

**APPLICATION OF E-BUSINESS STRATEGY AND
PERFORMANCE OF ABERCROMBIE & KENT
(KENYA) LIMITED**

BY:

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DECLARATION

This Research Project is my original work and has not been submitted for examination to any other university or college for the award of degree, diploma or certificate.

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This Research Project has been submitted for examination with my approval as the university supervisor.

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Firstly, I give glory to the almighty God who has continued to shower me with blessing after blessing, and never putting me to shame.

Many thanks to my MBA lecturers and fellow students who time and again encouraged me that it is possible. In a special way I thank my supervisor Dr. John Yabs for guiding and directing me in this journey. Asante sana Daktari.

May God Bless you all.

DEDICATION

This project is dedicated to my wife Irene who, always on my side, sacrifices so much for me. I love you.

And to my children Austin Mwaniki, Ignatius Ng'ang'a and Fabian Muriithi. All is possible with hard work and prayer.

ABSTRACT

Maintaining a sustainable competitive advantage is a challenging mission for many companies, and more so in the realm of e-business where, due to ever-changing developments, few sources of competitive advantage remain stable over time. Senior managers of organizations are continuously seeking ways of enhancing their performance in light of the turbulent economic environments. Various scholars have associated e-business strategies with improved performance of organizations, by enabling them to meet their stated objectives through raising the capability to compete in the global marketplace as well as facilitating efficient internal processes and interactions with business partners. This research project sought to determine the effect of application of e-business strategy on performance at Abercrombie & Kent (Kenya) Limited, in Nairobi, which is a tourism organization. The case study was conducted by way of personal interviews with staff in management positions drawn from various departments and sections, after which content analysis was carried out on the responses received. The research study established that application of e-business strategy has had a profound improved effect on the performance of the organization. At the same time the research project unearthed various challenges that could undermine the strategy implementation. The study makes recommendations on how to implement an e-business strategy so as to improve performance sustainably.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
DEDICATION.....	iv
ABSTRACT.....	v
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 The Concept of Strategy	2
1.1.2 E-Business	4
1.1.3 Organizational Performance	5
1.1.4 Tourism Industry in Kenya.....	6
1.1.5 Abercrombie & Kent (Kenya) Limited	7
1.2 Research Problem	8
1.3 Research Objective	10
1.4 Value of the Study	10
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Application of e-business strategy	12
2.3 Organizational Performance	14
2.4 Application of e-business and Organizational Performance.....	15
CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Introduction.....	19
3.2 Research Design.....	19
3.3 Data Collection	20
3.4 Data Analysis	20
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	22
4.1 Introduction.....	22
4.2 Departments of the organization.....	22
4.3 Interviewees' Profiles	22
4.4 E-business	23
4.4.1 Use of e-business systems	24
4.4.2 Relationship with clients, suppliers, competitors and industry regulators ..	24

4.4.3 Co-ordination between departments	25
4.4.4 Development of e-business systems	26
4.4.5 Training and e-learning	27
4.5 Impact of e-business application on performance	28
4.6 Discussion of Findings.....	29
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....	30
5.1 Introduction.....	30
5.2 Summary of the findings.....	30
5.3 Conclusion of the Study.....	31
5.4 Recommendations.....	32
5.5 Limitations of the study	33
5.6 Suggestions for further study	34
5.7 Implication of the study on policy, theory and practice.....	34
REFERENCES.....	36
APPENDIX I: LETTER OF INTRODUCTION	40
APPENDIX II: INTERVIEW GUIDE	41

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The basic mission of any organization is to survive, and to achieve and maintain a sustainable competitive advantage over its rivals in the long term. Many organizations have continued to seek a competitive advantage by adjusting their operations in light of their changing environments. This is especially so in the wake of ever-increasing reliance on information communication technology to do business. Top managers and strategic planners are continuously seeking opportunities to enhance competitive advantage through information technology, a strategy prompted in recent years by the challenges presented by a turbulent economic environment.

The McKinsey 7S framework depicts organizational effectiveness as a product of seven key elements: strategy, systems, structure, shared values, skills, staff and style. These elements are interconnected and jointly play an important role in the successful conduct of the business of any organization as well as in the achievement of its vision and mission. Upon defining their firm's strategic direction, senior executives must look at conditions and trends in the organization's environment so as to identify strategic issues. This calls for strategic analysis which involves analyzing the firm's external and internal environments in order to come up with its strategic position. This position is established by mapping the firm's strengths and weaknesses with the opportunities and threats in the external environment. The strategic options generated during strategic analysis must be evaluated in order to select the best option(s) that can enable the organization to achieve its objectives, in accordance with any criterion used such as resources available, affordability, cost effectiveness, likely competitor responses or ease of implementation.

Irrespective of the strategic position taken, the ever-increasing pace of environmental change has demanded constant access to information so as to facilitate pro-active and re-active responses. With this in mind, many organizations today are engaging in electronic business in various forms. Tour companies all over the world, especially those handling international tourists are faced with intense competition from rival tourism destinations, rival tour companies in their regions or countries, and changing customer preferences, and many have embraced e-business practices with the view of keeping pace with competitors.

1.1.1 The Concept of Strategy

According to Johnson, Scholes and Whittington (2008, p.9), “Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.” It can be equated to war tactics for beating the competition (Yabs, 2010). Pearce and Robinson (2003) in describing the characteristics of a strategy contend that organizational issues considered as strategic are those that bear six dimensions of strategic decisions. Firstly, strategic issues always require top-management decisions, secondly they tend to require large amounts of the firm’s resources, thirdly, they often affect the firm’s long-term prosperity, fourthly, strategic issues are future oriented, fifth, they usually have multifunctional consequences, and finally strategic issues require due consideration of the firm’s external environment.

