitive advantage either by focusing on a particular group of buyers or geographical market and the business gains a cost advantage in the target market, Gurley (2008).

Superior human skills and capital resources can influence the performance of hotels by providing satisfactory services to the customers and as the service industry is labour intensive. Arthur et al (2008) argues that competent, trained and well informed employees with the right attitude to offer prompt and reliable services with the help of modern equipments and information technology can be a source of competitive advantage and success to organizations. The study found that the hospitality industry in Mutare had been innovative and there are a number of strategies that the sector had implemented to survive the effects of de-industrialization. The study found that the strategic responses that the hospitality industry in Mutare had adopted to various degrees were discounts, negotiation and downward adjustment of prices, the compromising of quality, launching customer loyalty programs, rebranding, repositioning, restructuring and right sizing, workforce stability strategies, advertising and online marketing and, effective working capital management

**Table 4.9: Does the challenges encountered by the tourism sector have an impact on performance?**

	Strongly agree 5	Agree 4	Neutral 3	Strongly disagree 2	Disagree 1
Do you think cost reduction compromise quality	8	2	1		1
Are firms in this sector deindustrialising	9	6		1	
Does financial resource have an impact on strategy formulation	7	7	1		
Have retrenchment process brought burden to performance of these firms	7	4			1

The above table shows the response rate on the final objective when the question relating to the challenges by the hospitality. Most respondents were sure that the challenges have an impact on performance being employed are working and this is shown by a higher percentage of 91% showing that the strategies are working. In relation to the above responses, the below outcome tested the relation between study variables using stata 11.

**Table 4.10: Relationship between challenges faces and hospitality**

. reg cf hs

Source	SS	df	MS			
Model	.265112532	1	.265112532	Number of obs =	53	
Residual	9.01790634	51	.176821693	F( 1, 51) =	1.50	
Total	9.28301887	52	.178519594	Prob > F =	0.2264	
				R-squared =	0.0286	
				Adj R-squared =	0.0095	
				Root MSE =	.4205	

  

cf	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
hs	-.0695592	.0568077	-1.22	0.226	-.1836055	.044487
_cons	4.445592	.1880865	23.64	0.000	4.067993	4.823192

**Source: Primary data**

There is a negative relationship between challenges and hospitality sector from the results as shown from above by 't'- value of -1,22, it show the relevance of study variables as indicated by a 'p'-values of 0,226 which is below 0,5. The findings above also show an R squared of

3% which shows the level of confidence as supported by coefficient of -7%. The study variable therefore shows that an increase in challenges faced by 1 unit will result in a decrease in quality of hospitality sector by 1 unit.

The outcomes above are in line with this review, in a study of survival strategies by hotels in Zimbabwe in a hyperinflationary environment, Shumba (2012) found that hotels compromised quality as a survival strategy. One of the ways this was done was by serving substandard meals. Some of the interview respondents in the study by Shumba (2012) indicated that for example, they had to go for 3 months during a particular year without payment of DSTV subscription fees for the lodge lounge TV sets. This therefore reduced service quality as the hotel technicians had to replay the same animal films as entertainment for guests (Shumba, 2012). The challenges of deindustrialization may more or less be similar to those faced by the tourism and hospitality industry during the era of hyperinflation, and this research intends to establish whether compromising on quality is another consideration by the sector in the face of deindustrialization.

Min & Min15 (1997) have mentioned in their research concluded that with escalating competition in the hotel industry, a growing number of hotels have given service quality their top priority for sustaining competitiveness and to do the same, hotels needs to develop reliable standards for service quality which requires to comparing the hotel's service performance with that of the service leader and examine its performance continuously through competitive scales. In doing so; hotels have proposed the use of competitive gap analysis through analytic hierarchy process. These methods may help the hotel manager design viable service improvement strategies in the ever competitive industry. This research also highlights the usefulness of the proposed benchmarking methodology through case of Korean luxury hotels. Dwayne et al (2007) conducted study and examined service quality expectation differences among three stakeholder groups involved in the interaction of tourists, employees and management of service providers to degree to which service climate may explain these differences. It revealed that very few management barriers have considerable impact on managers' perceptions of tourists' expectations and most of employee barriers drastically impacted frontline employees' perceptions of visitors' expectations.

## **4.6 Chapter summary**

The chapter presented research findings as shown below. From this chapter tables, graphs and statistical data was drawn to show the outcomes from the research. The subsequent chapter will now focus on the summary of findings, conclusion and recommendations.

## CHAPTER 5

### SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.0 Introduction

This will outline the summary of study objectives, conclusions and recommendations. Findings from this study are based on analysis in the previous chapter, research objectives and research questions in chapter one. The research findings from chapter four were used to draw recommendations for the hospitality sector. The area that needed further research will also be highlighted, and some concluding remarks were also indicated in this chapter, marking the end of the research.

