

**STRATEGIC ISSUE MANAGEMENT AT ENASHIPAI RESORT
AND SPA LIMITED, KENYA**

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DECLARATION

This research project is my original work and has not been presented for a degree award in any other university.

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DEDICATION

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ABBREVIATION AND ACRONYMNS

SIM- Strategic Issue Management.

SIMS- Strategic Issue Management Systems

WTA- World Travel Awards.

CCTV-Closed Circuit Television

ABSTRACT

Strategic Issue management specializes in detecting surprise developments in the business environment through constant monitoring and surveillance and execution of timely responses. This research study main focus was on Strategic Issue Management (SIM) practices by Enashipai Resort and Spa and the factors influencing SIM in that organization due to the emerging issue in Kenya which have an effect on the hospitality industry. The environment is changing and for companies to remain competitive they have to align themselves to the changing environment to remain competitive the hospitality industry is also not left behind. Despite of their fundamental role of the hospitality industry in Kenya, they are faced with a number of challenges, ranging from security threats, travel bans in the country, political instability, competition, changing customer's tastes/preferences and social issues in the external environment staff turnover, technology issues in the internal environment. These among others have forced resort managers to pause and ponder and devise ways to strengthen their enterprises. The study was carried out through a case study design focusing on six respondents from various departments in Enashipai Resort and Spa. It is evident from the study that SIM is very significant to the hospitality industry to enhance current and future growth and competitiveness. Tracking, monitoring and managing priority issues is necessary for a firm's survival during turbulence times. Conclusions drawn from the research process it is importance in specifying the organization's objectives, developing policies and plans and for the company to achieve this, strategic issue management should be highly implemented, also the importance of top level managers to support SIM. More research should be conducted in all industries as this only focused on one organization.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic Issue Management is based on the recognition and appreciation of the fact that the periodic systems of planning are no longer capable of detecting deviations in the environment of most companies and executing timely responses (Ansoff and McDonnell, 1990). Strategic issues have a long term effect on the organization. It is therefore relevant than ever, to understand the dynamics of how to respond to those strategic issues, due to the increasingly fast-paced changes in the globalised world. Organizations must employ real time measures to be able to establish the development as they arise and be able to deal with these issues on a real time basis to ensure they remain operational (Ansoff and McDonnell, 1990). The forthcoming issues may be an opportunity to be grasped, an internal strength which can be exploited by the firm to gain advantage, or a threat to be mitigated, an internal weakness which can endanger continuity of the firm. SIM is designed to position the firm in the environment where it's operating. It's a managerial function that helps corporations to identify, analyze and respond to social and political issues that can significantly affect them (Miles and Snow, 1978).

An organization does not operate in a vacuum but within an external environment, which consists of variables that form the context within which firms exist (Hunger and Wheelen, 1995). To be successful in this environment, a firm adopts an open system it depends on the environment for inputs, processes them and finally delivers them back as output hence making them environment dependent. (Pierson 2000) Path dependency

theory will guide this study because it is often easier and/or more cost effective to simply continue along an already set path than to create an entirely new one. Lorenz (2005) viewed the world as so complex and chaotic and hence need to employ strategies which will align the firm to adjust to the chaotic environment.

At Enashipai resort and spa Ltd, the study is deemed necessary because the environment is very turbulent and full of instabilities world over and more specifically in Kenya. The hospitality industry is currently experiencing major emerging issues both in the external environment and internal environment, ranging from security threats, travel bans in the country, political instability, competition, changing customer's tastes/preferences and social issues in the external environment staff turnover, technology issues in the internal environment. SIM will help in maintaining optimum management practices to achieve better alignment in the environment for the corporate and strategic priorities.

