

 Journal of Management and Business Innovation (JOMBINO) https://v-learnov.com/index.php/jombinov Volume 02 Number 03 September 2026 Page: 197-211 ISSN: 3123-6464 (Online)	Hotel Classification Governance and Destination Competitiveness: Empirical Insights for Destination Management in Kenya. Ruth K. Kimaiga* *Strategy & Planning Division, Tourism Regulatory Authority, Kenya
Article History: Received: 07 Jun 2026 Revised: 29 Jun 2026 Accepted: 14 Jul 2026 Corresponding Author: Ruth K. Kimaiga Corresponding E-mail: rkimaiga@yahoo.co.uk ruthkimaiga2@gmail.com	Abstract: Research Aims: This study examined the influence of hotel classification governance on destination competitiveness in Kenya, with a particular focus on how governance dimensions contribute to destination quality, tourist confidence, destination image, and overall tourism competitiveness. Methodology: Grounded in Governance Theory, this descriptive cross-sectional study surveyed 139 classified accommodation facilities selected proportionally from 205 facilities in Kenya using Yamane's formula and simple random sampling. Data were collected through a reliable structured questionnaire (Cronbach's $\alpha = 0.835$) and analyzed using descriptive and inferential statistics. Research Findings: Hotel classification governance significantly and positively influenced destination competitiveness ($\beta = 0.637$, $R^2 = 0.406$, $p < 0.001$). However, weak reassessment mechanisms ($M = 1.55$), despite strong support for service quality and public-private collaboration, reveal a credibility gap between the formal governance framework and its practical enforcement. Theoretical Contribution/Originality: This study contributes to tourism governance literature by providing empirical evidence from the African tourism context that hotel classification governance is a strategic predictor of destination competitiveness through its integrated governance dimensions. Practitioners/Policy Implications: The findings suggest that strengthening hotel classification governance can enhance destination image, tourist confidence, service quality, and tourism competitiveness. Policymakers and tourism regulators should strengthen institutional credibility, reassessment mechanisms, stakeholder collaboration, and digital regulatory frameworks to improve Kenya's tourism competitiveness. Research Limitations/Implications: The cross-sectional, quantitative design limited the depth of examination of governance dynamics and contextual institutional factors. Nonetheless, the study contributes to the tourism governance literature by empirically demonstrating that hotel classification governance serves as a strategic predictor of destination competitiveness. Keywords: Hotel Classification, Governance, Destination Competitiveness, Classified Accommodation Facilities, Kenya
This open access article is distributed under a Creative Commons Attribution ShareAlike 4.0 International License (CC BY-SA 4.0). 	

INTRODUCTION

The destination competitiveness depends on effective governance as much as attractions and infrastructure. To meet rising expectations for quality, transparency, and sustainability, hotel classification has evolved into a governance tool that supports service quality, stakeholder engagement, destination branding, and sustainable tourism, making it a strategic driver of destination competitiveness (Crouch & Ritchie, 1999; Dwyer & Kim, 2003; Minazzi, 2010; OECD, 2020; UN Tourism, 2022; Rogerson & Rogerson, 2019).

International evidence shows that successful hotel classification combines standardized criteria with strong governance, transparency, and continuous quality improvement. Europe's Hotelstars Union, Singapore's digital governance model, and France's multidimensional classification system illustrate how hotel classification can strengthen tourism quality and destination management (Hotelstars Union, 2023; OECD, 2020; Buhalis & Amaranggana, 2014; Gretzel et al., 2015; Sigala, 2018; UN Tourism, 2022).

Similar lessons can be seen in South Africa, Dubai, and Morocco, where hotel classification is supported by professional assessors, transparent governance, digital systems, public-private collaboration, and context-sensitive quality assurance that protects cultural heritage while improving competitiveness (Rogerson & Rogerson, 2019; South African Tourism, 2023; Henderson, 2006; Stephenson, 2014; UNESCO, 2018; OECD, 2020).

However, many developing destinations still struggle with weak institutional coordination, limited stakeholder participation, poor digital integration, and low confidence in classification systems, so hotel classification often functions mainly as a compliance exercise rather than a tool for improving destination quality and competitiveness (OECD, 2020; UN Tourism, 2022; Minazzi, 2010; Dwyer & Kim, 2003).

In Kenya, hotel classification is managed by the Tourism Regulatory Authority under the East African Community framework, but concerns remain about reassessment effectiveness, stakeholder engagement, institutional coordination, digital transparency, assessor professionalism, and the contribution of classification outcomes to destination competitiveness (East African Community, 2021; Akama, 2002; Ondicho, 2017).

Most studies on hotel classification focus on service quality, customer satisfaction, hotel performance, consumer decisions, and regulatory compliance (Callan, 1998; Minazzi, 2010; Narangajavana & Hu, 2008). Tourism governance research has mainly examined destination management, stakeholder coordination, policy, and institutional arrangements (Bramwell & Lane, 2011; Hall, 2011). Consequently, little empirical research has explored how hotel classification governance affects destination competitiveness, especially in Africa, where studies tend to emphasize tourism development and destination performance rather than classification governance mechanisms (Rogerson & Rogerson, 2019; Michael, 2018).