On this basis, every organization is in constant pursuit of its long term survival and seeks to create and sustain a competitive advantage. This is recognition of the fact that no firm exists in a vacuum, that every organization is an open system which has

constant interaction with its external environment. Organizations must understand their general environment and continuously scan it. Environmental scanning has been found critically important for effective performance of firms that operate in highly volatile environments (Hitt, Ireland, and Hoskisson, 1997).

Strategies are forward-looking and they are based on various management assumptions about numerous future events. It is therefore critical for managers to control their strategy, tracking as it is being implemented, detecting problems or changes in the underlying premises and making relevant adjustments. This is done by addressing two sets of questions – first whether the strategy is moving the organization in the right direction, and secondly how the organization is performing towards achievement of the vision (Pearce and Robinson, 2003). Indeed, Thompson, Strickland, and Gamble (2007, p.10) add that a company's strategy is a "blend of proactive initiatives and reactive adjustments."

Organizations can experience two forms of change - incremental change involving relatively small adjustments due to gradual changes in the business environment, or discontinuous or transformational change, which involves a major change in the business environment. According to Ansoff and McDonnell (1990), the strategic success hypothesis indicates that a firm's performance potential is optimum when the three conditions are met. Firstly, that aggressiveness of the firm's strategic behaviour matches the turbulence of its environment, secondly, that responsiveness of the firm's capability matches the aggressiveness of its strategy, and thirdly, that the components of the firm's capability must be supportive of one another.

1.1.2 E-Business

E-Business has been defined as “the use of electronic means to conduct an organization’s business internally and/or externally” (Jelassi and Enders, 2008, p. 4). An organization’s employees, through information communication technology, become interconnected through an intranet and with their customers and suppliers through an extranet or the internet. This facilitates sharing of knowledge and expertise, reporting by support management, as well as the provision of after-sales service and collaborating with business partners (Jelassi and Enders, 2008).

Within the umbrella concept of e-business is e-commerce, a term which, although frequently used interchangeably with e-business, is strictly speaking only a subset of e-business. E-commerce deals with electronic trading of products and services using the internet or any other telecommunications mode. Goods and services are bought and sold electronically, including the various phases of marketing, online ordering, e-payments, and for some digital products e-distribution is possible (Jelassi and Enders, 2008). Thus, while e-commerce deals with trading, e-business goes further to encompass the entire e-relationships between an organization’s management, staff, customers and suppliers. Turban et al. (2008) clarify that e-business refers to a broader definition of e-commerce, encompassing not just the buying and selling of goods and services but also servicing customers, collaborating with business partners, conducting e-learning, and conducting electronic transactions within the organization.

E-business has greatly enhanced the capability of small and large firms to compete in the global marketplace due to the improvements brought about by electronic communications. These have provided immense opportunities to businesses to build closer relationships with their existing clients and suppliers as well as attract new

business from customers (Chaffey, 2009). E-business should not, despite the distinct terminology, be seen as independent from other activities of an organization. Organizations should integrate online e-business activities with their other offline activities so as to achieve the overall organizational objectives. Furthermore, an organization's e-business strategy must evolve "as part of a process of continuous improvement" (Chaffey, 2009, p. 264).

1.1.3 Organizational Performance

The concept of performance has been widely used as an outcome measure in empirical research. When conceptualizing individual performance, it is necessary to distinguish the action (behavioral) versus the outcome aspects of performance (Campbell, 1990). The action aspect refers to what an employee specifically does at work, that is, the specific tasks they are entrusted to undertake by the organization – "what one is hired to do and do well" (Campbell et al., 1993, p. 40). In this sense, performance is an evaluative process of actions that can be measured. The outcome aspect of performance refers to the consequence or results of the individual's actions (Sonnetag and Frese, 2002). At a corporate level, performance is multi-dimensional, encompassing task performance or contextual performance perspectives. Task performance can relate to innovation and customer-oriented activities which enhance customer service (Anderson and King, 1993). Contextually, performance aims initially at the smooth functioning of the organization, and subsequently at changing and improving work procedures and organizational processes.

Organizational performance is also seen as a measure of the success with which organizations are able to meet their stated objectives over a given period of time (Asiabugwa, 2011). One major performance objective of firms is to achieve a

sustainable competitive advantage. Competitive advantage is the ability of the firm to outperform rivals on the primary performance goal – profitability. Grant (1998) argues that when two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns a persistently higher rate of profit, or has the potential to earn a persistently higher rate of profit.

According to Hitt et al. (1997), a sustainable competitive advantage is achieved when firms implement a value-creating strategy that is grounded in their own unique resources, capabilities and core competencies. Firms achieve strategic competitiveness when their unique core competencies are leveraged effectively to take advantage of opportunities in the external environment. Benchmarking data and scouting key competitors provides a basis for judging the competitive strength of rivals on such factors as cost, key product attributes, customer service, image and reputation, financial strength, technological skills, distribution capability, and other competitively important resources and capabilities (Thompson et al., 2007). Thus strategies that enable achievement and sustainability of a competitive advantage improve the performance of the organization.

1.1.4 Tourism Industry in Kenya

The tourism industry continues to be a major foreign exchange earner for the country and one of the fastest growing commercial sectors. According to the Ministry of Tourism, the sector earned Kshs. 73.68 billion in the year 2010 alone, which was an improvement of 18 per cent over the previous year's revenues (Ministry of Tourism (Kenya)). The industry has continued to fight off competition from other tourism destinations and remains resilient despite various challenges, and this performance has been attributed largely to aggressive marketing in the various markets, especially

the emerging markets of the Far East, and to increased efficiency in the utilization of available resources (Ministry of Tourism (Kenya)).

