

**STRATEGIC RESPONSES TO THE CHANGES IN EXTERNAL
ENVIRONMENT BY TOUR OPERATORS IN NAIROBI KENYA**

ANNE NJERI KIGORO

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature

Date

Anne Njeri Kigoro

D61/76851/2009

This research project has been submitted for examination with my approval as University supervisor.

Signature

Date

Dr. J. M. Munyoki

School of Business

University of Nairobi

DEDICATION

I dedicate this project to the Almighty God for the far He has brought me in pursuit of academic excellence, my family: my parents Mr. & Mrs. Jacob Kigoro and brother Daniel Kuria Kigoro for unfailing encouragement and love. To the strong man in my life; George Henry Wahome, for walking this journey with me, for picking me up when I fell and for burning the mid night oil with me.

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I feel indebted to all the tour firms who voluntarily took part in this study. To my classmate Jessicah and all other people who in one way or another played part in my entire MBA process.

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ABSTRACT

The business environment has become extremely competitive and complex. Organizations must be flexible in order to adapt to changes, to compete effectively and thus prosper and grow. In other words, companies should be willing to change, to renew their vision, their strategy and structure, to develop the abilities to sense changes, to become innovative and incorporate their work force in the change process, so as to take advantage of the challenges presented. The research objective of the study was to determine the strategic responses to the changes in external environment by tour operators in Nairobi Kenya. The adopted cross sectional survey research design. The population of the study consisted of all the tour firms operating in Nairobi. According to the Kenya Association of Tour Operators (2012) there were 250 tour firms operating in Nairobi. The study adopted systematic sampling in which the researcher obtained the list of the population and then take a sample in which every 4th event was picked for the research and this resulted in 63 tour companies been selected for the study. The study used primary data which was collected using self-administered questionnaires. The data was analyzed using the Statistical Package for Social Sciences (SPSS) software. The findings of the study was that the tour operators have adopted marketing strategies, change management, information communication technology, leadership and culture and restructuring in order to respond to environmental changes. Marketing strategies was achieved through customer needs identification and satisfaction, offering competitive packages to the tourists, analyzing competitors' costs, prices before fixing prices of its products, undertaking market research to establish the tourist needs, use of diversification and development of new products, undertaking aggressive advertisement and promotion to both local and international tourists and establishing relationship marketing. Change management was undertaken and resulted in implement procedures and/or technologies to deal with changes in the environment and to profit from changing opportunities, linking change management with operational change and every aspect of the organization in relation to dynamic external environment, establishing a structured methodology for responding to changes in the business environment and change management in the company being multi-disciplinary, touching all aspects of the organization.

First and foremost the study established that the tour operators use different strategies to respond to the changes in the environment and it is recommended that the management of the companies should inculcate a practice of continuous review of the state of competition in the tourism industry so that they do not react to the challenges brought about by the existing or new competitors to avoid panic situation which will lead to adoption of strategies which will not enable the tour company to realize the desired objectives.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Today's business environment requires firms to embed in relationships with other actors in order to gain access to resources needed. Hakansson and Snehota (2007, p. 17) argue that "no business is an island" indicating that companies are involved in long-term relationship and that the atomistic company does not exist. In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers.

An organization that decides and acts on plans to achieve objectives does not do so in a sterile environment. Its success largely depends on the knowledge and quality of the relationships it maintains with the external environment (systems) and its own internal environment (systems). To maintain the quality of relationships implies that the organization's management truthfully assess the state of the relationships with the external and internal environments, constantly monitor the dynamics that affect the relationship, and adjust to maintain or improve those relationships over time in order to achieve the organizational goals. This demands constant environmental scanning to recognize trends that affect the workplace. Those trends include the changing face of the workforce, the technological environment, the legal environment and the economic environment (Buhler, 2007). Managers must not only examine the way in which the company is competing, but also the basis on which they are competing; this includes assessment of internal strengths and weaknesses in skills and competencies that may affect systemic growth (Aaker, 2006).

The tour operator business has witnessed changes in their operational framework that has arisen from the changing business environment. The expansion from the traditional markets of Western Europe and the movement of focus to the Far East and also the

eastern countries has meant that the operation of the industry has been changed. In addition, the number of the tour firms operating in the country and while this move is encouraged, it has at the same time lead to increased competition in the same industry and coupled with the changing demands of the customer, there has been need for the tour operators to shift their traditional strategies. Every organization therefore need to come up with appropriate competitive responses to counter the changes in the business environment.

1.1.1 The concept of Strategy

Hiksen *et al.*, (2006) defines the strategy as the decisions which are related to the long term performance and progress of the organization. Strategy is a combination of the set of decisions and actions which are viewed in the form of strategy formulation, implementation and control of plans designed to achieve a corporation's vision, mission and long term performance of the organization. Strategy is determination of the basic long term goals, objects and performance of the organization and taking actions, decisions and allocation of the resources essential for to carryout goals of the organizations (Hax and Majluf, 2006).Johnson and Scholes (2002, P 10) has also defined strategy as "the direction and scope of an organization over the long-term; which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations". Quinn (1980) proposes that strategy is the pattern or plan that integrates an organizations major goal, policies and action sequences into cohesive whole.

Johnson and Scholes (2000) define strategy as "the direction and scope of an organization over long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations". He concludes that strategy can be seen as the matching of the resources and activities of an organization to the environment in which it operates. This is sometimes known as search for strategic fit. The concept of strategy is therefore built around winning. Strategy helps to achieve success whether in business or otherwise, success in this context refers to the realization of objectives that are desired. Effective strategy is formulated around four

factors. These are, the goals and objectives are simple, consistent and relate to the long term, there is profound understanding of the competitive environment, there is an objective appraisal of the resources available and that there is effective implementation (Ennew and Waite, 2007).

Strategy is the match between an organization's resources and skills and the environmental opportunities as well as the risks it faces and the purposes it wishes to accomplish (Hofer and Schendel, 2009). It is meant to provide guidance and direction for the activities and direction of the organization. Since strategic decisions influence the way organizations respond to their environment, the purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Strategy is useful in helping managers tackle the potential problems that face companies (Aosa 1998). The manager's task is to assure success and therefore survival of the companies they manage.

1.1.2 Strategic Responses

Strategic responses are a set of decisions and actions that result into formulation and implementation of plans designed to achieve a firm's objectives (Pearce and Robinson, 200). In order to effectively achieve the firm's objectives, these set of plans and actions must be strategically fit to the complexities and dynamism of a rapidly shifting environment. Firms largely are open systems where there is continuous interaction and interfaces with the external environment. Strategic responses are the strategies that firms take and largely triggered by continuous changes in the environment. Environment can be relatively stable or highly turbulence. Each level of environmental turbulence; has different characteristics, requires different strategies and requires different firm capabilities (Ansoff and McDonell, 1990). Thus there is need for continuous strategic diagnosis. Strategic diagnosis is a systematic approach to determining the changes that have to be made to a firm's strategy and internal capability in order to assure the firm's success in the future environment.