This study addresses that gap by examining hotel classification governance as an integrated construct that includes institutional credibility, stakeholder engagement, professionalism, quality assurance, and regulatory effectiveness, and by assessing its effect on destination competitiveness in Kenya. The study extends the literature by showing that governance arrangements within hotel classification systems can influence competitiveness in emerging tourism destinations.

This study was grounded in Destination Competitiveness Theory, Institutional Theory, and Governance Theory to examine how hotel classification governance affects destination

competitiveness in Kenya. Destination Competitiveness Theory argues that competitiveness depends on effective destination management, service quality, infrastructure, supportive policies, and innovation that enhance tourist satisfaction and market appeal (Crouch & Ritchie, 1999; Dwyer & Kim, 2003). Accordingly, hotel classification governance serves as a strategic tool for maintaining service standards, visitor confidence, destination image, and tourism quality assurance.

Institutional Theory emphasizes that organizational legitimacy, regulatory compliance, professional assessment, and stakeholder acceptance are essential for trust, standardization, and industry legitimacy (DiMaggio & Powell, 1983; Scott, 2014). Governance Theory highlights coordination, stakeholder participation, transparency, accountability, and collaboration among public and private actors as key elements of effective tourism governance (Rhodes, 1996; Pierre & Peters, 2000).

By integrating these three theories, the study conceptualizes hotel classification governance as a strategic institutional mechanism that shapes destination competitiveness in Kenya.

METHODS

This study used a descriptive cross-sectional survey to examine how hotel classification governance influences destination competitiveness in Kenya. Data were collected once from managers of classified accommodation facilities using structured Likert-scale questionnaires and analyzed quantitatively through descriptive and inferential statistics. A descriptive design was appropriate for describing managers' perceptions, while the cross-sectional approach efficiently captured relationships among governance dimensions and destination competitiveness without manipulating the study environment (Kothari, 2004; Creswell & Creswell, 2018; Bryman, 2016; Saunders et al., 2019).

The study targeted 205 classified accommodation facilities in Kenya, from one- to five-star hotels, because they operate within the Tourism Regulatory Authority's classification system. Using the Yamane (1967) formula with a 95% confidence level and 5% margin of error, a sample of 136 facilities was obtained. Probability Proportional to Size (PPS) sampling ensured proportional representation across hotel categories, followed by simple random sampling to minimize selection bias and improve representativeness (Kothari, 2004; Saunders et al., 2019). This sampling approach strengthened the reliability and generalizability of the findings.

Table 1. Population and Sample for Alassified Accommodation Facilities in Kenya

No	Star Rating Category	Population	Sample
1	One Star	3	2
2	Two Star	54	36
3	Three Star	62	41
4	Four Star	62	41
5	Five Star	24	16
Total		205	136

Source: Tourism Regulatory Authority, 2019

Primary data were collected through a structured questionnaire administered to managers of classified accommodation facilities in Kenya. The instrument used a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to measure perceptions of transparency, professionalism, stakeholder collaboration, digital compliance, quality assurance, and destination competitiveness. Structured questionnaires are suitable for collecting standardized quantitative data and supporting

statistical analysis of relationships among variables (Saunders et al., 2019; Creswell & Creswell, 2018; Likert, 1932; Joshi et al., 2015). The items were developed from tourism governance, destination competitiveness, and hotel classification literature, ensuring relevance and contextual suitability for the Kenyan hospitality sector.

This study used both primary and secondary data to examine hotel classification governance and destination competitiveness in Kenya, allowing data triangulation and strengthening the credibility of the findings (Saunders et al., 2019). Primary data were collected through a Google Forms questionnaire distributed online to managers of sampled classified accommodation facilities between 1 September and 7 November 2025, improving coverage and response convenience (Bryman, 2016). Secondary data were obtained from journal articles, books, government policy documents, tourism regulatory reports, and related publications, which provided theoretical, contextual, and regulatory insights relevant to hotel classification governance and destination competitiveness (Kothari, 2004).

Quantitative data were analyzed using descriptive and inferential statistics. Mean and standard deviation were used to summarize respondents' perceptions of hotel classification governance and destination competitiveness (Hair et al., 2019). The measurement instrument was tested for validity using Exploratory Factor Analysis (EFA) with KMO and Bartlett's Test, while reliability was assessed through Cronbach's alpha. Spearman's rank correlation was applied to evaluate data suitability, followed by linear regression to examine the influence of hotel classification governance on destination competitiveness. All analyses were conducted at a 95% confidence level and 5% significance level.

RESULTS

Survey Response Rate

A total of 136 questionnaires were distributed to managers of star-rated accommodation facilities in Kenya, with 115 valid responses obtained, representing an 84.55% response rate. This rate was considered highly satisfactory, as response rates above 70% are regarded as adequate in survey research for improving reliability, representativeness, and minimizing non-response bias (Babbie, 2013; Mugenda & Mugenda, 2003). Therefore, the response rate provided a strong basis for analyzing the influence of hotel classification governance on destination competitiveness.