1.1.1 The Concept of Strategic Issue Management

Strategic issues are forthcoming developments, either inside or outside of the organization that are likely to have an important impact on the ability of the enterprise to meet its objectives Ansoff and McDonnell (1990). For managers to achieve desired results, it's not enough to respond by managing internal environment of the firm only but also the firm's external environment (Pearce and Robinson, 2003). It can be an emerging opportunity in the organization's environment or an internal strength, as well as an external threat or internal weakness Ansoff (1980). Issues are controversial inconsistencies caused by gaps between the expectations of corporations and those of

their publics. These gaps lead to a contestable point of difference, the resolution of which can have important impact for an organization

Strategic issues may be viewed in two broad categories Ansoff (1980). One is internal strategic issues which originate from inside the organization. Decline in employee satisfaction, motivation and performance or the development of a new technology, new buildings by research and development department represent internal strategic issues. They often are triggered by deviations in the organization's or some subunits performance from targeted performance in meeting the organization's goals. Such issues are classed as strategic because they can alter the organization's performance if left unnoticed or if not addressed. Ansoff (1980) .They is distinctly internal because there focus is within the organization's boundaries. Some forms of SIM systems are designed exclusively to monitor and respond to internal issues.

Secondly are the external strategic issues which emanate from sources outside the organization's boundaries. For example, competitor actions, political unrest in the country where the firm operates, or changes in regulatory rules, insecurity in the country, travel bans represent potential external strategic issues. A SIM system that tracks external issues is consistent with the views of those who see SIM systems as synonymous with environmental scanning or as an activity affiliated with the public affairs function

Strategic issue management is a systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its

environment in a way which will ensure its continued success and save it from surprises (Comerford and Callaghan, 1985). SIM is based on the recognition and appreciation of the fact that the periodic systems of planning are no longer capable of detecting deviations in the environment of most companies and executing timely responses. It specializes in detecting surprise developments in the business environment through constant monitoring and surveillance and execution of real time responses (Ansoff and McDonnell, 1990). This implies that an organization can achieve much from the chaotic environment by aligning itself in the environment. Businesses use strategic management to formulate, as well as implement strategies in order to compete successfully and deal with emerging strategic issues (Lawrence & Lorsch 1967).

Strategic Issue Management involves detecting recent developments in the business environment through constant monitoring and surveillance and execution of timely responses (Ansoff and McDonnell, 1990). Both viewed SIM as developments or trends that emerge from an organization's internal or external environment, perceived to have the potential to affect an organization's performance. Broadly speaking, issue management attempts to minimize surprises which accompany social and political change by serving as an early warning system for potential and environmental threats and attempts to promote more systematic and effective responses to particular issues by serving as a coordinating and integrating force within the corporation. It is through Strategic Issue Management system that strategic issues can be identified, understood, determined and procedures set for tackling them. Strategic issue management system are set of organizational procedures, routines, personnel and processes devoted to perceiving

analyzing and responding to strategic issues; they enhance an organization's capacity to adapt and learn (Duncan and Weiss, 1979).

SIM will help managers to establish forthcoming developments, either inside or outside the firm, which are likely to have an important impact on the ability of the firm to meet its objectives. Managers in these firms will conduct environmental scanning to be able to identify, analyze, and respond to social and political concerns that can significantly affect them in the external environment. Managing firms is being capable of perceiving and responding to the threats and opportunities in a highly turbulent environment and adopting strategic response measures, to counter the adverse effects to those changes when they occur thereby reducing a firm's chances of missing out on an opportunity (Kanter, 1997). This is done by creating conditions that make the firm proactive to issues in a natural way when such issues occur other than being reactive.

1.1.2 The Hospitality Industry in Kenya

The Hotels and Restaurants Act (CAP 494, Laws of Kenya) is the Act which governs the licensing of Hotels and Restaurants in the country and it provides for regulation of Hotels, Restaurants and Lodges. The Act provides for collection of training levy to finance training programs for personnel working in the tourism industry. The Act, through the Hotels and Restaurants Authority, also deals with matters incidental to and directly connected with the management of Hotels and restaurants in the country.

The hospitality industry consists of broad categories that include but are not limited to lodging, restaurants, events planning, and travel and tours, all within the service industry.

It is an industry that is highly pegged on the availability of leisure time, disposable income, need for pleasure and business. It therefore calls for excellent with customer satisfaction. The changes in customer lifestyle increased disposable income and demand to experiment brand choice as opposed to location choice is leading the way now and in the future. Brand is the external and internal representation of everything the organization stands for and includes the stakeholder's expectation of the brand. Hospitality industry player have to build a brand that is appealing to the customers in order to win and retain them.