Timely response is critical to avoid adverse effects or missed opportunities (Beal, 2000). Considering that performance is the major objective of an organization, it is generally

accepted that the structure and decision making in an organization is influenced by environment complexity and volatility. Furthermore, it is argued that the alignment of strategies of organizations with the requirements of their environment outperform organizations that fail to achieve such an alignment (Venkatraman and Prescott, 2007). One of the environmental influences to a business arises from competition. Organizations have to respond strategically to environmental factors in order to be sustainable. Increased competition threatens the attractiveness of an industry and reduces the profitability of the players (Hamel and Prahalad, 1993). To succeed in the long term, organizations must compete effectively and out-perform their rivals in a dynamic environment. To accomplish this they must find suitable ways for creating and adding value for their customers as competition exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the environment.

1.1.3 External Environment

All businesses operate as open systems and they constantly interact with its environment to survive, are environment dependent and depend on environment for survival (Pearce and Robinson, 2002). Organizations require money, equipment and human resources from the environment as input. Resources go through transformation process in the company. The finished products as output go to the environment. It is important that the product has to be accepted in the environment for company's success. An organization should be able to maintain the system, because any interference spells death for the organization. The firm's environment consists of remote environment, industry environment and operating environment. The organization ought to know how and what to respond to; know whether the action should be proactive or reactive in order to increase market share and safeguard customers. This requires new skills to help counter these challenges in the environment. Failure to align the internal capability of the firm to its environment spells doom for the organization (Aosa, 1992).

Johnson and Scholes (2002) state that environmental changes shape opportunities and challenges facing the organization, the paces of technological change, speed of global

communication mean faster change now than never before thus, the need to constantly adjust according to these changes to remain successful. The operating environment comprises factors in the competitive situation that affect the firm's success in acquiring needed resources or in profitably marketing its goods and services. Firms can be more proactive in dealing operating environment. They include competitors, suppliers and creditors, human resources and customers. According to Johnson *et al.*, (2005), an organization exists in the context of a complex political, economic, social, technological, environmental and legal world. The environment changes and affects different organizations differently.

1.1.4 Tour Operators in Nairobi

The recent past has seen the number of tour operators in Nairobi steadily increase, to an estimated number of about 200 operating within Nairobi alone. These include Jabulani Adventure Safaris, Bon Fire Adventure Safaris, Acacia Tours and Travel, Pollmans Tour and Travel among others. The products and services offered by these firms include Air safaris, Incentive travel group safaris, Custom safaris for individual travellers, Camping safaris (luxury and budget), Indian ocean and coast holidays, Cultural and community safaris, Golf and Agro safaris, Special interest safaris (mountaineering, deep sea fishing, horse riding), Corporate team building, Car hire as well as Conference bookings among others (www.katokenya.org).

The firms operate in a highly competitive environment. The competition between different tour firms operating from the same environment is intense in the costing of services and products as well as in the different ways of delivering the products and services, leading to minimal profit margins. Other challenges include the high capital required to set up a firm, with most of the costs going to sales and marketing, operational costs, purchase of assets like vehicles. Penetrating the marketing is also difficult for new entrants with customers mostly preferring already established companies. Other challenges include the reduced arrivals from the traditional source markets i.e. Europe and the Americas due to the economic crisis in the west, over exploitation of the tourism products e.g. the traditional safari is no longer as attractive to the clientele as it once was,

the political instability in the region that has sometimes led to travel advisories against travelling to the country by the west, increased operational costs that lead to reduced profitability among other challenges (Mwangi,2010).

Despite the challenges in the industry the opportunities there exist many opportunities that include: a growing middle class in Kenya who are to afford the available products and services hence a ready market, new source markets in the far east e.g. China, Japan, Russia, the government has also intensified its marketing strategies through the Kenya Tourism Board which has gradually had a great impact on the number of tourist arriving in the country, developing of new products and services e.g. the opening up of new tourist circuits like Samburu, Laikipia mostly for cultural tourism which were previously unexploited. Conference tourism has also gradually developed, given the strategic position of the country in the region as the hub of business. The growth of infrastructure-roads, airports/airstrips as well the development of technology has lead to increased growth in the industry.

The tour operators are regulated in their operations by the government through the Ministry of Tourism which requires the operators to acquire operating licences. The main accrediting body or the tour operators is KATO (Kenya association of tour operators), whose mandate is to uphold the good reputation of Kenya as a tourist destination by ensuring that Kenyan tour operators maintain the highest possible standards of service and value (www.katokenya.org).

1.2 Research Problem

An organization's strategy must be appropriate for its resources, environment circumstances, and core objectives. The process involves matching the company's strategic advantages to the business environment the organization faces. Organizations have to be able to respond effectively to challenges, both problems and opportunities as they arise (Waverman, 2001). The customer has increasing expectations of service standards and availability. In response, organizations should work towards an outward-focused view of the way services should be provided, a fundamental shift from the traditional focus on internal concerns. At the same time, major opportunities for

improvement may arise from developments such as competitive environment, the changing taste of consumers and the availability of additional financial resources. In many cases the response to the problem or opportunity will require the continuous attention of the organization.

The tourism industry in Kenya has been faced by a number of challenges from environment which include: competition from other tour operators, decreased numbers of foreign visitors from the western countries(the Americas, Europe) due to economic crisis in these countries, political instability in the region resulting to travel advisories, stiff competition from other countries in the region, exhaustion of products and services e.g. the safari experience is no longer as attractive to prospective clientele as it once was among other challenges. The competition in the tourism industry has been so intense in the recent past that the income for the tour operators has reduced dramatically. As a result the operators have to come out with strategic measures to reverse the worrying trend resulting from the changes in the external environment as well as internal.

Some studies that have been done locally include; Njihia (2009) who researched on strategic responses of Kenya commercial bank limited to changes in the Kenyan banking industry. The findings were that Kenya commercial bank has responded to the competitive forces through restructuring, information technology, product innovation and wide range of product, customer care and branch expansion, and aggressive sales and marketing. On the other hand Murule (2011) worked on the strategic responses by manufacturing pharmaceutical firms to changes in the pharmaceutical industry in Kenya. The findings of the study indicate that local pharmaceutical manufacturing firms have adopted response strategies such as pricing, marketing, strategic alliances and information, communication and technology response strategies. Similarly Ndirangu (2012) researched on the strategic responses by Kenya Television Network's broadcast programming to the changing competitive environment and found out that KTN has responded relatively well to changes as a result of political influences and regulatory framework changes. The findings show that KTN has not responded well to changes in the environment and that explains its rating among broadcasters in Kenya. KTN has been

unable to respond strategically to technological advances, and changes in the society which are affecting its operations.