Construct Validity of the Survey Instrument

Construct validity was assessed using Exploratory Factor Analysis (EFA) with Principal Axis Factoring and Promax oblique rotation to verify whether the Likert-scale items accurately represented the latent constructs of hotel classification governance and destination competitiveness. EFA was appropriate for evaluating construct validity among multiple observed variables (Hair et al., 2019). Principal Axis Factoring was selected to identify shared variance, while Promax rotation was applied because the constructs were expected to be correlated (Field, 2018; Tabachnick & Fidell, 2019).

Before factor extraction, items were screened based on communalities. Two indicators with values below the recommended threshold of 0.50 were removed, as low communalities indicate insufficient shared variance and may weaken construct validity (Hair et al., 2019; Field, 2018). The suitability of the data for factor analysis was then evaluated using the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity.

Table 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.703
Bartlett's Test of Sphericity	Approx. Chi-Square	4230.780	
	df	120	
	Sig.	.000	

As shown in Table 2, the KMO value of 0.703 exceeded the recommended threshold of 0.70, indicating adequate sampling suitability for factor analysis (Hair et al., 2019). Bartlett's Test of Sphericity was significant ($\chi^2 = 4230.780$, $df = 120$, $p < .001$), confirming sufficient correlations among variables for exploratory factor analysis (Field, 2018). These results supported the suitability of the data for factor extraction and construct validation.

Table 3. Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	8.975	56.094	56.094	8.877	55.479	55.479	8.863
2	5.583	34.891	90.985	5.505	34.405	89.883	5.539
3	.500	3.128	94.112				
4	.264	1.652	95.765				
5	.151	.945	96.709				
6	.113	.704	97.414				
7	.097	.605	98.019				
8	.085	.530	98.549				
9	.060	.375	98.924				
10	.057	.356	99.280				
11	.038	.238	99.518				
12	.035	.219	99.737				
13	.023	.145	99.882				
14	.013	.083	99.965				
15	.004	.023	99.988				
16	.002	.012	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

The Total Variance Explained results in Table 3 showed that two factors with eigenvalues above 1.0 were extracted. Hotel classification governance explained 55.479% of the variance, while destination competitiveness accounted for 34.405%, resulting in a cumulative variance of 89.883%. Since values above 60% are considered satisfactory in social science research (Hair et al., 2019), these findings confirmed that the extracted factors adequately represented the underlying constructs. The next evidence is presented through the communalities results in Table 4.

Table 4. Communalities

No.		Initial	Extraction
1.	The hotel classification process in Kenya is transparent and credible.	.993	.915
2.	Hotel assessors demonstrate professionalism and competence during evaluations.	.966	.861
3.	The classification system in Kenya encourages continuous quality improvement.	.977	.931
4.	Digital technologies have improved efficiency in hotel classification and compliance monitoring.	.982	.956
5.	Real-time compliance monitoring systems would improve governance efficiency in Kenya's hospitality sector.	.985	.934
6.	Reassessment and monitoring of classified hotels are conducted regularly.	.975	.905

7.	The classification system adequately incorporates sustainability and environmental management standards.	.995	.949
8.	Guest experience and service quality indicators should carry greater weight in hotel classification assessments.	.983	.931
9.	Hotel classification standards in Kenya are responsive to emerging tourism trends.	.653	.525
10.	Public-private collaboration is necessary for effective hotel classification governance.	.974	.948
11.	Hotel classification improves the overall quality image of Kenya as a tourism destination.	.959	.899
12.	Effective hotel classification governance enhances tourist satisfaction.	.984	.952
13.	Hotel classification contributes to increased international tourist confidence in Kenya.	.989	.942
14.	Hotel classification strengthens destination branding and market positioning	.985	.845
15.	Effective classification systems attract tourism investment into the hospitality sector.	.984	.935
16.	Kenya's current hotel classification system contributes positively to tourism competitiveness.	.981	.953
Extraction Method: Principal Axis Factoring.			

The communalities results in Table 4 confirmed the adequacy of the measurement items, with extracted values ranging from 0.525 to 0.956, exceeding the recommended threshold of 0.50 (Kaiser, 1974). High communalities indicate that the extracted factors sufficiently explain the variance of observed variables (Hair et al., 2019). Items related to digital technology efficiency, hotel classification contributions to competitiveness, and tourist satisfaction showed particularly strong representation, confirming the relevance of the retained measurement items. The final evidence is presented in the pattern matrix in Table 5.