The hospitality industry has evolved with different structures in different parts of our country. This is because each region has experienced economic development during different periods of history. The industry is increasingly being confronted with the intense competition. There are many players in the hospitality industry offering the same services and competing for the same client, satisfying them and meeting their desired needs is of importance to remain in business.

Rapid advance of technology and higher expectations form clients. There has been a transformation of the customers where today's customer has turned out to be a more demanding customer who is technologically connected. Deloitte annual report (2010) noted that the modern customers demand to be dealt with at their own terms. The customers do a lot of research on the internet before they procure a service or product. They are therefore informed and are increasingly having a multiple of touch points based on their desires. Consumers are using the internet more to share information and there is a

growing tendency to make purchase decisions, based on other people reviews of products.

Changes in the political and economic environment in the last century had strong effects on the way firms in this industry operate. Turning from a production economy to a market economy and globalization have confronted firms with new realities based on competition in which they need new strategies to succeed. It is major service sector in the world economy. Kenya has been confronted with intense insecurity and hence clients want to stay safe in their home.

1.1.3 Enashipai Resort and Spa

Enashipai is a Masai term meaning a place of happiness. It is located at Moi South Lake Road at the shores of Lake Naivasha. The hotel was started in June 2010 as a small hotel known as Lake Naivasha Holiday Inn. The name was changed to Enashipai Resort and Spa in 2012 to incorporate its expansion which included a Spa, night club and a museum. Enashipai Resort & Spa has 40 Luxurious Executive Rooms with 2 & 3 Bedroom Executive Cottages. It's currently being renovated with modern structures and buildings to meet the customers demand. Resort and Spa is culturally rich, endowed with nature, historically decadent. Naivasha has many faces and is the source of our inspiration. It is where a strong local heritage and abundant nature is blended with pure luxury. Naivasha receives quiet big number of tourists both local and foreign and so is Enashipai Resort and Spa.

Enashipai is ranked as 5 Star hotels by World Travel Award (WTA) and it currently holding the title of best resort in Kenya the resort won the Award in 2013 from WTA only after one year of existence from the renovation. It has one meeting room, main Restaurant, Coffee Lounge, Bar and Lakeside Bar, A Fully Equipped Fitness Centre, Outdoor Swimming Pool, Gift Shop, Being the best resort in Kenya it is important to establish effect the current trending issues have on the resort both in the internal and external environment and establish strategies to help the resort remain competitive despite the changing environment.

1.2 Research Problem

In turbulent times, managers of firms find themselves challenged as far as positioning their firms in their business environments is concerned (Ansoff and McDonnell, 1990). Dutton & Duncan, (1987) discussed the role of management in understanding of a strategic issue and its relationship to the firm's perceived capability to respond to it. The perceived uncertainty of an issue not only conditions the actions of the firm dealing with it, but also determines which issues attract management's interest in the firms. Decision-makers in organizations face a wide range of strategic issues (Ansoff, 1980). These issues represent developments or trends with the potential to impact the organization's strategy and its effectiveness. Strategic issue management will specialize in detecting surprise developments in the business environment by constantly monitoring and surveillance and execution of timely responses. Given the current uncertainty and surprising developments in the global context, and more so in Kenya, there is a need to institutionalize flexibility and dynamism in planning and implementation of strategies. No longer can any

enterprise depend on historical trends or projected trend without critically observing, analyzing and evaluating current events and issues where the firm is operating in.

Enashipai resort and spa need to constantly monitor their internal and external environments, as well as trends in their performance in order to detect any discontinuities and instabilities that might have significant impact on their businesses. The business environment and the industry at large in which Enashipai is operating in are experiencing major changes that are greatly affecting the performance and their rapid growth. The study is deemed necessary because the environment is full of surprises and instabilities world over. Enashipai resort and spa is currently experiencing major emerging issues both in the external environment and internal environment, ranging from security threats, travel bans in the country, political instability, competition, changing customer's tastes/preferences and social issues in the external environment and staff turnover, technology issues in the internal environment. SIM will help in maintaining optimum management practices to achieve better alignment in the environment for the corporate and strategic priorities.