#### 5.1 Summary of findings

The findings from chapter presented some of the strategies that are being implemented by the hospitality sector in order to survive the level of market competition and a steady decline in performance of most organizations in Zimbabwe but in this research the delimitation of the researcher was Mutare [CBD]. The findings above shows some strategies are positively and negatively related to the research topic.

The first objective indicated that there in a positive relationship between study variables as it was shown by as shown by 't'-tests of 4,14 as the figure work hand in hand with a 'p'-value of 0,000.the findings therefore entails that and increase in dependent variable by 1 unit will result in an increase on the other variable.

The second objective indicated that there in a positive relationship between study variables as it was shown by as shown by 't'-tests of 1,91 as the figure work hand in hand with a 'p'-value of 0,062.the findings therefore entails that and increase in dependent variable by 1 unit will result in an increase on the other variable.

The third objective indicated that there in a positive relationship between study variables as it was shown by as shown by 't'-tests of 2,36 as the figure work hand in hand with a 'p'-value

of 0,022.the findings therefore entails that and increase in dependent variable by 1 unit will result in an increase on the other variable.

The forth objective indicated that there in a positive relationship between study variables as it was shown by as shown by ‘t’-tests of -1,22 as the figure work hand in hand with a’p’-value of 0,226.the findings therefore entails that and increase in dependent variable by 1 unit will result in an increase on the other variable.

## **5.2 Conclusion**

In conclusion the researcher realized that there is a positive relationship between the strategies implemented in the hospitality industry as it is indicated by most organization in the sector rebranding and improving on their performance as this was seen by continuous survival. The findings also showed that the challenges faced by organizations in implementing the strategies in the face of deindustrialization has caused negative impact on the quality performance.

## **5.3 Recommendation**

Organizations’ in the hospitality sector should enter into forward contracts with other market leaders for example barter trading with other firms in return providing them with free accommodation and dinners.

The Zimbabwe tourism authority must put in place a revolve fund to cater for the development of deindustrialization firms in hospitality industry for them to grow since they contribute on economic growth through tourism.

Government should ensure that a conducive environment in the country is prevailing in the country and this can be achieved by removing or restructuring of policies to allow foreign direct investments.

Firms in the hospitality sector should offer credits and installments as a way of paying and allowing clients or customers to sleep or eat and pay later.

#### **5.4 Further research topic**

The next research should now focus on the impact of strategy formulation on the performance of firms in the hospitality.



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# MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

Research Questionnaire by: BOTHWELL. H. MWAREHWA (R133653Y)

I am a final year student, studying for a B.Com Honours in Business Management. In partial fulfilment of the programme, each student is required to conduct a dissertation on a topic of his/her choice.

This research topic is: *Strategic Response to De-Industrialization Effect on the Hospitality Sector in Mutare (CBD Area)*

It is in this light that I request your participation in completing this questionnaire. All information will be treated with strict confidentiality and solely used for academic purposes.

Names are not required.

## Appendix 1: Employees and managers questionnaire

**Instruction:** Please fill in all parts as earnestly as possible by putting a tick on one of the options given where applicable.

### Demographic information

1. Gender

Male  Female

2. Age

18-30  31-40  41-50  51-60  Above 60

3. Please indicate your department

Information Technology  Operations  Finance   
Business Development  Marketing  Administration   
Human Resources

4. Length of period in the current organization (years)

1-2  3-4  5-6  7-10  Above 10

5. Employment Status

Permanent  Contract  Seasonal

6. Highest completed level of education

Ordinary level  Advanced level  Diploma

University degree  Masters Degree

Other specify.....

### Marketing strategies

7. Please indicate by ticking organisations/institutions which you provide services to.

Individuals  Private Sector  SMEs  Public Sector  NGOs

8. Are the number of organisations/institution or individuals increasing or decreasing?

Yes  No

9. Did the current prevailing harsh economic climate affect your business?

Yes  No

i) Please explain your answer.....

10. Marketing and promotion employed by your institution in response to competition from other players is sufficient?

Yes  No

i) If no, what else do you think your organization should do to stay competitive?.....

11. Does your hotel employ online marketing?

Yes  No

i. If No which mode of marketing is being employed by your institution?.....

### **Relationship management**

12. Hotels and Lodges in Mutare have moved from transactional approaches to a relationship marketing approach emphasizing the value of long term relationships with clients.

Agree  Strongly Agree  Neutral  Disagree  Strongly Disagree

ii) Please justify your answer .....

### **Strategic Responses to De-industrialization**

13. How innovative has been the hospitality sector in dealing with de-industrialization challenges?

Very Innovative  Partial Innovative  Not Innovative

14. Did your organisation come up with any new technologies to counter the competition from other services providers

Yes  No

b) If yes list them .....