Table 5. Pattern Matrix^a

No.		Factor	
		1	2
1.	Digital technologies have improved efficiency in hotel classification and compliance monitoring.	.978	
2.	Public-private collaboration is necessary for effective hotel classification governance.	.974	
3.	The classification system adequately incorporates sustainability and environmental management standards.	.973	
4.	Real-time compliance monitoring systems would improve governance efficiency in Kenya's hospitality sector.	.966	
5.	Guest experience and service quality indicators should carry greater weight in hotel classification assessments.	.964	
6.	The classification system in Kenya encourages continuous quality improvement.	.964	
7.	The hotel classification process in Kenya is transparent and credible.	.957	
8.	Reassessment and monitoring of classified hotels are conducted regularly.	.952	
9.	Hotel assessors demonstrate professionalism and competence during evaluations.	.928	
10.	Hotel classification standards in Kenya are responsive to emerging tourism trends.	.724	
11.	Kenya's current hotel classification system contributes positively to tourism competitiveness.		.977
12.	Effective hotel classification governance enhances tourist satisfaction.		.974
13.	Hotel classification contributes to increased international tourist confidence in Kenya.		.971
14.	Effective classification systems attract tourism investment into the hospitality sector.		.967
15.	Hotel classification improves the overall quality image of Kenya as a tourism destination.		.948
16.	Hotel classification strengthens destination branding and market positioning		.920
Extraction Method: Principal Axis Factoring.			
Rotation Method: Promax with Kaiser Normalization.			
a. Rotation converged in 3 iterations.			

The Pattern Matrix results in Table 5 showed that all items loaded strongly on their respective factors, with loadings above the recommended threshold of 0.50 (Hair et al., 2019). The

first factor represented hotel classification governance dimensions, including transparency, professionalism, sustainability, digital compliance, quality improvement, reassessment, stakeholder collaboration, and responsiveness. The second factor captured destination competitiveness outcomes, such as tourist satisfaction, destination branding, investment attraction, and international tourism confidence. The factor structure was theoretically consistent, with Promax rotation converging in three iterations, confirming solution stability. Overall, the EFA results supported convergent and discriminant validity, indicating that the instrument was suitable for further analysis of the relationship between hotel classification governance and destination competitiveness in Kenya (Hair et al., 2019).

Reliability of the Survey Instrument

The reliability of the survey instrument was assessed using Cronbach's Alpha to measure the internal consistency of the Likert-scale items. A coefficient of 0.70 or higher indicates acceptable reliability (Cronbach, 1951; Hair et al., 2019). The analysis produced a Cronbach's Alpha of 0.835 and an Alpha Based on Standardized Items of 0.882, both exceeding the recommended threshold. These results demonstrate strong internal consistency, indicating that the items consistently measured hotel classification governance and destination competitiveness constructs and were suitable for further statistical analysis (Field, 2018).

Table 6. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.835	.882	16

Analysis of the Study Objective

This study analyzed managers' perceptions of classified accommodation facilities in Kenya regarding the influence of hotel classification governance on destination competitiveness using descriptive statistics. Mean scores and standard deviations were calculated from five-point Likert-scale responses to summarize response patterns and measure central tendency and variability (Field, 2018; Boone & Boone, 2012; Hair et al., 2019). The descriptive analysis results are presented in Tables 7 and 8.

Regarding hotel classification governance, respondents were asked to indicate their level of agreement with ten statements on the topic, and the results are presented in Table 7.

Table 7. Descriptive Statistics for Hotel Classification Governance

No.		N	Mean		Std. Deviation
		Statistic	Statistic	Std. Error	Statistic
1.	The hotel classification process in Kenya is transparent and credible.	115	4.11	.07	.74
2.	Hotel assessors demonstrate professionalism and competence during evaluations.	115	4.10	.08	.88
3.	The classification system in Kenya encourages continuous quality improvement.	115	3.32	.11	1.25
4.	Digital technologies have improved efficiency in hotel classification and compliance monitoring.	115	2.67	.12	1.28
5.	Real-time compliance monitoring systems would improve governance efficiency in Kenya's hospitality sector.	115	4.45	.07	.83
6.	Reassessment and monitoring of classified hotels are conducted regularly.	115	1.55	.07	.75

7.	The classification system adequately incorporates sustainability and environmental management standards.	115	3.12	.08	.88
8.	Guest experience and service quality indicators should carry greater weight in hotel classification assessments.	115	4.50	.06	.65
9.	Hotel classification standards in Kenya are responsive to emerging tourism trends.	115	3.00	.09	1.06
10.	Public-private collaboration is necessary for effective hotel classification governance.	115	4.44	.06	.69
Valid N (listwise)		115			

Table 7 shows varied perceptions of hotel classification governance among managers of classified accommodation facilities. Respondents strongly agreed that guest experience and service quality should receive greater emphasis in assessments ($M = 4.50$, $SD = 0.65$), real-time compliance monitoring would improve governance efficiency ($M = 4.45$, $SD = 0.83$), and public-private collaboration is essential for effective governance ($M = 4.44$, $SD = 0.69$). However, moderate ratings were found for continuous quality improvement ($M = 3.32$, $SD = 1.25$), sustainability integration ($M = 3.12$, $SD = 0.88$), and adaptation to tourism trends ($M = 3.00$, $SD = 1.06$), indicating concerns about the framework's adaptability. Respondents also disagreed that reassessment and monitoring are conducted regularly ($M = 1.55$, $SD = 0.75$), highlighting weaknesses in monitoring effectiveness. Variations in standard deviations further indicate differing views across governance dimensions.

Regarding destination competitiveness, respondents were requested to rate their level of agreement with six indicators, and the results are displayed in Table 8.