On the other hand Kisiyenya (2012) studied strategic responses to competitive environment by mobile telephony firms in Kenya. Results indicate that different companies adopt different strategies namely popularity of the brand name, reduction of prices, offering excellent customer care, investing in advertisement, increased expenditure on research, targeting corporate customers, outsourcing on non-core functions and developing customized solutions for different market segments.

The studies above, indicates that strategic responses have been undertaken in different sectors, however no study has been undertaken on the responses in the tourism industry which has undergone numerous challenges in the recent past. This study will therefore seek to determine the strategic responses adopted by tour operators in Nairobi to the changes in the environment. This study will be guided by the question; what strategic responses have the tour operators adopted in the changing environment?

1.3 Research Objective

To determine the strategic responses by tour operators in Nairobi to the changes in external environment

1.4 Value of the study

The study will be of value to;

The study will be of academic value to those interested in the tourism industry with an aim of establishing a business in the tourism industry since they will be able to understand what to do right to succeed and what if done wrong will bring the business down.

The study will promote strategic thinking among the managers of the tour companies when addressing environmental issues affecting the company. The tour operators will obtain details on challenges facing the industry and the details of responses to the

challenges. In addition the study will provide the justification to the responses adopted depending on the success obtained.

For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Investors can also gain an insight on the company and its strategic position within the environment, which can assist them in determining their viability of their investments. The study will also provide a platform for future research on competitive responses.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter gives a critical analysis of relevant studies that have already been done on the topic, as well as identifies differing arguments, theories and approaches.

2.2 Theories Underpinning the Study

The competitive strategy view and the resource-based view are the two major perspectives or determinants of strategic position and firm performance (Spanos and Lioukas, 2001). The competitive strategy view, rooted in industrial organization literature, maintains an outside-in perspective where firm performance is determined primarily by environmental factors such as industry structure. Companies formulate their strategic position by finding the best defensive position against competitive forces, by swaying the balance of the forces to enhance the company's position, and by choosing a strategy for competitive balance prior to opponents' movement (Oliver, 2007). Strategic positioning is thus the output of a complex understanding of market structure and conditions that determine the sustainability of firm performance (Petrick *et al.*, 2009). The competitive strategy view maintains that resources are the results obtained from the implementation of strategy and/or purchase from the environment. Consequently, resources cannot achieve an independent status in relation to firm performance. The importance of resources is understood only in conjunction with the capability of those resources to support the strategy pursued or the fitness of those resources for a particular industry structure (Pike and Ryan 2004). When resources fail to support a strategy or enhance a company's fit for an industry, they are useless.

In contrast, the more recent resource-based view argues that firm-specific resources and capabilities are the factors determining firm performance. Industrial organization literature emphasizes the role of industry structure as the primary determinant of firm performance so that the unit of analysis is inevitably the industry. Porter (1991) relaxes this condition, allowing firms to choose their strategic position to gain sustainable rents,

although individual firms cannot change industry structure. This change in the assumption allows the firm to be the unit of the analysis. Thus, the outside-in perspective represents a view where a firm performance is primarily determined by outside factors such as industry structure and firms can secure positions to exploit that structure (Fahy and Hooley, 2004).

The resource based theory suggests that competitive advantage and performance results are a consequence of firm-specific resources and capabilities that are costly to copy by other competitors (Barney, 1991). These resources and capabilities can be important factors of sustainable competitive advantage and superior firm performance if they possess certain special characteristics. They should be valuable, increasing efficiency and effectiveness, rare, imperfectly imitable and non-substitutable (Barney,1991). According to Day and Wensley (1988) positional and performance superiority is a result of the relative superiority in the skills and resources a company utilizes. The superiority of the skills and resources is the consequence of former investments made to improve the competitive position. And in order to make the positional advantage sustainable, the company must continue to invest into the sources of advantage (Day and Wensley, 1988).

2.3 Factors in the External Environmental

An organization is environment dependant and has significant influence on its performance. In determining the future thematic focus of the organization, the various factors that impact on sustainable delivery of services both core and non-core are identified as being either external or internal. The environment consists of competitors, employees, management team, economic system, legal systems, technologies, social and ethical factors. Competitor's actions affect the ability of the business to make profits, because competitors will continually seek to gain an advantage over each other, by differentiating their product and service, and by seeking to provide better value for money. Competition from other companies is akin to domestic competition because similar technologies are accessible and factor costs are comparable. In contrast, companies with less funds lack access to and experience in the latest technologies but enjoy significant advantages in factor costs. In order to sustain competitive advantage,

companies have to consider strategies that focus on technology- and skill-intensive products which are not easily imitated by competitors rather than price-based strategies (Bernard, Jensen, and Schott, 2006).

The social system is the fabric of ideas, attitudes and behavior patterns that are involved in human relationships. In particular businesses are influenced by consumer attitudes and behaviors which depend on such factors as the age structure of the population, and the nature of work and leisure. The monetary system facilitates business exchange. Monetary activity is based around earning, spending, saving and borrowing. Money has been likened to the oil that lubricates the wheel of commerce. Monetary activity involves businesses in a web of relationships involving financial institutions (e.g. banks and building societies), creditors, debtors, customers and suppliers. A key monetary influence for business is the interest rate. Higher interests rates increase business cost and act as a break on spending in the economy. The political/legal system creates the rules and frameworks within which business operates. Government policy supports and encourages some business activities while discouraging others. The environment system is the natural system in which life takes place. Increasingly businesses have become aware of the relationship between their economic activity i.e. making goods and services for profits and the effect that this has on the environmental system. Managers are faced with a myriad of challenges due to an array of environmental factors when doing business abroad.

Companies that rely solely on cost reduction/cost leadership strategies in response to environmental challenges lose market share and see their relative competitive position eroded (Eden and Molot, 1996). In contrast, companies that respond by exploiting comparative advantage through various strategies are able to maintain or even increase their competitive strength over their rivals (Kumar, 2006). When facing few challenges scholars have pointed out that market incumbents need to carefully analyze their new rivals, identify their source of competitive strength, and adapt their strategies accordingly. When a low-cost entrant reduces average profit margins within an industry, companies respond by differentiating their products, cutting prices, or doing both at the time.

2.4 Strategic Responses

Organizations are environment dependent and serving (Ansoff and McDonell, 1990). Strategic responses involve changes to organization's strategic behavior to assume success in transforming future environment. Johnson and Scholes (1999) looks at strategic response on the emphasis on developing strategy on the basis of 'fit' with the environment or 'stretching' the organization on the basis of resources and competence which create opportunities for strategy development. Some of the strategic responses may include development of; new products, new markets, new process, new service, new strategies for entering the market, restructuring, marketing, information technology, leadership and culture change.