Various tourism associations represent the stakeholders, including the Kenya Association of Tour Operators (KATO), the Kenya Association of Travel Agents (KATA), the Eco-Tourism Society of Kenya (ESOK), and the Kenya Association of Hotelkeepers and Caterers (KAHC). These associations are used to unify the various stakeholders and accord them a crucial single voice in negotiations with regulators and policy makers. The associations also define standards and rules necessary for the smooth running of the industry.

Market research by the Ministry also indicates that tourists are now far more knowledgeable and experienced and have increasing access to information via the internet and through international media. This education is a major factor in the choice of travel destination (Ministry of Tourism (Kenya)).

1.1.5 Abercrombie & Kent (Kenya) Limited

Abercrombie & Kent was founded in Kenya in 1962, organizing mobile camping safaris within Kenya. Over the past 50 years, it has grown to be arguably the world's foremost luxury travel company, delivering inspiring experiences in the world's greatest destinations through a global network of 50 offices (Abercrombie & Kent, 2012).

The company is engaged in international business of tour operations and is a global company by virtue of its endeavor to find markets internationally for its product which is the Kenyan tourism destination. Abercrombie & Kent (Kenya) Limited is among the 375-strong membership of KATO, and it is classified as a 'Category A'

association member, depicting those with “a gross annual turnover exceeding Kshs. 120 million” (Kenya Association of Tour Operators, 2012).

Abercrombie & Kent (Kenya) offices are located along Mombasa Road in Nairobi, conveniently en route to Kenya’s main international airport. The company offers “quality operations of international standards, service-oriented culture, a fully-owned tourism product and seamless trans-Africa itineraries” (Magical Kenya, 2012). The organization is also involved in various philanthropic activities, such as tree planting activities in Masai Mara National Reserve, sponsorship of primary school book projects, and innovation of environmentally friendly waste-disposal systems. Thus it projects itself as sensitive to the environment in which it operates.

Developing, articulating, and sustaining an organization’s mission accords it a sense of purpose, direction and focus, its internal systems and processes remaining consistent with the overall mission and objectives (Kiggundu, 1991). The Vision of the company is “Simply the best way to travel”, while the Mission statement seeks “To be a world class quality travel company and the travel market leaders in East Africa. We will achieve this goal by being market-driven, developing state of the art communication systems, and providing total customer satisfaction while remaining a profitable and financially sound company” (Abercrombie & Kent, 2012).

1.2 Research Problem

E-business plays a crucial role in the improvement of strategic performance. Parsons, Thomas, and Gregory (1983) enumerate the roles played by e-business in strategic management by enhancing competitive advantage, specifically by improving operational efficiency and functional effectiveness, through exploitation of inter-organizational synergies, through new product innovation using information

technology, and through the acquisition of a better bargaining advantage over one's customers and suppliers. In the meantime, innovation in e-business is relentless, with a continuous introduction of new technologies, new business models and new communications approaches (Chaffey, 2009).

Tourism firms such as Abercrombie & Kent (Kenya) have to grapple with competitive pressures presented by rival local tour operators and other tourism destinations. Thanks to emerging technologies, travelers are now making well-informed decisions on their holiday destinations, and the customer tastes are ever-changing as a result of increased exposure. To constantly meet the expectations of the demanding travelers, the tour firms' operations must keep pace with emerging technologies, failure to which organizational performance will dwindle. Korir (2005), in her study of tour operators in Nairobi observed that many companies were seeking to computerize their operations. Abercrombie & Kent (Kenya) is currently engaged in aggressive and constant reviews of its various e-business applications, depicting the organization's strategy to improve performance.

Many recent studies have been undertaken in the area of e-commerce, information systems, and e-business, especially as applied in the service industry. Busienei (2011) established that information technologies are used in virtually all facets of banking. Kimama (2011) established various challenges experienced in the implementation of health management information systems. Odiko (2004) recommended that information technologies should not only be used to gain access to new markets or for communication purposes, but for other business support processes as well. Njeru (2010) carried out a survey on the extent to which e-commerce enhanced competitive advantage by studying fifty one registered Kenyan tourism marketing firms. The

study concentrated on various aspects of trading activities and concluded that e-commerce did to a large extent enhance competitive advantage. These studies and others confirm and highlight the need for organizations to embrace emerging technologies in their strategies. However, to the best of the researcher's knowledge, the context of a specific Kenyan tour firm, undertaken with a view to comprehensively delve into the internal and external operations of a tour organization in Kenya, had not been studied. An in-depth inquiry into the operations of a specific tour firm was needed so as to identify e-business application in the intricate relationships between management, staff, customers and suppliers, and thus establish the impact of e-business when applied as a strategy to improve performance. This study attempted to answer the following question. How does Abercrombie & Kent (Kenya) Limited apply e-business, and has e-business strategy improved the organization's performance?

1.3 Research Objective

The objective of the research was to determine the effect of application of e-business strategy on performance at Abercrombie & Kent (Kenya) Limited.

1.4 Value of the Study

According to Pearce and Robinson (2003), the rapid and ever-increasing pace of change in the global market place has dictated that continuous improvement in organizations is imperative. Strategy guides organizations to superior performance through establishing competitive advantage, while strategy also acts as a vehicle for communication and co-ordination within organizations. This study will be of value to the management of Abercrombie & Kent, since an external independent analysis of

their application of e-business strategy to improve performance may unearth a new perspective.

This study will also be of great value to other tourism industry practitioners in Kenya and abroad who are either considering applying e-business as a strategy to improve performance or are in the process of implementing or analyzing their strategy. Tourism industry practitioners are often too busy crafting tactics to take away business from their rivals the following holiday season without establishing the long term strategies to maintain customer loyalties.

In their quest to facilitate the acquisition and implementation of information technologies by other tour operators, to facilitate further growth of the tourism industry and the achievement of the Kenyan Vision 2030, the study will provide valuable data to government bodies and other tourism policy makers. A deeper understanding of the internal and external challenges and successes in the application of e-business strategy by Kenya tour operators will enable better regulation of the sector.