A study on European based companies, Oomems and Bosch (1999) established that firms were facing challenges that have made them start organizing for issue management. Firms are developing a systematic process of identifying, evaluating and responding to strategic issues affecting the company. Yebei (2012) established that monitoring and management of strategic issues in the Tea exporting companies fell on the higher management levels. Boniface (2013) established the importance of issue management in

cooperative societies in Kenya in order to retain competitive advantage was pegged in good governance practices in their institutions. Muya (2006) established that top managers will have to take a proactive role in issue resolution and work with shareholders for classified hotels in Kenya.

However, despite intensive research having been carried out in the hospitality industry within the strategic management discipline in Kenya, there is no research that had been undertaken to specifically address strategic issue management as a technique adopted by Enashipai Resort and Spa to deal with current developments in the country and the need to respond to these changes in order to remain successful. What are the strategic issue management practices at Enashipai Resort and Spa?

1.3 Research Objective

The study addressed two objectives:

- i) To establish Strategic Issue Management practices by Enashipai Resort and Spa Limited.

- ii) To determine factors influencing Strategic Issue Management practices Enashipai Resort and Spa Limited.

1.4 Value of the Study

This research is significant to policy makers in the hospitality industry to help to them in putting in place more elaborate and less bureaucratic systems which will support strategic issue management. Inclusion of budget allocations to support strategic issue management,

and policies that will focus on the overall profitability of the industry. It will also add some important knowledge to the government and other sectors.

The study is valuable to various stakeholders who will find it of importance in their different capacity. Owners and managers of resort will gain knowledge on the nature of environment they are operating in. It brings a clear picture of the need for Strategic issue management in order to remain competitive in the turbulent environment. A deeper understanding of the need to of supporting and putting systems in place which will support SIM. Knowledge is added on the factors influencing Strategic Issue management and way of minimizing the challenges. Investors also are going to access important information regarding Strategic Issue Management before venturing into the hospitality industry to mitigate risk.

This study is important to expand the body of knowledge in this field of strategic issue management. More knowledge on theories of strategic management showing how various theories will bring about use of SIM to bring give an organization a competitive advantage adding to existing pool of knowledge on Strategic Issue Management. Scholars will use this research work to expand their knowledge in the hospitality industry and other industries and this will stimulate further research. Management scholars should look beyond this research in their endeavors to further their knowledge in the area of Strategic Issue Management in other industries.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers that have been carried out in the same field relating to this study. The chapter covered theoretical underpinnings of which guided Strategic issue management at the Resort , the concept and strategic issue, empirical studies on strategic issue management practices and factors influencing strategic issue management.

2.2 Theoretical Underpinnings of the Study

This study was guided by several theories. Environmental dependence theory suggested that the environment consist of all relevant factors external to the firm. Ansoff and Sullivan (1993) viewed organization as open system which is interdependent with environments, over which they have only limited control. They conceived the environment in terms of several key dimensions. To be successful in this environment, a firm adopts an open system. It depends on the environment for inputs, processes them and finally delivers them back as output hence making them environment dependent. The key challenge for managers is assuring competitiveness and profitability for their companies in turbulent environments (Daft & Weick, 1984).The focal organizational approach assumed that the environment consist of all relevant factors external to an individual organization.

Chaos and complexity theories suggest that it will never be possible to control some kinds of system, as their behavior is so unpredictable. The environment keeps on changing and historical data will never help much in determining the future (Lorenz 2005). The chaos theory has been offered as an explanation for unexpected turmoil in: Stock exchanges, Foreign exchange market, World oil market, Commodity prices, International trade and the global recession economic downturn. Complexity and chaos theory argue that the world appears to be so chaotic and turbulent that it is not possible to predict what will happen or when therefore traditional approaches to strategic management are then not appropriate and there is no point in formalized planning approaches with predetermined fixed objectives and analysis that may have to take weeks, or months to work through. In managing strategic issue firm will need to come up with strategies to deal with such issues as they emerge. Turbulence also brings the issue of responsibilities, balance of power, and decision making priorities between those who manage and those who govern (Perrot, 2011).