Table 8. Descriptive Statistics for Destination Competitiveness

No.		N Statistic	Mean		Std. Deviation Statistic
			Statistic	Std. Error	
1.	Hotel classification improves the overall quality image of Kenya as a tourism destination.	115	4.20	.06	.72
2.	Effective hotel classification governance enhances tourist satisfaction.	115	4.17	.08	.87
3.	Hotel classification contributes to increased international tourist confidence in Kenya.	115	4.04	.07	.75
4.	Hotel classification strengthens destination branding and market positioning	115	4.10	.08	.88
5.	Effective classification systems attract tourism investment into the hospitality sector.	115	4.23	.07	.77
6.	Kenya's current hotel classification system contributes positively to tourism competitiveness.	115	3.43	.07	.77
Valid N (listwise)		115			

As presented in Table 8, the descriptive statistics for destination competitiveness indicated generally positive perceptions among respondents. Respondents agreed that effective classification systems attract tourism investment into the hospitality sector ($M = 4.23$, $SD = 0.77$); hotel classification improves the overall quality image of Kenya as a tourism destination ($M = 4.20$, $SD = 0.72$), enhances tourist satisfaction ($M = 4.17$, $SD = 0.87$), contributes to increased international tourist confidence in Kenya ($M = 4.04$, $SD = 0.75$), and strengthens destination branding and market positioning ($M = 4.10$, $SD = 0.88$). However, the statement that Kenya's current hotel classification system contributes positively to tourism competitiveness recorded a comparatively moderate mean score ($M = 3.43$, $SD = 0.773$).

Hypothesis Testing

The study hypothesized that hotel classification governance has no significant influence on destination competitiveness in Kenya. Before inferential analysis, assumption testing was conducted. Since Likert-scale data are ordinal and may violate parametric assumptions such as normality and continuity, Spearman's rank-order correlation was applied as a suitable non-parametric method (Jamieson, 2004; Carifio & Perla, 2008; Field, 2013). Spearman's rho is appropriate for ordinal data because it assesses monotonic relationships based on ranked values and is robust to non-normality and outliers (Hair et al., 2019). Composite scores were then calculated for each variable, and the correlation results are presented in Table 9.

Table 9. Correlations

		Governance	Competitiveness
Spearman's rho	Governance	Correlation Coefficient	1.000
		Sig. (2-tailed)	.586**
		N	.000
	Competitiveness	Correlation Coefficient	1.000
		Sig. (2-tailed)	.586**
		N	.000

** . Correlation is significant at the 0.01 level (2-tailed).

Table 9 indicates a significant positive monotonic relationship between hotel classification governance and destination competitiveness ($\rho = .586$, $p < .001$). Based on Cohen's (1988) guidelines, this coefficient represents a strong effect size. The result suggests that stronger institutionalization of hotel classification governance is associated with higher destination competitiveness. This finding supported the assumptions for further inferential analysis, followed by linear regression testing.

$$Y = a + \beta X + e$$

Where;

Y=Destination Competitiveness

a= Constant/ Intercept

β =Slope (Hotel Classification Governance)

X= Hotel Classification Governance

e=error term

The results of the regression analysis are presented in Tables 10-12, which present the model summary, the ANOVA findings, and the coefficient estimates, respectively.

Table 10. Model Summary^b for Influence of Hotel Classification Governance on Destination Competitiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.637 ^a	.406	.401	2.88785	.406	77.264	1	113	.000

a. Predictors: (Constant), Governance

b. Dependent Variable: Competitiveness

Table 10 shows a positive relationship between Hotel Classification Governance and Destination Competitiveness ($R = .637$), indicating a substantial association between the variables

Journal of Management and Business Innovation (JOMBINOV) Volume 02, Number 03, June 2026.

Hotel Classification Governance and Destination Competitiveness: Empirical Insights for Destination Management in Kenya.

Ruth K. Kimaiga.

(Evans, 1996). The model explains 40.6% of the variance in Destination Competitiveness ($R^2 = .406$; Adjusted $R^2 = .401$), demonstrating substantial explanatory power in social science research (Cohen, 1988). The remaining 59.4% is explained by other factors outside the model.

Table 11. ANOVA^a for Influence of Hotel Classification Governance on Destination Competitiveness

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	644.362	1	644.362	77.264	.000 ^b
	Residual	942.386	113	8.340		
	Total	1586.748	114			

a. Dependent Variable: Competitiveness

b. Predictors: (Constant), Governance

The analysis of variance in Table 11 yielded an F-statistic of 77.264 with a significance level of $p < .001$, indicating that the regression model fits the observed data at a statistically significant level. This result demonstrates that the model reliably explains variation in destination competitiveness beyond what would be expected by chance.

Table 12: Coefficients^a for Influence of Hotel Classification Governance on Destination Competitiveness

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
1	(Constant)	9.397	2.190		4.290	.000	5.058	13.737
	Governance	.489	.056	.637	8.790	.000	.379	.600

a. Dependent Variable: Competitiveness

Table 12 indicates that Hotel Classification Governance has a positive and significant effect on Destination Competitiveness ($B = 0.489$, $\beta = .637$, $t = 8.790$, $p < .001$). The standardized coefficient ($\beta = .637$) shows a substantial positive influence, while the unstandardized coefficient indicates that a one-unit increase in governance is associated with a 0.489-unit increase in competitiveness. The 95% confidence interval (0.379–0.600) confirms the stability of the estimate. Therefore, Hotel Classification Governance is a significant predictor of Destination Competitiveness, leading to the rejection of the null hypothesis.