The study will also contribute to knowledge for fellow researchers and academicians. They will benefit from an in-depth case study of the e-business strategy applied by a local Kenyan tour operator that has grown to be a household name in the tourism industry, and be able to recommend improvements to future studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

A review of literature involves systematic identification, location and analysis of documents and materials containing information related to the research problem under investigation. In research studies, literature review is crucial as it shows a picture of the state of knowledge in the area of study. It enables the researcher to evaluate existing studies and identify limitations and gaps in knowledge, while further aiding the researcher in better defining the research problem. This chapter reviews relevant literature on e-business, organizational performance, and the effect of application of e-business strategy on performance.

2.2 Application of e-business strategy

Application of e-business strategy brings various benefits to an organization, through a combination of cost reductions, through cheaper information transfer and processing, and through the potential for much improved revenues due to a wider audience reach. Relationships are also enhanced with customers due to ease of communication via email as well as provision of online services. Tangible benefits can include increased sales from new sales, bringing in new customers and markets, as well as repeat-clients and referrals. Reductions in marketing costs due to reduced time in customer service, and administrative cost reductions through more efficient routine processes also result. Intangible benefits can include a better corporate image and enhanced brand, more responsive and rapid marketing communications, improved learning, better management of marketing and customer information, identification of new partners and better support for existing partners such as suppliers, faster product

life-cycle enabling a faster response to market demands, and improved customer service (Chaffey, 2009).

As the business environment continues to change and become increasingly complex, private as well as public firms come under increasing pressure which forces them to respond quickly and be innovative in their operations. Such activities demand that organizations be more swift, adaptive, anticipative and proactive, and to frequently make rapid strategic, tactical and operational decisions. This usually requires considerable volumes of relevant data, information and knowledge, and processing these must be done rapidly and in real-time. Turban, Aronson, Liang, and Sharda (2007) developed a framework to explain why many organizations are embracing computerized support. Computerized decision support can enable reduction of the gap between a firm's current performance level and the desired levels as per its mission statement and the strategic plan.

E-business strategy is also applied in change management. Change management refers to the approaches of managing the changes to a firm's structures and processes and the impact of change on the staff and organizational culture (Chaffey, 2009). Change is inevitable in a competitive environment, whether it is proactive or reactive, and thus change management is a critical undertaking for success to be achieved. Resistance to change may manifest in various forms, including aggression, projection, system avoidance and criticism. Information management systems are generally intended to improve performance by increasing efficiency as part of a process of continuous improvement and thus incremental change. Typically they do not involve transformational changes, nevertheless, users and teams affected by changes still do need to be well communicated to so as to reduce the aspect of resistance.

Similarly, organizational culture tends to reflect the original roots of an organization. Culture has been described as the “glue that holds organizations together” (Armstrong and Baron, 2010, p. 19). Change managers seek to change the culture to be in line with the changing ideals and strategies. Change management should thus be handled carefully in tandem and in response to resistance phases experienced by the individuals during the transition. These should include efforts to motivate the staff as well as adequate education and training efforts, noting that different people and parts of the organization may experience resistance phases at different times and in varying ways. In this information age, employee skills and knowledge need to be updated continually and refreshed so as to keep up with today’s business trends (Turban et al., 2008). Online corporate training using e-learning has been found to greatly enhance employee capabilities to embrace change, and consequently enhance performance.

2.3 Organizational Performance

According to Armstrong and Baron (2010), performance management is a strategic and integrated approach that enables organizations to deliver sustained success by improving the performance of employees and developing the capabilities of the teams. It is strategic in that it is directly related to the long term goals and direction of the organization and is integrated in four senses - vertically by aligning individual, team and business objectives, functionally by aligning different parts of the business, human resource integration to achieve a coherent approach to human resource management, and integration of individual needs with those of the organization.

Organizational performance is not just about what is achieved but also about how it is achieved. Development is one of the key functions of performance, and performance improvement cannot be achieved without effective processes of continuous

development. Advances have been made in specifying major predictors and processes associated with performance. Organizations need highly performing individuals in order to meet their goals, to deliver the products and services they specialized in, and finally to achieve competitive advantage. Performance is also important for the individual, since accomplishing tasks and performing at a high level can be a source of satisfaction, with feelings of mastery and pride. Moreover, performance, if it is recognized by others within the organization, is often rewarded by financial and other benefits. Van Scotter, Motowidlo, and Cross (2000) highlighted that performance is a major, even though not the only, prerequisite for future career development and success in the labor market.

The remote and industry environments are constantly changing, imposing changes to the performance requirements of the firm such as continuous improvement to maintain competitiveness. Organizational structures must be aligned to the operations of the organization, in terms of whether it is a global firm or local, since structures can impinge on performance. Flatter and process-based structures have been found to be most successful as they promote teamwork, providing customer focus through teams in service and financial industries (Armstrong and Baron, 2010).

2.4 Application of e-business and Organizational Performance

In the strategic management process, mission statements help set the disposition of where the company wishes to go (Chandler, 1962). Whether or not a company's mission statement explicitly states so, three fundamental economic goals guide the strategic direction of any firm - survival, growth and profitability. Of these three, profitability is the prime goal of a business organization over the long term and benchmark for organizational performance. A company's mission seeks to specify

the basic product or service, the primary markets and the principal technologies for production or delivery (Pearce and Robinson, 1997). Accompanying or embedded in the mission statement usually is a philosophy statement which reflects the basic beliefs, values and philosophical priorities of the senior management. Both these statements reflect the expectations of the environment in which an organization operates and thus enhance its public image, which is critical to the achievement of the company goals. The statements represent its sensitivity to customer wants and attention to quality.