15. If yes to what extent has the new technologies benefited your organisation

To a large extent  Neutral  lower extent  No extent

### **Product Development**



16. Did your Lodge/Hotel come up with new products to mitigate the impacts of de industrialisation?

Yes  No

i. If yes please list them

.....

17. does your organisation offers discount?

Yes  No

i) If yes, did the occupancy rate increased? .....

18. By offering discounts, did the organisation compromise with the standard or quality of the institution?

Yes  No

If yes, what are the challenges? .....

19. Does the organisation offers customer loyalty programs?

Yes  No

i) If No, what are the challenges of not offering loyalty programs.....

20. Did organisation reduce the price in order to attract clients?

Yes  No

What are the impacts of price reduction, list them? .....

**Operations strategies**

21. Does rebranding add a value to your organisation?

Yes  No

22. Is the organisation repositioning it's self in response to deindustrialization?

Yes  No

i) What strategies are being employed by the organisation to reposition itself.....

23. Did the organisation restructure in response to the de industrialisation?

Yes  No

ii) If no, Justify your answer .....

24

<b>Strategy</b>	<i>Tick</i>	<i>Effective</i>	<i>Ineffective</i>
Discounts			
Quality Compromise			
Customer Loyalty Programs			
Rebranding			
Repositioning			
Restructuring, right sizing			
Workforce Stability Strategies			
Advertising			
Effective working capital management			
Online Marketing			
Strategic Implementation			
Price Adjustment			

1) What other strategies have been used to react to deindustrialization?

.....

.....

.....

.....

.....

.....

.....

**Human Resources Strategies**

25. Did you recruit more manpower?

Yes  No

ii) If no justify your answer .....

Did you retrenched

Yes  No

ii) If yes, what are the benefits of retrenchment? .....

iii) What challenges did you face after retrenchment.....

26. Did the organisation invested more in human capital in order to increase the turnover and market new products

Yes  No

27. Did the organisation offered trainings to employees for them to copy in the harsh economic climate?

Yes  No

28. Which training where you offered

Customer Care  Operations  Marketing  Training

Other Specify .....

### Overall strategy

29. Does your institute currently posses the necessary capability to adopt aggressive strategies to match environmental challenges.

Yes  No

i) If not, please indicate the possible means by which the organization can acquire these capabilities .....

30. The Hospitality sector is facing some challenges caused by the de industrialisation process

Yes  No

If yes what are the challenges .....

### Strategic Key Stakeholders

31. Do you think government and ZTA have been doing enough to assist the hospitality industry to deal with the effects of deindustrialization?

Yes  No

32. What other strategies have been used to react to deindustrialization by your institution?  
 .....

33. With regards to Government and The Zimbabwe Tourism Authority (ZTA), what strategies have they used  
 .....

**34 What perception do you have on the effectiveness of strategies implemented by hospitality industry?**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Are the strategies effective					
Did the challenges improve on profitability					
How do you rate the effectiveness of these strategies					
Are employees motivated by these strategies					

**36 What perception do you have on the effectiveness of strategies implemented by hospitality industry?**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Are the strategies effective					
Did the challenges improve on profitability					
How do you rate the effectiveness of these strategies					
Are employees motivated by these strategies					

**37 Do you think the alternative strategies employed by the hospitality industry are working?**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Do you think barter trading is the solution to deindustrialisation					
Does McGregor theory X and Y strategy work					
Do you think the strategy of sleep now or consume now and pay later work					
Do you think the conversion of conference rooms to casino work					

**38 Does the challenges encountered by the tourism sector have an impact on performance?**

	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Strongly disagree</b>	<b>Disagree</b>
Do you think cost reduction compromise quality					
Are firms in this sector deindustrialising					
Does financial resource have an impact on strategy formulation					
Have retrenchment process brought burden to performance of these firms					

39 What would you recommend?

**Government**

.....  
.....

**The Hospitality Industry**

.....  
.....

**ZTA**

.....  
.....

*Thank you very much for completing my questionnaires*

## **Appendix 2: Interview guide**

- 1) To start with, what are the challenges that the hospitality industry is going through due to deindustrialization?
- 2) Can we say all of these are due to deindustrialization?
- 3) Explain how deindustrialization has resulted in these challenges?
- 4) How different is the current operation environment in comparison to the early 2000s for example?
- 5) How have been surviving these effects of deindustrialization?
- 6) What changes in strategies have you made in response to deindustrialization?
- 7) How effective have these strategies been?
- 8) How has government and ZTA assisted you to deal with these challenges?
- 9) What would be your recommendations?

## APPENDIX 1

<b>sd</b>	<b>hs</b>
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## APPENDIX 2

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### APPENDIX 3

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## APPENDIX 4

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