DISCUSSION

The findings show strong support for hotel classification reforms that emphasize service quality, guest experience, digital compliance, and public-private collaboration. This reflects a shift from infrastructure-based regulation toward governance that strengthens destination competitiveness through better service quality (Crouch & Ritchie, 1999; Dwyer & Kim, 2003; OECD, 2020; UN Tourism, 2022). Unlike previous studies focusing on service quality outcomes (Minazzi, 2010; Narangajavana & Hu, 2008), this study shows that stakeholders view hotel classification as a governance mechanism to institutionalize service quality. Support for digital compliance also reinforces Governance Theory, which highlights adaptive and information-driven regulation to improve transparency and accountability (Rhodes, 1996; Pierre & Peters, 2000). These findings are consistent with smart tourism governance research (Buhalis & Amaranggana, 2014; Gretzel et al., 2015; Sigala, 2018) and extend the evidence to an African tourism destination.

Respondents strongly supported public-private collaboration, confirming its importance for effective hotel classification governance through stronger legitimacy, stakeholder commitment,

Journal of Management and Business Innovation (JOMBINOV) Volume 02, Number 03, June 2026.

Hotel Classification Governance and Destination Competitiveness: Empirical Insights for Destination Management in Kenya.

Ruth K. Kimaiga.

and policy effectiveness (Rhodes, 1996; Rogerson & Rogerson, 2019). However, they expressed only moderate confidence in Kenya's classification system to promote continuous quality improvement, sustainability, and adaptation to changing tourism trends. This suggests that governance effectiveness depends not only on standards but also on institutional capacity to update and enforce them (Scott, 2014), unlike more mature systems (OECD, 2020; UN Tourism, 2022). Respondents also questioned the regular reassessment and monitoring of classified hotels, indicating weak institutional credibility. Consistent with Institutional Theory, effective monitoring is essential to maintain legitimacy and trust (DiMaggio & Powell, 1983; Scott, 2014). Unlike the Hotelstars Union and South Africa, where continuous reassessment strengthens classification credibility (Hotelstars Union, 2023; Rogerson & Rogerson, 2019), this study identifies monitoring and reassessment as key governance weaknesses in Kenya's hotel classification system.

The findings show that hotel managers view hotel classification governance as a strategic tool for improving destination image, tourist satisfaction, branding, visitor confidence, and investment attraction. This supports Destination Competitiveness Theory, which emphasizes quality assurance as a driver of destination competitiveness (Crouch & Ritchie, 1999; Dwyer & Kim, 2003). Extending previous studies that focused on attractions, infrastructure, and marketing (Crouch & Ritchie, 1999; Hassan, 2000), this study identifies governance quality as another key determinant of competitiveness. However, respondents were neutral about the effectiveness of Kenya's current hotel classification system, suggesting that competitiveness depends more on credible governance, continuous reassessment, stakeholder trust, and adaptive quality assurance than on classification itself (Minazzi, 2010; Rogerson & Rogerson, 2019; UN Tourism, 2022).

The regression results confirm that hotel classification governance has a significant positive effect on destination competitiveness, demonstrating that governance quality is a key predictor of destination performance. This supports Governance Theory, which links effective governance to accountability, transparency, collaboration, and policy effectiveness (Rhodes, 1996; Pierre & Peters, 2000), as well as Institutional Theory, which emphasizes legitimacy, trust, and compliance as drivers of service quality, destination reputation, and market confidence (DiMaggio & Powell, 1983; Scott, 2014). These findings show that hotel classification governance contributes to competitiveness beyond its traditional regulatory role.

The findings make three main contributions. They support Governance Theory by confirming the link between governance effectiveness and destination competitiveness, extend Institutional Theory by highlighting the role of legitimacy, transparency, professionalism, and enforcement in improving destination performance, and provide new quantitative evidence from an African tourism context. Unlike previous studies emphasizing attractions, infrastructure, and destination resources (Crouch & Ritchie, 1999; Dwyer & Kim, 2003; Hassan, 2000), this study identifies hotel classification governance as a strategic institutional capability that strengthens destination competitiveness.

The findings have important policy implications for Kenya. Tourism regulators should modernize hotel classification through digital compliance, real-time monitoring, and tourism intelligence systems to improve efficiency, transparency, and stakeholder trust. Strengthening reassessment, enforcement, and assessor professionalism is also essential to enhance institutional credibility. In addition, hotel classification should shift from infrastructure-based assessment to a quality assurance framework emphasizing guest experience, sustainability, innovation, and service

excellence. Finally, stronger collaboration among regulators, hotel associations, local governments, and the private sector is needed to integrate quality assurance, branding, digital governance, and tourism intelligence, thereby improving Kenya's tourism competitiveness.