2.4.1 Marketing

Marketing can be defined as a societal process by which individuals and groups obtain what they need and want in through creating, offering and freely exchanging products and services of value with others (Kotler, 2000). It can also be defined as the process of planning and exercising the concept of pricing, promotion and distribution ideas, goods and services to create exchanges that satisfy individual and organizations objectives. Marketers' argue that the company assets have little value without the existence of customers. The key company task therefore is to attract and retain customers. Customers are attracted through competitive superior offering and retained through satisfaction. A marketer's task is to develop a superior offering and deliver customer satisfaction. Organizations therefore need to embrace marketing concepts that rest on five pillars namely; marketing focus, integrated/coordinate marketing, profits and competition.

The company must define the boundaries of its markets. It should know those customers that are members of their market. This can be done through a process known as segmentation. The company should determine the needs and wants of the customers from the customers' point of view but not the company's (Kotler, 2000). Customers' needs must be identified and satisfied as these results into customer loyalty which is a source of company goodwill. When all company departments work together to achieve the consumer's interest, the result is integrated marketing which involves; The marketing

function, where the various marketing functions such as advertising, marketing research, sales and branding must work together. They must be well coordinated from the customer's point of view and the country wide orientation where marketing must be embraced by other departments.

The strategic option chosen must be one that will enhance the organizations competitive position (Ansoff and McDonell, 1990). The company may chose to employ market penetration by serving the present market with present products. The company will concentrate on protecting and building the market share. Product development strategy will entail serving the present market with new products using existing and new competencies and diversification. Market penetration strategy is used where the company decides to enter into new markets with present products. It may de identifying mew product uses, or identifying new segments or new territories to serve. Diversification strategy is employed where the company decides to enter new markets with new products. This is the most challenging zone for a company to operate in. Success will depend on use of both existing and new competencies.

Most companies do not embrace the marketing concept until driven to it by circumstances. Various events forcing companies to adopt the market concept includes sales decline and slow growth in sales forces some companies to search for new markets. Most companies therefore realize they need marketing skills to identify new opportunities and to address the issue of changing buying patterns where most companies operate in markets characterized by rapidly changing customer needs. Such companies need more marketing know-how if they are to track buyers' changing values (Kottler, 2000). Increasing competition also force complacent companies to think about marketing. A number of strategic marketing variables can be manipulated in response to a changing competitive situation. They include adjusting of target market, diversification and development of new product, distribution changes, advertising, promotion and establishment of relationship market.

2.4.2 Managing change

Change is part of the daily life within an organization. The ability to manage change has shown to be a core competency for corporations. A great challenge within strategy implementation is to deal with potential barriers of the affected managers. Implementation efforts often fail when these barriers are underestimated and prevention methods are not adopted at the beginning (Thompson *et al.*, 2007). One has to be aware that barriers against the implementation of the strategy can lead to a complete breakdown of the formulated strategy.

In psychology, much research is done about human barriers. The cause for these barriers is seen in affective and non-logical resistances, which are, in a way, incomprehensible because they come out of the subconscious of human beings (Donaldson, 1995). Barriers to implementing a strategy range from delay to outright rejection. However, this psychological point of view is often downplayed during discussions of implementation issues, even though it is becoming more and more obvious that strategy response consists, for the most part, of psychological aspects. By changing the way they view and practice strategic response, senior executives can effectively transform change barriers into gateways for a successful execution (Thompson *et al.*, 2007).

2.4.3 Information and Communication Technology

The computer and developments in Telecommunication are most important aspects of Information Technology (IT) that have transformed business environment and processes. Automation of business processes has led to a drastic improvement in productivity and reduction in costs while Telecommunications has improved the speed with which information is transmitted thus facilitating speedy decision making. IT has become indispensable ingredient in organizations in several strategic to meet challenges of change they include internet, intranets that support business operations and using it in BPR. IT is also used to develop new products, services, processes and capabilities that give a business a strategic advantage over the competitive forces it faces in its industry (O'Brian, 2002).

According to Chapman (2004), all doors of communication are opened as a way of problem solving and feedback provided immediately to enhance strategic response. Development of ICT facilities is pivotal in creating the necessary networking to the whole organization. For the strategic response to be achieved all the departments need to work dependently and effective communication is quite crucial because it provides synergy. Information access, sharing and exchange are exploited to their full potential. In practice, policy also allows management to communicate a company's mission, major goals and objectives, and operational domain to its internal and external stakeholders.

2.4.4 Leadership and Culture

Organizations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch 1967). Thompson and Strickland (1980) notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure according to Thompson (1997) is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes.

According to Wang *et al.*, (2007) organizational culture is a set of important assumptions, often unstated that members of an organization share in common. Organizational culture similar to an individual's personality is an intangible yet ever present theme that provides meaning, direction and the basis of action. Insightful leaders nurture key themes or dominant values within organizations that reinforce the competitive advantages they possess or seek, such as quality, differentiation, cost and speed. Organizational culture helps in nurturing and dissemination of core values. Implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). Wehrich and Koontz (1993) look at culture as the general pattern of behavior, shared beliefs and values that members have in common. Culture can be inferred from

what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behavior over time.

The potential of changing the culture of a government is influenced by the beliefs of strategic leaders and the extent of strategic need. According to (Kotter, 1990), leadership is about copying with change. Leadership has become very important in recent years due to businesses becoming more competitive and volatile. Pearce and Robinson (2002), indicates that organizational leadership involves action in first guiding the organization to deal with constant change by embracing change, clarifying strategic intent and shaping culture to fit with opportunities and challenges that change afterwards. Also it entails identifying and supplying the organization with operating managers prepared to preside leadership and vision. An important tool of total quality management is bench marking whose objective is to identify the “best practices” in performing an activity to learn how to lower costs, have fewer defects or other outcome linked to excellence are achieved.

2.4.5 Restructuring

Activities within a business value chain are more critical to the success of the business strategy than others. Business process reengineering popularized by consultants Hammer (1996) is one popular method. Business process reengineering is intended to regularize a company so that it can best create value for customer by eliminating barriers that create distance between employees and customers. It involves fundamental rethinking and radical redesign of business process to achieve dramatic improvements for instance, cost, quality service and speed. Reengineering and value orientation have led to downsizing, outsourcing and self management as themes of influencing original structure.

Downsizing is eliminating the number of employee’s particularly middle level management. It results to increased self management, larger span control and more work for those that remain. Outsourcing means obtaining work that was previously done by employees inside organization from sources outside the company who can perform better. It is a source of competitive advantage. Activities that can be outsourced include; information processing, various personnel activities, security among others. According to

Rugman and Verbeke (2000) restructuring also entails removal of structural barriers and creation of learning organizations capable of continued re-generation from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose of vision.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research design, the target population, data collection instruments and the techniques for data analysis.