As cited by Mintzberg et al. (2003, p.95), Porter's (1979) five forces model of industry analysis depicts how competitive forces shape strategy. The collective strength of the five competitive forces determines the profit potential of an industry. These five forces include the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitutes, and the intensity of industry rivalry. Mintzberg et al. add that the corporate strategist's goal should be finding a strategic position where the firm can best defend itself from the forces, or influence them in its favour, particularly through innovations in marketing and brand identification. The exploitation of changes in the industry is crucial in maintaining competitive advantage especially with changing product life cycle patterns.

According to Robson (1997), Porter's (1979) model can be used to analyze the role and opportunities for e-business and information systems in the quest for industry competitiveness. E-business can be used to reduce the bargaining power of buyers by increasing switching costs, and by categorising different buyer groups. E-business can also reduce the power of suppliers by increasing organisations' efficiency. When an industry is attractive, others seek to move in, and e-business may be used to defend a market position or to penetrate barriers. E-business can reduce the threat of

substitution through relative price performance, switching costs and inclination of buyers to use substitutes. Finally, e-business can ward off intensity of industry rivalry since it can be used to support collaborative efforts to lower costs by controlling growth, fixed assets and intermittent over-capacity.

E-business can facilitate organizations to regularly scan, monitor, forecast, and assess elements in each environmental segment that are of greatest significance. A major determinant of an organization's performance success is the ability to relate functionally to its external environment, its ability to realistically evaluate its strengths and weaknesses and accordingly position itself. The increase in global competition spurs management to search for methods of increasing efficiency and economy (Pearce and Robinson, 2011) and thus organizations embrace e-business practices to increase this capacity. Mutua (2011) established that small and medium enterprises that adopt e-commerce obtain strategic value in creating new business opportunities, sales, customer service, cost reduction, efficiency, new product development, innovation, access to international markets, linkages, marketing, and communications.

Competitive advantage also comes from the way organizational activities fit and reinforce one another so as to form the strongest possible link. Mintzberg et al. (2003) emphasize that sustained competitive advantage is not attained simply by evaluating the environment opportunities and threats and avoiding the threat environments, but rather that competitive advantage is achieved by the innovation of unique, difficult-to-imitate resources, such as information technologies, from within the organization and exploiting them to its advantage. In a resource-based view of an organization, the organization is defined in terms of what it can do (Grant, 1993), and its long-run strategic success is based on strategies for managing its unique resources

with durable, or sustainable, organizational competitiveness, which is determined by the inimitability of those resources (Wernerfelt, 1984). Moreover, a company that has developed a technology has to decide whether to use it in-house and/or how to transfer it to others (Vernon-Wortzel and Wortzel, 1997).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the structured enquiry, using accepted scientific methodology, intended to solve the research problem. It describes the formal path that enabled the researcher to find answers to the research questions and thus achieve the study objective.

The chapter describes the research design adopted, the data collection procedure and data analysis techniques used. Post positivism as a research paradigm influenced the research methodology adopted.

3.2 Research Design

This study was conducted by way of a case study. Yin (1989) explains that a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context. In business research studies, case studies are especially useful when the phenomenon being investigated is difficult to study outside of its natural setting and also when the concepts and variables may be difficult to quantify.

Jones (1985) describes a case study as an intensive, in-depth analysis of the characteristics and history of a subject. A case study is particularly appropriate since it provides an opportunity for one aspect of a problem to be investigated in-depth within a limited time scale.

Data measurement was done by review of nominal values. Koech (2011), Mungai (2011), and Wambua (2011) all adopted the same design in investigating their study units.

3.3 Data Collection

This study used both primary and secondary data. The primary data was collected by way of personal interviews by the researcher, guided by a pre-planned unstructured interview guide. The respondents were Abercrombie & Kent (Kenya) staff in the management positions, with nine officers out of the fifteen who are heads of departments/sections being targeted. The researcher found these respondents to be accessible and in a position to provide required research data because they are charged with implementation of the organizational strategies. According to Yin (1989), well-informed respondents can provide critical insights to the study subject. Respondents are also in a position to provide direction on the prior history of the study situation and enable identification of further sources of relevant evidence.

The interview guide contained a combination of open-ended questions, in which key respondents were asked for various facts as well as their opinions on certain questions, as well as closed-ended focused set of questions which had a specific purpose of corroborating certain facts that the researcher already believes have been established from previous studies (Yin, 1989). The choice of interview guide was because of the ease of its construction and the fact that respondents were able to explain and expound on certain issues as well as seek any clarifications from the researcher, and vice versa. Secondary data was collected through desk review of the e-business systems and their usage at the organization.

3.4 Data Analysis

The theoretical propositions and the literature review conducted guided this case study throughout, since the objectives and research design are based on the same. The data collected during the interviews was thoroughly perused for completeness,

consistency, and uniformity. The data was then coded and organized to facilitate content analysis, a method of summarizing any form of content by counting various aspects of the contents.

As stated by Wambua (2011), content analysis is appropriate because it is a qualitative analysis of messages that relies on the scientific method (including attention to objectivity, reliability, intersubjectivity, generalizability, a priori design, and replicability) and is not limited with respect to the types of variables that may be measured or the context in which the messages are created or presented. Inference was therefore made from the data collected on the application of e-business as a strategy to improve performance at the organization.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter describes and discusses the results of the interviews conducted at the organization, as well as other information made available to the researcher.

4.2 Departments of the organization

To be able to effectively carry out an in-depth inquiry into the operations of the organization and thus determine e-business application in the relationships between management, staff, customers and suppliers, it was necessary to obtain information from a cross-section of the departments of the organization. This would enable the researcher establish the impact of e-business when applied as a strategy to improve performance.

All nine targeted heads of departments were interviewed, and they were drawn from across the various sections of the organization. The interviewed department heads were from Transport Fleet Management, Regional Sales and Marketing, Local Sales Management, General Manager, Human Resources Management, Motor Vehicle Workshop, Tour Operations Management, Information Communication Technology, and Finance Management.