The idea that institutional life is often characterized by positive returns and increasing returns that make change costly has become important in understanding how institutions can be so sticky and resistant to modification (Pierson 2000). Path dependency theory explains how the set of decisions an organization faces for any given circumstance is limited by the decisions it has made in the past, even though past circumstances may no longer be relevant. Theory assume that paths are created or altered through events that are random, then managers must come to terms with the fact that even though paths may be stable, they can never be certain that an emerging issues will not enter and disrupt the

stable systems, nor can we be certain what such issues will be. Therefore management will need to look back and see how they handled past issues and the impact it had on the organization and establish ways of handling the current trends to ensure that they save on company resources and also for consistency and ensure success.

2.3 Strategic Issue

The concept of strategic issues first appeared during the evolution of strategic planning. When strategic planning was first introduced in practice, the expectation was that strategies will be revised annually. But experience quickly showed this to be both impractical and unnecessary because a strategy is a long term thrust which takes several years to implement (Ansoff, 1980). Issues should guide action when a collective, informed assessment demonstrates that the organization is likely to be affected. For example, what is now happening in Kenya now insecurity, travel bans, and political temperatures will have a great impact in the hospitality industry? The emerging trends have increased attention being paid to public gathering in the country thereby having a negative impact on the returns of players in the hospitality industry. Managers will have to devise ways to deal with these emerging issues on a real time basis to mitigate the risks and increase returns.

Strategic issues can arise from changes inside the organization or changes originating externally. Strategic issues are indeed, problematic to companies, since they are inherently difficult to manage. They are ambiguous, complex and fluid, hence, making their identification and diagnosis an on-going, interpretive and politically charged

activity. According to Ansoff & McDonnell (1990), the level of changeability today is at such a state that formal strategic planning procedures are no longer sufficient to ensure a timely response to future turbulence.

Strategic issues are those fundamental policy choices or critical challenges that must be addressed in order for a firm to achieve its vision. Strategic issues are the foundation upon which strategies are developed (Ansoff, 1980). Strategic issues can be separated from critical issues. Critical issues are important while Strategic issues are important and forward-thinking and seize on current opportunities. When addressing strategic issues, a firm is being proactive in positioning itself for the future, rather than simply reacting to problems when they arise. Strategic issues usually center on a tension or conflict to be resolved. Such tensions or conflicts may be related to differences between: past ways of doing things and future demands, current capacities and capacities necessary for delivering the essential services.

2.4 Strategic Issue Management Practices

Strategic Issue Management is a dynamic process of aligning strategies, performance and business results; it is all about people, leadership, technology and processes. Strategy can be seen as the building of defenses against competitive forces, or as the finding of positions in the industry where competitive forces are weakest. A strategy represents a firm's game plan (Pearce and Robinson, 2005). There needs to have the ability to exploit opportunities and respond to external turbulence by taking ongoing strategic decisions and strategic measures for managing risk whether it is balancing the risk and rewards of

a business direction, coping with the uncertainties of project risk or ensuring business continuity.

Dutton and Duncan (1987) extends Ansoff (1980) notion of strategic issue management by linking it intrinsically with strategic planning processes. Whereas the planning process serves both symbolic and instrumental functions, strategic issues are particularly relevant at the instrumental level, where information critical to the organization's survival is received and interpreted. Organizational decision makers exist, then, in a market for strategic issues where different internal and external trends and developments compete for decision makers' attention. Moreover, strategic issues serve as vehicles for translating individuals.

Strategic issue management is a system for detecting, analyzing and responding to surprising changes (Ansoff and McDonnell, 1990). Strategic issue management as a management function that helps corporations to identify, analyze and respond to social and political concerns that significantly affect them described by Greening and Gray (1994). Ansoff (1980) asserts that when a firm fails to respond to a threat, the losses that results continue to accumulate. Organizations engage in issues management if decision-makers are actively looking for, anticipating, and responding to shifting stakeholder expectations and perceptions likely to have important consequences for the organization. Such responses may be operational and immediately visible. Other common strategic responses are direct, behind-the-scenes negotiations with lawmakers and bureaucrats, and proactive campaigns using paid and earned media to influence how issues are framed.