3.2 Research Design

The research design to be adopted was descriptive cross sectional survey design. According to Cooper and Schindler (2000), a descriptive research design is concerned with finding out the; who, what, where, when and how much. Furthermore, a research design is structured, has investigative questions and part of formal studies. The design is appropriate because the main interest is to explore the viable relationship and describe how the factors support matters under investigation.

A cross sectional study looks at data collected across a whole population to provide a snapshot of that population at a single point in time. This kind of study was used as it enabled the researcher to have an insight of the strategic responses by tour operators in Nairobi to the changes in the environment. Descriptive design method provides quantitative data from cross section of the chosen population. This design provided further insight into research problem by describing the variables of interest.

3.3 Target Population

The population of the study consisted of all the tour firms operating in Nairobi. According to the Kenya Association of Tour Operators (2012) there were 250 tour firms operating in Nairobi. The selection of the tour operators was necessitated by changes in the environment that that required strategic response. In addition all the organizations have their headquarters in Nairobi and thus it was easy to collect adequate data by the researcher.

3.4 Sample Selection

The study adopted systematic sampling. It is a method of selecting sample members from a larger population according to a random starting point and a fixed, periodic interval. Typically, every "nth" member is selected from the total population for inclusion in the sample population. The advantage of systematic sample is that it really fast and easy to convenient when already a list of the units in the population is there. The researcher obtained the list of the population and then take a sample in which every 4th event was picked for the research and this resulted in 63 tour firms been selected for the study.

3.5 Data Collection

The study used primary data which was collected through self-administered questionnaires. The structured questionnaires were used to collect data on the strategic responses by tour operators in Nairobi to the changes in the environment. The questionnaires consisted of both open and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis respectively. The questionnaire were administered through “drop and pick later” method. The respondents for the study were marketing managers or the owners in all the tour operators firms operating in Nairobi.

3.6 Data Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were then coded into numerical form to facilitate statistical analysis. Data was analyzed using statistical package for social sciences based on the questionnaires. In particular, the descriptive analysis which includes averages mean and standard deviations.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to determine the strategic responses to the changes in external environment by tour operators in Nairobi Kenya. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 63 questionnaires were issued out and only 48 were returned. This represented a response rate of 76%.

4.2 Demographic Characteristics

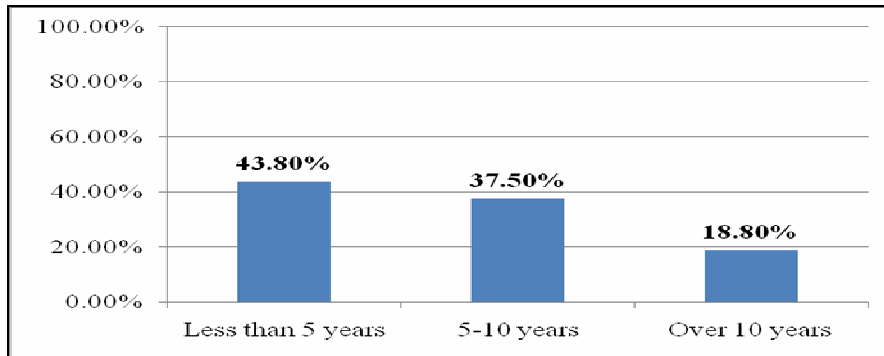
This section covered the education level, length of service, duration of tour firm operation, number of employees and the ownership of the company.

4.2.1 Respondents Characteristics

The results indicate that 75% of the respondents had attained university level while 25% of the respondents said that tertiary college was their highest level of education. The results indicate that majority of the respondents were university graduate and therefore in order for the companies to respond adequately to the challenges they should be able to come up with strategies that will deliver the desired results and this can be crafted by the employees.

The respondents were asked to indicate the length of service with the tour company and the results are presented in figure 4.1.

Figure 4.1: Length of service with the tour firm



The results show that 43.8% of the respondents have worked in the tour firms for less than five years, 37.5% of the respondents indicated that they have worked for 5 to 10 years while 18.8% of the respondents indicated that they have worked with the tour firms for over 10 years. The results indicate that majority of the respondents have worked in the tourism industry for a long time and therefore they understand the challenges that face the industry and the response strategies.

4.2.2 Operator Characteristics

The respondents were requested to indicate the duration in which the tour operators have been in existence.

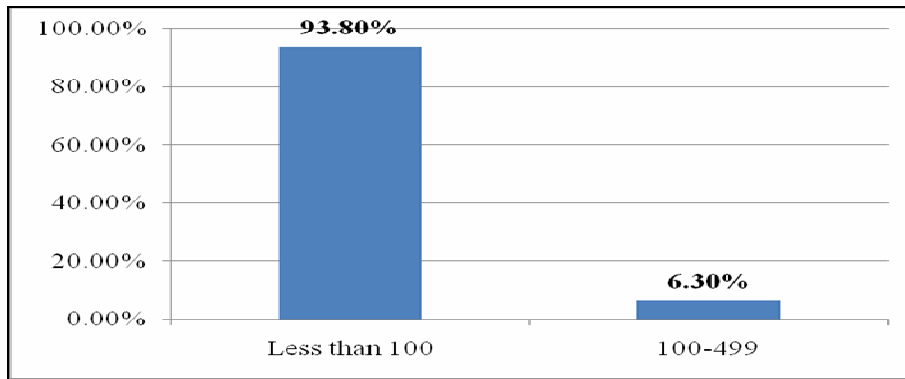
Table 4.1: Duration of tour operator existence

Years	Frequency	Percent	Cumulative percent
Under 5	11	22.9	22.9
6 - 10	5	10.4	33.3
11 - 15	19	39.6	72.9
Over 20	13	27.1	100.0
Total	48	100.0	

The findings presented in Table 4.1 indicate the distribution of responses on the duration of tour operator existence. The findings indicate that a majority (39.6%) of the tour operators have been in existence for a period of between 11 to 15 years, 27.1% of the tour operators have been in existence for over 20 years, 22.9% of the respondents indicated that the tour operators have been in existence for a period of less than 5 years while 10.4% of the tour operators were indicated to have been in existence for 6 to 10 years. The results indicate that the respondents have been in existence for a longer duration of time and therefore understand the dynamics of the industry and the responses that should be adopted by the operators in order to be competitive.

The respondents were asked to indicate the number of employees in their respective company and the results are presented in figure 4.3.

Figure 4.2: Number of employees



The results indicate that 93.8% of the tour operators had less than 100 employees while 6.3% of the operators were indicated to have between 100 and 499 employees. The findings show that majority of the tour operators have employed less than 100 employees and this can be attributed to both high and low seasons in the tourism sector.