CONCLUSION

This study demonstrates that hotel classification governance significantly improves destination competitiveness in Kenya. Institutional credibility, stakeholder collaboration, professionalism, quality assurance, transparency, and digital governance strengthen destination quality and tourist confidence.

The findings extend Destination Competitiveness Theory by identifying governance as a key determinant of competitiveness beyond attractions and infrastructure (Crouch & Ritchie, 1999; Dwyer & Kim, 2003), advance Institutional Theory by emphasizing legitimacy, accountability, and monitoring (Scott, 2014), and reinforce Governance Theory by highlighting the value of collaborative and adaptive governance (Rhodes, 1996; Pierre & Peters, 2000).

Practically, hotel classification should be treated as a strategic destination management tool, requiring stronger reassessment, digital compliance, stakeholder engagement, and institutional credibility to enhance service quality, destination branding, investment attraction, and tourism competitiveness.

LIMITATION

This study has four main limitations. First, its cross-sectional design limits causal inference (Creswell & Creswell, 2018).

Second, reliance on self-reported data from hotel managers may introduce common method and social desirability bias despite measures to reduce these effects (Podsakoff et al., 2003; Saunders et al., 2019).

Third, destination competitiveness is influenced by many factors beyond hotel classification governance, including infrastructure, marketing, security, and sustainability (Crouch & Ritchie, 1999; Dwyer & Kim, 2003).

Fourth, because the study was conducted only in Kenya, its findings may not be fully generalizable to other contexts.

Future research should use longitudinal and mixed-methods designs, collect data from multiple stakeholder groups, and conduct cross-country comparisons to strengthen causal evidence and improve understanding of the governance-competitiveness relationship.

REFERENCES

- Akama, J. S. (2002). The role of government in the development of tourism in Kenya. *International Journal of Tourism Research*, 4(1), 1-14. <https://doi.org/10.1002/jtr.318>
- Alsharif, M. H. (2021). Smart tourism destinations and digital transformation in Dubai's hospitality and tourism sector. *Worldwide Hospitality and Tourism Themes*, 13(3), 299-312.
- Babbie, E. (2013). *The practice of social research* (13th ed.). Cengage Learning.
- Boone, H. N., Jr., & Boone, D. A. (2012). Analyzing Likert data. *Journal of Extension*, 50(2), Article 48. <https://doi.org/10.34068/joe.50.02.48>
- Bramwell, B., & Lane, B. (2011). Critical research on the governance of tourism and sustainability. *Journal of Sustainable Tourism*, 19(4-5), 411-421. <https://doi.org/10.1080/09669582.2011.580586>

Journal of Management and Business Innovation (JOMBINOV) Volume 02, Number 03, June 2026.

Hotel Classification Governance and Destination Competitiveness: Empirical Insights for Destination Management in Kenya.
Ruth K. Kimaiga.

- Bryman, A. (2016). *Social research methods* (5th ed.). Oxford University Press.
- Buhalis, D., & Amaranggana, A. (2014). Smart tourism destinations. In Z. Xiang & I. Tussyadiah (Eds.), *Information and communication technologies in tourism 2014* (pp. 553-564). Springer. https://doi.org/10.1007/978-3-319-03973-2_40
- Callan, R. J. (1998). Attributional analysis of customers' hotel selection criteria by UK grading scheme categories. *Journal of Travel Research*, 36(3), 20-34. <https://doi.org/10.1177/004728759803600303>
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Lawrence Erlbaum Associates.
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). Sage Publications.
- Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika*, 16(3), 297-334 <https://doi.org/10.1007/BF02310555>
- Crouch, G. I., & Ritchie, J. R. B. (1999). Tourism, competitiveness, and societal prosperity. *Journal of Business Research*, 44(3), 137-152. [https://doi.org/10.1016/S0148-2963\(97\)00196-3](https://doi.org/10.1016/S0148-2963(97)00196-3)
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160. <https://doi.org/10.2307/2095101>
- Dubai Department of Economy and Tourism. (2024). *Tourism and hospitality regulation and destination management*. <https://www.dubaidet.gov.ae/en>
- Dwyer, L., & Kim, C. (2003). Destination competitiveness: Determinants and indicators. *Current Issues in Tourism*, 6(5), 369-414. <https://doi.org/10.1080/13683500308667962>
- East African Community. (2021). *East African tourism accommodation classification criteria and procedures manual*. Arusha: East African Community Secretariat.
- Evans, J. D. (1996). *Straightforward statistics for the behavioral sciences*. Brooks/Cole Publishing Company.
- Field, A. (2018). *Discovering statistics using IBM SPSS statistics* (5th ed.). Sage Publications.
- Gretzel, U., Sigala, M., Xiang, Z., & Koo, C. (2015). Smart tourism: Foundations and developments. *Electronic Markets*, 25(3), 179-188. <https://doi.org/10.1007/s12525-015-0196-8>
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning. <https://www.cengage.com/c/multivariate-data-analysis-8e-hair/9781473756540/>
- Hall, C. M. (2011). Policy learning and policy failure in sustainable tourism governance: From first-order to third-order change? *Journal of Sustainable Tourism*, 19(4-5), 649-771. <https://doi.org/10.1080/09669582.2011.555555>
- Hassan, S. S. (2000). Determinants of market competitiveness in an environmentally sustainable tourism industry. *Journal of Travel Research*, 38(3), 239-245. <https://doi.org/10.1177/004728750003800305>
- Henderson, J. C. (2006). Tourism in Dubai: Overcoming barriers to destination development. *International Journal of Tourism Research*, 8(2), 87-99. <https://doi.org/10.1002/jtr.557>
- Hotelstars Union. (2023). *The harmonized hotel classification system in Europe*. <https://www.hotelstars.eu>