4.3 Interviewees' Profiles

Six heads of departments had worked in the organization for more than ten years, one other had worked for more than five years while the remaining two had been with the organization for up to five years. Apart from the General Manager who was initially

in Tour operations department prior to promotion, all the other managers interviewed had worked exclusively in their respective departments for their entire duration with the organization. Moreover, all the respondents were able to articulately describe the key functions and mandate of their department and their roles.

All the staff interviewed were also well versed with the company's Mission statement. Eight of the interviewees responded as having been involved in the formulation, implementation and control of long term plans of the organization in a changing environment. They were involved in manpower planning and succession planning, market share growth strategies, fleet replacement policies, technology development, and performance monitoring. This confirmed to the researcher that the respondents chosen were well experienced and able to provide adequate relevant information on the organization that would be used to answer the research question.

4.4 E-business

Interviewees were asked to explain their procedures and opinions as pertains to various aspects of the application of e-business in their departments. Information was sought with respect to access levels into the e-business systems, the areas of emphasis on usage by each department, as well as details of application in collaborating with business partners such as clients and suppliers.

Interviewees were also requested to offer insights on the application of e-business in management of business operations that cut across departments, so as to establish how e-business facilitates linking varying functions into a seamless business operation. Information was also sought on the training practices in the organization, as well as policies on developments of the e-business systems.

4.4.1 Use of e-business systems

The respondents were asked what categories of the staff in their departments had access to the company's e-business systems. In six of the departments, all the staff have access to and rely entirely on e-business systems to be able to perform their functions. The departments are Transport, Finance, Tour operations, General Manager, Information Technology, and regional Sales and Marketing. In the remaining three departments, various selected administrative and supervisory staff conduct e-business in their functions, particularly for communication.

Moreover, the interviewees responded with details of exactly what tools were considered most essential for their functions. Email communication, access to websites and usage of the company's booking reservation management system were the principal tools. Different emphasis was placed on varying e-business media and tools by the departments depending on the functions each performs in the organization. This emphasis has a bearing on the degree to which e-business is applied.

4.4.2 Relationship with clients, suppliers, competitors and industry regulators

Interviewees were asked if and how often they visited their clients' and their suppliers' websites, competitors' websites, as well as how they communicated with industry associations and regulators. Five of the interviewees responded positively to visiting client websites, but all indicated that they did not regularly do so even though they were frontline sales and marketing departments. The main purposes of visiting client websites included understanding their requirements, learning the profile of new clients and market intelligence. The remaining respondents, who were drawn from

support departments such as Human Resource Management, Transport and Information Technology, do not visit client websites. Certain customers, such as other Abercrombie & Kent partner companies located in various parts of the world, are connected to this organization's intranet thus facilitating exchange of information and data across the common network.

All the interviewees confirmed that they do visit their supplier websites, but again confirmed that this was only done occasionally on a need basis. Some of the reasons for visiting supplier websites included checking published prices and fares so as to plan pricing strategies, checking product offerings to gauge standards, news updates, checking availability of accommodation space, and to understand trends. Visits to competitor websites were found to occur irregularly among the interviewees. Those who do visit competitors' websites only rarely do so, on a need only basis, and the main purpose of visiting competitor pages is market intelligence. According to Robson (1997), e-business systems have a significant role to play in the quest for industry competitiveness as per Porter's (1979) model.

Information is shared with industry associations and regulators through email communication, e-newsletters from the association, telephone conversations, as well as organized meetings, conferences and training sessions. There was no evidence of direct extranet links with either industry associations or regulators.

4.4.3 Co-ordination between departments

During the study, secondary data became available which detailed the existence of an internally developing e-business computer system known as Travel Studio. This software application is the organization's tool for tour booking management and operational coordination. Client and Supplier data including negotiated rates and

tariffs are loaded into the system so that pricing policies are enforced via the system. Tour pricing is then generated from the Travel Studio system and upon confirmation of sales, reservations with suppliers, planning of transport services, generation of client invoices and supplier payments, and management reports are possible. It is a one-stop shop for all departments other than the Human Resources department.

Some tasks are also reallocated through the tour operating system, which displays a history and current status of completed and pending tasks and task owners. A task escalation facility enables pending tasks to be automatically forwarded to supervisors after a specified due date. This procedure alerts supervisors to react in a timely manner to avert crises, as well as giving them an avenue in which to appraise the performance of their staff.

4.4.4 Development of e-business systems

Five heads of department were satisfied that the e-business systems in place satisfactorily met their special departmental needs towards achievement of their objectives. The remaining interviewees felt their specific needs had not been met, and they were not certain of plans to address these.

There was a very high awareness of ongoing developments IT projects currently being undertaken or researched upon that were likely to address the future efficiency needs of the organization. Some of the projects underway included a human resource management system specifically designed for staff leave management, continuing development of the tourist booking system to encompass web and e-commerce capabilities, improvement of internet speeds for faster communication, upgrading of the accounting application and full automation of transport fleet deployment and management procedures including car tracking and fuel consumption controls.

Over the course of the research study, the researcher also observed that the organization, in partnership with other parties was actively engaged in researching a new web-based infrastructure that was intended to facilitate speedy turnaround times for multi-destination tour quotations. The new platform was aimed at offering customers a one-stop shop for all international travel, and to enable the organization's touring department to confidently combine a Kenyan safari itinerary with other destinations, thus enabling the company to expand its market share by offering a new touring product.

4.4.5 Training and e-learning

More than half of the interviewees were not aware of any structured or formal training on the organization's e-business systems having been conducted in their departments in the last twelve months. However, informal on the job training had been observed. Regular training was mainly targeted at the Sales and Marketing and Touring departments, who are the front line users of e-business systems.