The respondents were asked to indicate the ownership of the tour company.

Table 4.2: Tour firm ownership composition

Years	Frequency	Percent	Cumulative percent
Local	26	54.2	54.2
Foreign	9	18.8	73.0
Both local and foreign	13	27.0	100.0
Total	48	100.0	

The results indicate that 54.2% of the tour operator companies were local, 27% of the tour firms are both locally and foreign owned while 18.8% of the tour companies were indicated to be foreign owned. The results indicate that the tourism industry in Kenya is competitive due to the presence of both local and foreign firms which necessitates strategic responses in order to remain competitive.

4.3 Strategic Responses

Strategic responses are the strategies that firms take and largely triggered by continuous changes in the environment. In order to effectively achieve the firm's objectives, these set of plans and actions must be strategically fit to the complexities and dynamism of a

rapidly shifting environment. Firms largely are open systems where there is continuous interaction and interfaces with the external environment.

4.3.1 Marketing Strategies

The respondents were requested to indicate the extent to which marketing strategies was used as a response to changes in external environment in a five point Likert scale. The range was ‘strongly disagree (1)’ to ‘strongly agree’ (5). The scores of strongly disagree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq S.E < 2.4$). The scores of ‘moderate’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq M.E. < 3.4$) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq L.E. < 5.0$). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.3.

Table 4.3: Marketing Strategies

Marketing strategies and changes in external environment	Mean	Std. Deviation
The company undertakes aggressive advertisement and promotion to both local and international tourists	3.8125	1.1672
The company offers competitive packages to the tourists	4.4375	.6291
The company ensures that customer needs are identified and satisfied as these would result into customer loyalty	4.6250	.6191
The company undertakes market research to establish the tourist needs	4.1283	1.0626
The company has established relationship marketing	3.5375	.8139
The company uses diversification and development of new products	4.0625	.9979
The company analyzes competitors’ costs, prices before fixing prices of its products	4.2500	.9309
Overall mean	4.1219	

The results in Table 4.3 indicate that the respondents agreed that the tour operators use the marketing strategy to respond to the changes in the environment. The strategy mostly

used was indicated to be identification of customer needs in order to build customer loyalty with a mean of 4.6250. The other strategy used was offering competitive packages after analyzing competitors' costs and prices before fixing prices of its products with a mean of 4.4375. The other strategy used were aggressive advertisement and promotion to both local and international tourists after undertaking market research to establish the tourist needs with a mean of 4.1283 and establishment of relationship marketing with a mean of 3.5375. It can be concluded that marketing strategy is used by the tour operators to respond to changes in the environment and this will enable the operators to know the tourist needs, come up with specialized packages which they advertise resulting in customer loyalty.

4.3.2 Change Management Strategy

The respondents were requested to indicate the extent of managing change as a response strategy to changes in external environment. The results are shown in Table 4.4.

Table 4.4: Change Management Strategy

Managing change and changes in external environment	Mean	Std. Deviation
The company link change management with operational change and every aspect of the organization in relation to dynamic external environment	4.0625	.7719
The company define and implement procedures and/or technologies to deal with changes in the environment and to profit from changing opportunities	4.1250	.7188
The tour firm has established a structured methodology for responding to changes in the business environment	3.7500	1.0645
Change management in the company is multi-disciplinary, touching all aspects of the organization	3.6875	1.0144
Total	3.9063	

The findings in Table 4.4 indicate the extent of managing change by tour operators in dealing with changes in the environment. The most commonly used change management strategy is defining and implementing procedures and/or technologies to deal with changes in the environment and to profit from changing opportunities, which has the

highest mean of 4.1250. Linking change management with operational change and every aspect of the organization in relation to dynamic external environment is the second strategy with a mean of mean 4.0625. The third important change management strategy is establishing a structured methodology for responding to changes in the business environment with a mean of 3.7500. From the analysis, it can be concluded that the tour operators manage change in their firms in order to respond to the changes in the environment especially in terms of technology/procedures.

4.3.3 Information Communication Technology Strategy

The respondents were requested to indicate the extent to which tour operators use information communication technology to respond to the changes in external environment.

Table 4.5: Information Communication Technology Strategy

Information communication technology and changes in external environment	Mean	Std. Deviation
The company uses latest technology to communicate with its clients	4.5625	.6291
The company ensures that all departments work dependently and effective communication is there to create synergy	4.6250	.7188
Automation in the company has led to a drastic improvement in productivity and reduction in costs	4.0625	.9979
The adoption of information technology has enabled the company to develop new products, services, processes and capabilities that give a business a strategic advantage over the competitive forces it faces in its industry	4.4375	.7274
Technology adoption has allowed management to communicate a company's mission, major goals and objectives, and operational domain to its internal and external stakeholders	4.3125	.7041
Overall mean	4.4000	

The results in Table 4.6 indicate the extent to which the tour operators use information communication technology to respond to changes in the environment. The findings

indicate that the strategy mostly used by the operators with a mean of 4.625 was all the departments working dependently and creation of synergy through effective communication. Use of latest technology which has resulted in drastic improvement in productivity and reduction in costs to communicate with its clients was the second strategy with a mean of 4.5625. The other strategy used was development of new products, services, processes and capabilities that give a business a strategic advantage over the competitive forces it faces in its industry with a mean of 4.4375. The results further indicate that the use of information technology allowed the management to communicate a company's mission, major goals and objectives, and operational domain to its internal and external stakeholders with a mean 4.3125. The findings indicate that the respondents respond to changes in the environment through information technology that has resulted in synergy among the department, reduced costs, effective communication with clients and development of new products.

4.3.4 Leadership and culture Strategy

The respondents were asked to indicate the extent to which tour operators use leadership and culture to respond to changes in the environment.

Table 4.6: Response to changes in external environment through of leadership and culture

Effect of leadership and culture on changes in external environment	Mean	Std. Deviation
The leadership of the company shape the culture to fit with opportunities and challenges that change afterwards	4.2500	.68313
The company is structured in such a way that it can respond to competition pressures without delays or without too many bureaucracies and red tape	4.1250	1.08781
Company leadership nurture key themes or dominant values within organizations that reinforce the competitive advantages they posses or seek, such as quality, differentiation, cost and speed	4.1146	.9826
The culture of the company belief in being the best, offer superior quality and service, importance of people as individuals and a faith in their ability to make a strong contribution, importance of details of execution and customers as being supreme	4.3750	.71880
The top managers create a climate for the organization and their values influence the direction of the firm	4.1875	1.10868
Overall	4.2104	

The findings presented in Table 4.6 indicate the distribution of responses on the extent to which the tour operators use leadership and culture to respond to changes in the environment. The findings indicate that majority of the operators uses culture that belief in being the best, offer superior quality and service, importance of people as individuals and a faith in their ability to make a strong contribution, importance of details of execution and customers as being supreme with a mean 4.3750. The second strategy mostly used by the operators was found to be leadership that shapes the culture to fit with opportunities and challenges that change afterwards with a mean 4.2500. The other strategy used was with a mean of 4.1875 was the top leaders creating a climate for the organization and their values influence the direction of the firm and ability to respond to competition pressures without delays or without too many bureaucracies and red tape. From the findings, it can be concluded that leadership and culture was used by the

operators to respond to changes in the environment and this resulted in the use of culture that fit with opportunities and challenges, and creation of climate that influences the direction of the firm and respond to the challenges without delays.