- Israeli, A. A., & Uriely, N. (2000). The impact of star ratings and corporate affiliation on hotel room price. *International Journal of Hospitality Management*, 19(4), 405-424.
- Joshi, A., Kale, S., Chandel, S., & Pal, D. K. (2015). Likert scale: Explored and explained. *British Journal of Applied Science & Technology*, 7(4), 396-403. <https://doi.org/10.9734/BJAST/2015/14975>
- Kaiser, H. F. (1974). An index of factorial simplicity. *Psychometrika*, 39(1), 31-36. <https://doi.org/10.1007/BF02291575>
- Kothari, C. R. (2004). *Research methodology: Methods and techniques* (2nd ed.). New Age International Publishers.
- Michael, N. (2018). Tourism governance and competitiveness in developing destinations: Challenges and opportunities in Africa. *African Journal of Hospitality, Tourism and Leisure*, 7(3), 1-13
- Michael, N. (2018). Tourism policy and destination governance: Emerging issues in developing destinations. *Worldwide Hospitality and Tourism Themes*, 10(1), 103-108.
- Minazzi, R. (2010). Hotel classification systems: A comparison of international case studies. *Acta Universitatis Danubius. OEconomica*, 4(4), 64-86. <https://ideas.repec.org/a/dug/actaec/y2010i4p64-86.html>
- Mugenda, O. M., & Mugenda, A. G. (2003). *Research methods: Quantitative and qualitative approaches*. ACTS Press.
- Narangajavana, Y., & Hu, B. (2008). The relationship between hotel rating systems, service quality improvement, and hotel performance: Evidence from Thailand. *Journal of Quality Assurance in Hospitality & Tourism*, 9(1), 34-56. <https://doi.org/10.1080/15280080802108259>
- Ndivo, R. M., Waudu, J. N., & Waswa, F. (2012). Examining Kenya's tourist destinations' appeal: The perspectives of domestic tourism market. *Journal of Tourism & Hospitality*, 1(5), 103. <https://doi.org/10.4172/2167-0269.1000103>
- OECD. (2020). *Tourism trends and policies 2020*. OECD Publishing. <https://doi.org/10.1787/6b47b985-en>
- Ondicho, T. G. (2017). Tourism policy and governance in Kenya: Institutional challenges and opportunities. *African Journal of Hospitality, Tourism and Leisure*, 6(3), 1-15.
- Pierre, J., & Peters, B. G. (2000). *Governance, politics and the state*. Macmillan Press.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J. Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology*, 88(5), 879-903. <https://doi.org/10.1037/0021-9010.88.5.879>
- Rhodes, R. A. W. (1996). The new governance: Governing without government. *Political Studies*, 44(4), 652-667. <https://doi.org/10.1111/j.1467-9248.1996.tb01747.x>
- Rogerson, C. M., & Rogerson, J. M. (2019). Tourism grading and competitiveness in South Africa. *African Journal of Hospitality, Tourism and Leisure*, 8(5), 1-15.
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson Education.
- Scott, W. R. (2014). *Institutions and organizations: Ideas, interests, and identities* (4th ed.). Sage Publications.

- Sigala, M. (2018). Implementing social customer relationship management. *International Journal of Contemporary Hospitality Management*, 30(7), 2698-2726. <https://doi.org/10.1108/ijchm-10-2015-0536>
- Sindiga, I. (1999). *Tourism and African development: Change and challenge of tourism in Kenya*. Ashgate Publishing.
- Stephenson, M. L. (2014). Deciphering Islamic hospitality: Developments, challenges and opportunities. *Tourism Management*, 40, 155-164. <https://doi.org/10.1016/j.tourman.2013.05.002>
- Tabachnick, B. G., & Fidell, L. S. (2019). *Using multivariate statistics* (7th ed.). Pearson.
- Tourism Grading Council of South Africa. (2023). Grading criteria and quality assurance framework. South African Tourism. <https://www.tourismgrading.co.za>
- Tourism Regulatory Authority (2019). *Register of Classified Accommodation and Catering Facilities*. Nairobi.
- UN Tourism. (2022). *Global guidelines for tourism quality assurance and accommodation classification*. Madrid: UN Tourism.
- UNESCO. (2018). *Culture for sustainable urban development in Morocco*. UNESCO Digital Library. <https://unesdoc.unesco.org/ark:/48223/pf0000245999>
- World Travel & Tourism Council. (2023). *Economic impact research: Kenya*. <https://wttc.org/research/economic-impact>
- Yamane, T. (1967). *Statistics: An introductory analysis* (2nd ed.). Harper and Row.