Seven interviewees were conversant with the concept of e-learning. However, only two felt that e-learning was actively practised or encouraged in this organization. Training is critical for the continuous development of employees and improvement of performance levels. Without the benefit of ample training time in a classroom set up, e-learning facilitates unlimited access to information in a friendly, convenient and cost-effective manner.

4.5 Impact of e-business application on performance

Interviewees were asked to give their opinions relating to the impact of e-business application on performance in their departments. The researcher sought to determine to what extent e-business had improved the work processes of their departments.

All the interviewees believed that the application of e-business has had an influence on the way they manage the functions of their department, indicating that e-business practices had been embraced by the management in their planning and control functions. Five heads of departments use data extracted from the e-business systems to set, monitor and evaluate the performance of their staff. Eight interviewees believe that the application of e-business has inspired or facilitated the organization in researching and/or generating new products and services. Some of the risks that would be faced by not applying e-business in the organization include insufficient and untimely access to information on potential clients, slow communication, loss of existing customers, lack of standardized proposals and thus inability to maintain the brand quality, poor relationships with suppliers, missed opportunities, delayed decision making and employment of additional human resources.

Eight interviewees believe that application of e-business has had a profound influence on the working relationship and culture among the staff of their departments. Some of the impacts include ability to have increased family time and socializing time due to better time utilization, improved relationships amongst staff due to clearer communication, better and more enjoyable handover of work during absence of staff due to ease of interrogating the reservations system for records, easier supervision of juniors work. Reduced face to face consultations was cited as a negative consequence of increased email usage amongst staff.

Resistance to change in adapting to new e-business initiatives was noted by six interviewees and this resistance manifests mainly by way of quietly reverting to the old ways of doing things. Some of the e-business systems were not easy to use and required multiple steps and procedures to perform certain tasks perceived to take shorter using the old way. Some users also felt that the organization's management tended to introduce too many new e-business initiatives in a short time, without allowing enough time to get accustomed to recently learned techniques.

4.6 Discussion of Findings

The study findings were consistent with the findings of Korir (2005), as they established that the organization's management is constantly seeking ways to enhance performance through application of e-business, The organization has aggressively embarked on constant reviews and research on upcoming, better approaches to leverage on their existing infrastructure to increase sales while enhancing efficiency and reducing costs of operation.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the various findings of the study, as well as presenting some conclusions and recommendations by the researcher with respect to the application of e-business and performance of Abercrombie & Kent (Kenya) Limited.

5.2 Summary of the findings

Results from the study established that e-business systems were extremely important for the operations of Abercrombie & Kent (Kenya) Limited. All the departments have reliance to a greater or lesser extent on the e-business systems, which enable them to achieve their functional objectives and employees to improve on their work efficiency, thus enabling the entire organization to meet its performance objectives.

Management reporting is a key driver of the reliance on and development of e-business systems. It was established that e-business systems are used to facilitate generation of management reports relied upon at various periods of the operating cycle. During supplier contracting, information systems generate reports on the volume of business and passenger numbers produced by the organization, thus enabling fruitful negotiations for better supplier rates. Similar reports are used to evaluate the production levels of partners and customer for pricing purposes. During the annual budgeting processes, reports are generated to inform management on the trends over the past seasons, while e-business reports are relied upon at various stages

during ordinary operations, such as the allocation of vehicles and customer service personnel.

E-business systems are used to enhance communication between the organization and its stakeholders, with email being the principal medium exploited, followed by telephones/faxes and use of the worldwide web. Coordination between tour operations departments is heavily reliant on the company's e-business systems and this permits seamless integration as different departments have access to the same system to extract information relevant for the effective performance of their functions. Authority levels are also exercised and enforced through the permissions levels accorded to users of the e-business systems, ensuring that accessibility to information is restricted as required by the management.

This research also found that the level of training on the organization's e-business systems is not sufficient or regular as needed for effective implementation and enforcement of e-business systems. Resistance to change is a manifestation that the organization's change managers have not been effective in communicating the benefits of new initiatives to the end-users of the systems. This reflects a top-down approach to implementation which precludes the involvement of the users, and this leads to resistance to change and comfort with the status quo.

5.3 Conclusion of the Study

The study established that application of e-business strategy has had a profound positive effect on the performance of Abercrombie & Kent (Kenya) Limited. Application of e-business has integrated the operations of the various departments of the organization and increased visibility of performance levels and accountability of those responsible.

Moreover, application of e-business strategy has enabled the organization to constantly review its business practices in light of the changes in the operating environment, such as increased competition from other operators, increasing tendency of travellers to purchase services directly with airlines and hotels to the exclusion of tour operators, and comparison of published web prices with those quoted by tour operators. As per Johnson, Scholes, and Whittington (2008), constant scanning and review of the business environment is a fundamental requirement to be able to survive and be profitable. Strategic analysis enables the organization to understand the different forces affecting it and choose appropriate strategies to adapt. The study revealed a sustained management focus on the organization's ability to respond quickly to customer requests for suitable and affordable tourism offerings.

5.4 Recommendations

Lack of adequate involvement of users in implementation of new e-business initiatives was observed to be a key draw-back in the strategy implementation process. This study recommends increased participation of the end users who will be encouraged to embrace new initiatives by understanding that changes are inevitable. The organization needs to review their change management processes, to engage more leaders amongst the employees who would motivate their colleagues while providing feedback to the implementation teams.

This study also finds it critically important that the organization formalizes its training procedures. A learning culture enables the organization to freely critic itself by constantly gaining new knowledge. E-learning should be actively encouraged due to the wide availability of the internet through various media including desktop and laptop computers, mobile phones, tablets, ipods and ipads. Employees who are

always eager on learning new techniques are also more likely to embrace changes to working ways.