4.3.5 Effect of restructuring on changes in external environment

The respondents were requested to indicate the extent to which the tour operators use restructuring to respond to changes in the environment. The results are presented in Table 4.7.

Table 4.7: Effect of restructuring on changes in external environment

Effect of restructuring on changes in external environment	Mean	Std. Deviation
The company employ extra staff during the peak season and layoff during the low season	3.5376	1.5275
The company outsource some services like transport	3.9375	.9979
The company create value for customer by eliminating barriers that create distance between employees and customers using business process reengineering	4.2283	1.0878
The company has created a learning organization capable of continued re-generation from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose of vision	4.1250	.7188
Overall mean	3.9571	

The results indicate that the tour firms use restructuring as a response to changes in the external environment. The results show that the tour firms create value for customer by eliminating barriers that create distance between employees and customers using business process reengineering (mean 4.2283), create a learning organization capable of continued re-generation from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose of vision (mean 4.1250), outsource some services like transport (mean 3.9375) and that the tour employ extra staff during the peak season and layoff during the

low season (mean 3.5376). The overall mean was found to be 3.9571, an indication that restructuring was being used by the tour operators to respond to the changes in the environment.

4.4 Discussion

The business environment has become extremely competitive and complex. These characteristics impose the need for satisfying business stakeholders within a global market. Organizations must be flexible in order to adapt to changes, to compete effectively and thus prosper and grow. The study established that the marketing strategies was being adopted by the operators and this resulted in analyzing competitors' costs, prices before fixing prices of its products, undertaking market research to establish the tourist needs, use of diversification and development of new products, undertaking aggressive advertisement and promotion to both local and international tourists and establishing relationship marketing. The results are consistent with Kottler (2000) findings that customers' needs must be identified and satisfied as these results into customer loyalty which is a source of company goodwill. All company departments' work together to achieve the consumer's interest, the result is integrated marketing which involves; the marketing function, where the various marketing functions such as advertising, marketing research, sales and branding must work together. They must be well coordinated from the customer's point of view and the country wide orientation where marketing must be embraced by other departments.

Successful adaptation to change is as crucial within an organization as it is in the natural world. Organizations that have successfully managed change have been able to link strategic change with operational change and every aspect of the organization in relation to dynamic external environment. In most organizations, operations are an internal function that is buffered from the external functions by other organization functions. Change and responses to change are ongoing processes. Organizational change enables the organization to move from its current position and state towards some future position as a way of increasing its overall effectiveness (Hills and Jones, 2001). Change is inevitable and the manner in which organizations respond to and manage change makes

the difference between its survival and death. Seeing the need for change and having the resources ready for implementation is one thing, but the process of actually implementing the change is another.

Pearce and Robison (2007) notes that implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy. Organizational culture helps in nurturing and dissemination of core values. The study found out that the operators offer superior quality and service, importance of people as individuals and a faith in their ability to make a strong contribution, importance of details of execution and customers as being supreme, leadership shape the culture to fit with opportunities and challenges that change afterwards, top leaders creating a climate for the organization and their values influence the direction of the firm, ability to respond to competition pressures without delays or without too many bureaucracies and red tape and that the leadership of the company was able to nurture key themes or dominant values within organizations that reinforce the competitive advantages they possess or seek, such as quality, differentiation and cost. An important tool of total quality management is bench marking whose objective is to identify the best practices in performing an activity to learn how to lower costs, have fewer defects or other outcome linked to excellence are achieved.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary, conclusion and recommendations of the study. The suggestion for further research was also highlighted.

5.2 Summary

The findings show that the tour operators used marketing strategies in order to respond to changes in the external environment through customer needs identification and satisfaction, offering competitive packages to the tourists, analyzing competitors' costs, prices before fixing prices of its products, undertaking market research to establish the tourist needs, use of diversification and development of new products, undertaking aggressive advertisement and promotion to both local and international tourists and establishing relationship marketing. Change is important to any organization that wishes to succeed in today's competitive business environment. For an organization, change management means defining and implementing procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities. This change was achieved by the tour operators by implement procedures and/or technologies to deal with changes in the environment and to profit from changing opportunities, linking change management with operational change and every aspect of the organization in relation to dynamic external environment, establishing a structured methodology for responding to changes in the business environment and change management in the company being multi-disciplinary, touching all aspects of the organization.

The findings indicate that information communication technology was used by the operators to respond to changes in the environment. This was achieved through ensuring that all departments work dependently and effective communication is there to create synergy, using latest technology to communicate with clients, developing new products, services, processes and capabilities that give a business a strategic advantage over the competitive forces it faces in its industry, allowing management to communicate a company's mission, major goals and objectives, and operational domain to its internal

and external stakeholders and that automation in the company has led to a drastic improvement in productivity and reduction in costs. The leadership and culture in the companies was indicated to have played a key role in ensuring that the operators respond effectively to the challenges facing the industry. The leadership and culture ensured that the operators offer superior quality and service, importance of people as individuals and a faith in their ability to make a strong contribution, importance of details of execution and customers as being supreme, leadership shape the culture to fit with opportunities and challenges that change afterwards, top leaders creating a climate for the organization and their values influence the direction of the firm, ability to respond to competition pressures without delays or without too many bureaucracies and red tape and that the leadership of the company was able to nurture key themes or dominant values within organizations that reinforce the competitive advantages they possess or seek, such as quality, differentiation, cost and.

The study shows that restructuring was used by the tour operators to create value for customer by eliminating barriers that create distance between employees and customers using business process reengineering, create a learning organization capable of continued re-generation from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose of vision, outsource some services like transport and that the tour employ extra staff during the peak season and layoff during the low season.

5.3 Conclusion

An effective response by the company is founded on continuous response by the company to the changing environment. The response strategies of a firm play an important strategic role of creating value and improve business performance. As such the competitive advantage of companies in today's economy stems not from market position, but from the strategies which they implement and how it responds to the challenges they face. The generated value is the result of an organization's ability to manage its business processes and, on the other hand, the effectiveness and efficiency of performing organizational processes based on organizational competencies. Management of the

company will enable an organization to grow and develop the appropriate response strategies. Therefore, the fact that organizational responses are based on the effective and efficient management of strategic assets puts it at the heart of business performance and value creation. However, there is need to understand the processes of creation of response strategies to avoid a scenario where the strategies adopted does not yield the intended benefits to the organization.

An effective response by an organization to competition is founded on continuous response by the organization to the changing environment. These responses include the adoption marketing strategies, change management, information communication technology, leadership and culture and restructuring. As such the management of the tour operators should continue marketing their products so that they make it known to the customers every time of the new development in the tour company which could be the same products or superior than the competitors. It is the interaction of these different types of resources that drives a firm's competitive advantage and the catalytic effect on the others and it is this cumulative catalytic impact that makes an organization develop sustainable competitive advantage.

5.4 Recommendation

This study makes several recommendations for policy implementation and also suggest for further research.

5.4.1 Recommendation for Policy and Practice

First and foremost the study established that the tour operators use different strategies to respond to the changes in the environment and it is recommended that the management of the companies should inculcate a practice of continuous review of the state of competition in the tourism industry so that they do not react to the challenges brought about by the existing or new competitors to avoid panic situation which will lead to adoption of strategies which will not enable the tour company to realize the desired objectives.

Secondly the study established that the adoption of the strategies enables the tour firms to be competitive. Towards the achievement of this, an organization should implement

appropriate process of identifying and harnessing strategies in order to ably face the challenges from the uncertain business environment. As part of the organization strategy, assessment of competitors should form an important exercise and the targets set should bear in mind the capacity of the organization to achieve the targets with the available structures. At the same time, the process of harnessing the organizations strategies should be backed by the support of the organizations top management and the staff level of awareness of strategies is critical to the success of implementing the same strategies in an organization. To improve on the competitiveness of the tour companies, the management of the companies should ensure that they involve its employees on every aspect they intend to pursue in order to make them to feel part of the process.

Finally the study established that information communication technology was being used by the operators to respond to the changes in the environment and it is important for the management of these organizations to increase their information communication strategies by more automation in order to speed up the processes and also to be more efficient in meeting the clients need. The study also recommends that the management of these tour operators should be more careful during the restructuring process especially by explaining to all the employees on the overall goals\objectives that need to be achieved so as to avoid anxiety There is need for the policies to be followed up once designed to evaluate the acceptance and applicability at all level.

5.4.2 Suggestions for Further Research

The study confined itself to the tour operators who operate in the tourism industry that is affected by both internal and external factors. This research therefore should be replicated in other sectors to establish the response strategies adopted in those sectors. At the same time more studies need to be done to establish the relationship between businesses the response strategies and performance of the tour operators. This will go a long way in ensuring that the strategies point towards the overall firm's objective as well as the performance of a firm.

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APPENDICES

Appendix I: Letter of Introduction

University of Nairobi

School of Business Studies

Dear Respondent,

I am a postgraduate student in the School of Business Studies, University of Nairobi, conducting a management research paper on strategic responses by tour operators in Nairobi to the changes in the external environment. In order to undertake the research, you have been selected to form part of the study. This letter is therefore to request your assistance giving me information to the attached questionnaire. This information will be treated with strict confidence and is purely for academic purposes. A copy of the final report will be availed to you upon request.

Your assistance and co-operation in this exercise will be highly appreciated.

Yours faithfully,

Ann Njeri Kigoro

MBA student

Dr. J.M Munyoki

Supervisor

APPENDIX II: QUESTIONNAIRE

Please give answers in the spaces provided and tick (✓) in the box that matches your response to the questions where applicable.

Section A: Demographic Characteristics of Respondents

1. Name of the tour operators company (Optional).....

2. What is your highest level of education qualification?

a) Post graduate level ()

b) University ()

c) Tertiary College ()

d) Secondary ()

3. Length of continuous service with the tour company?

a) Less than five years ()

b) 5-10 years ()

c) Over 10 years ()

4. How long has your tour company been in operation?

a) Under 5 years () b) 6 – 10 years ()

c) 11 – 15 years () d) 16 – 20 years ()

e) Over 25 years ()

5. How many employees are there in your tour company?

a) Less than 100 ()

b) 100 – 499 ()

c) Above 5000 ()

6. What is the ownership of the tour company?

a) Local ()

b) Foreign ()

c) Both local and foreign ()

Section B: Strategic Responses

7. To what extent do you agree with the following statement regarding responses by the tour firm to changes in external environment? Use 1- Strongly disagree, 2-Disagree, 3-Moderately agree, 4- Agree, 5- Strongly agree

Marketing	1	2	3	4	5
The company undertakes aggressive advertisement and promotion to both local and international tourists					
The company offers competitive packages to the tourists					
The company ensures that customer needs are identified and satisfied as these would result into customer loyalty					
The company undertakes market research to establish the tourist needs					
The company has established relationship marketing					
The company uses diversification and development of new products					
The company analyzes competitors' costs, prices before fixing prices of its products					
Managing Change	1	2	3	4	5
The company link change management with operational change and every aspect of the organization in relation to dynamic external environment					
The company define and implement procedures and/or technologies to deal with changes in the environment and to profit from changing opportunities					
The tour firm has established a structured methodology for responding to changes in the business environment					
Change management in the company is multi-disciplinary, touching all aspects of the organization					
Information Communication Technology	1	2	3	4	5
The company uses latest technology to communicate with its clients					
The company ensures that all departments work dependently and effective communication is there to create synergy					

Automation in the company has led to a drastic improvement in productivity and reduction in costs					
The adoption of information technology has enabled the company to develop new products, services, processes and capabilities that give a business a strategic advantage over the competitive forces it faces in its industry					
Technology adoption has allowed management to communicate a company's mission, major goals and objectives, and operational domain to its internal and external stakeholders					
Leadership and Culture	1	2	3	4	5
The leadership of the company shape the culture to fit with opportunities and challenges that change afterwards					
The company is structured in such a way that it can respond to competition pressures without delays or without too many bureaucracies and red tape					
Company leadership nurture key themes or dominant values within organizations that reinforce the competitive advantages they possess or seek, such as quality, differentiation, cost and speed					
The culture of the company belief in being the best, offer superior quality and service, importance of people as individuals and a faith in their ability to make a strong contribution, importance of details of execution and customers as being supreme					
The top managers create a climate for the organization and their values influence the direction of the firm					
Restructuring	1	2	3	4	5
The company employ extra staff during the peak season and layoff during the low season					
The company outsource some services like transport					
The company create value for customer by eliminating barriers that create distance between employees and customers using business process reengineering					
The company has created a learning organization capable of continued re-generation from the variety of knowledge, experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose of vision.					

8. Is there anything you would like to add as a suggestion or opinion that you feel was left out in regard to your tour company response to changes in the environment? Please comment below.....
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Thank You for Participating in This Study