More emphasis needs to be placed on regular visits to competitors' and suppliers' websites. Many of the organization's suppliers, especially hotels, have embarked on their own direct sales strategies via their websites, making them direct competitors to the tour operators. With the increasing reliance on internet sales and promotions, the organization should take advantage of the internet to constantly keep abreast with the strategies of their competitors. This would aid marketing initiatives as well as assist in annual contracting.

5.5 Limitations of the study

The study was limited to the heads of departments who are charged with implementation of the organizations' management strategies. Since only nine were interviewed, the result of the study relied solely on information given by these and it was not easy to obtain statistical information. Other staff in the departments may have been able to shed more light on the impact of e-business strategy on performance of Abercrombie & Kent (Kenya) Limited.

The internal e-business system used in the organization, known as Travel Studio, is a critical medium in which most of the operation is carried out. Since Abercrombie & Kent (Kenya) Limited has partner companies in other parts of the world, sharing an intranet and using the same application, it would have been enlightening to interview management of the other companies to confirm the impact of its usage on performance of those companies.

5.6 Suggestions for further study

This study recommends research on the application of e-business on performance of other tour operators in Kenya. Abercrombie & Kent (Kenya) Limited is one of the highest rated tourism organizations (Kenya Association of Tour Operators, 2012), and has amongst the highest monetary turnovers within Kenya's tourism industry. A similar study carried out at a lower-rated tour operator would shed more light on the impact of e-business strategy on their performance and that of other medium-sized tour operators who may not be endowed with such an extensive ICT infrastructure and thus be presented with different challenges.

5.7 Implication of the study on policy, theory and practice

The findings of this study indicate that policy makers should develop policies that facilitate easy adoption of e-business practices in the tourism sector. They should implement policies that encourage other tour operators to embrace e-business practices in order to improve performance.

From the study findings it was established that application of e-business can improve performance of an organization, however, the strategy can also be hampered with challenges if involvement of all stakeholders is ignored during implementation. It can also be confirmed that once an organization has adopted a strategy it tends to develop and grow from and within that strategy, rather than fundamentally changing direction, which is evident from the fact that this organization has been seeking to constantly improve their current e-business applications in which they have heavily invested manpower and resources.

To improve the capabilities of employees, continuous training and development is invaluable. The development of a learning organization brings all stakeholders together and this encourages communication. Strategies improve performance when they help employees to see the objective, increasing their strategic awareness, and as a result of which a positive sub-systems culture is developed. Employees also become motivated when they are allowed to participate in determining their organization's future.

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APPENDIX I: LETTER OF INTRODUCTION



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE... 24 May 2013

TO WHOM IT MAY CONCERN

The bearer of this letter MURAGURI, SILAS J.M.M.

Registration No. D61/62962/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
FOR: MBA CO-ORDINATOR
SCHOOL OF BUSINESS



APPENDIX II: INTERVIEW GUIDE

Dear Respondent,

Your responses to these questions will provide data relating to e-business application in your organization. It will also provide data that will enable the researcher identify functional areas where e-business has improved performance in your organization.

Section A: Respondent's Profile

1. How long have you worked at Abercrombie & Kent (K) Ltd.
1-5 years () 5-10 years () 10-15 years () 15-20 years () Over 20 years ()
2. In what Department/section do you work?
3. What is your current designation/position?
4. Describe briefly the key function of your department?
5. How long have you worked in this department/section?
1-5 years () 5-10 years () 10-15 years () 15-20 years () Over 20 years ()

Section B: Application of e-business as a strategy to improve performance at Abercrombie & Kent (K) Ltd.

1. Strategic management is the formulation, implementation and control of long term plans of the organization within an ever-changing business environment. Would you say you are involved in strategic management in your organization? Briefly explain.
2. Are you conversant with the company Mission Statement?
3. Electronic business (e-business) is the use of electronic means to conduct an organization's business internally and/or externally. What electronic tools/facilities/equipment do you use to conduct official business in your department?
4. What levels of employees in your department/section have access to your e-business systems?
5. Would you say you access the internet (www) frequently?
6. State some uses for which you access the internet?

7. Do you visit your competitors' websites? If so, why and how often? If not, why not?
8. Do you visit your clients'/agents' websites? If so, why and how often? If not, why not?
9. Do you visit your suppliers' websites? If so, why and how often? If not, why not?
10. How do you exchange information with the industry regulators and member associations?
11. Would you say that your current e-business systems fully meet your special departmental needs towards achievement of your functional goals? Please explain briefly.
12. Are you aware of any e-business project(s) currently being undertaken or considered by your IT department that is likely to address the future efficiency needs of the organization?
13. Do you think there has been a significant improvement in service delivery by your department directly as a result of the use of e-business systems? If so, how?
14. Do you think that the application of e-business has had any influence on the way you manage the functions of your department?
15. Training in your e-business systems is critical for the efficient performance of duties. Have staff of your department received/given training on your e-business systems during the last twelve (12) months?
16. Are you conversant with the concept of e-learning? If so, is it used in your organization?
17. What factors have you found to be challenges in the implementation of e-business practices in your organization, affecting your customers, suppliers and your staff?
18. In your opinion, what would be the risk(s) of not applying e-business in conducting business in your organization today?
19. Do you use data extracted from your e-business systems to set, to monitor and/or to evaluate the performance of your staff?

20. In your opinion, have your e-business systems had any influence on the working relationships/style and culture among the staff of the organization? Please explain briefly.
21. Certain factors are known to lead to resistance towards e-business initiatives: lack of user involvement, satisfaction with the status quo, fear of the unknown, fear of failure, ignorance, misunderstanding and lack of trust. In your opinion, have any of these factors ever had an impact on the implementation of e-business systems in your organization?
22. Are any of your clients/customers connected to your e-business systems?
23. Has the application of e-business inspired or facilitated your organization in researching and/or generating new products and services?

THANK YOU VERY MUCH!