SIM are systematic procedures which involve early identification and fast response to important trends and events, both internal and external to a firm (Liebl, 2003). They collect, disseminate and interpret information. This system will help in early detection of trends and issues in the environment. This will ensure that organizations are able to develop strategies that will respond to those issues depending on their magnitude. It helps to priorities issues and help managers to establish which issue to address first and in what order.

Top management team must respond to the challenges posed by the firm's internal and external environment (Pearce & Robinson, 2003). By so doing, the firm will enhance its growth, profitability and affirm its social status. According to Ansoff & McDonnell (1990) a turbulent environment is characterized by a high degree of change and unpredictability. This therefore means that managers must depart from the planned change practices and adopt real-time systems. Real-time strategic response is based on the appreciation that the periodic systems of managing organizations may no longer be capable of perceiving and responding to the threats and opportunities in a highly chaotic and complex environment. The nature of strategic response of the firm enables it to reduce adverse effect or make the firm miss an opportunity

It also requires that an organization deal effectively with resource dependencies and pressures for accountability. Companies across all industries are faced with many disruptions from various quarters such as emerging technologies, political and legal, socio-cultural shifts, economic changes, competition and new business models. Ansoff

and McDonnell (1990) further concluded that at high turbulence levels it is necessary to start the firm's response while the environment signals are still weak to ensure firms are able to contain the situation. Greening and Gray (1994) SIMS must be designed to continually capture signals from the environment and facilitate a real-time process to incorporate the information being gathered into strategic decision making.

It is evident that Strategic Issue Management is very significant to the hospitality's future. This is in line with what Perrot (2008) found out when he points out that tracking, monitoring and managing priority issues are necessary for a firm's survival during turbulence. Today may not be the same as yesterday and tomorrow may be very different from today. It is therefore today more relevant than ever, to understand the dynamics of how to respond to strategic issues, due to the increasingly fast-paced changes in the globalized world. Ansoff (1980) Issues management is an anticipatory, strategic management process that helps organizations detect and respond appropriately to emerging trends or changes in the socio-political environment. Greening and Gray (1994) these trends or changes may then crystallize into an issue, which is a situation that evokes the attention and concern of influential organizational publics and stakeholders. At its best, issues management is stewardship for building, maintaining and repairing relationships with stakeholders and stake seekers (Heath, 2002).

2.5 Factors Influencing Strategic Issue Management Practices

While organizations, stakeholders and other constituencies may be concerned about the same issue, their perspectives are rarely the same. The role of the issues management

process is to divine and determine the existence and likely impacts of these contestable points of difference. The strategic issues facing the organization and its response to them will call on the organization's skills in strategic management and its ability to recognize and deal successfully with strategic issues (England, 2000). In the private sector, these will include ensuring greater efficiency and value for money, improved and innovative product and service delivery to the customers, increased communication with customers and partners, and greater organizational coordination.

Installation and acceptance of SIM system is not easy according to Ansoff & McDonnell (1990), the difficulties come from different sources. The first is the refusal of the top management group to submit to the discipline of SIM. SIM systems will only function in an organization if managers accept to play a central role in it. This is a tall order in most organizations as managers normally prefer the familiar over the unfamiliar. The two observed that it is also difficult to get managers to submit to the disciplines demanded by the system. (Liebl, 2003). Companies have their characteristic ways of identifying and dealing with their most critical strategic questions and issues. This process is typically an emergent one, and as such, it is not always optimally structured to enable identification of issues, to facilitate allocation of top management attention, and to develop the issue.

According to Ansoff (1980) implementation of SIM is not easy. The list of issues to be dealt with and monitored keeps on changing due to the turbulence of the operating environment. This may lead to thrashing of resources among solving of issues due to ever changing priority lists resulting to lost energy, time and money. The situation is worsened

when the new realities to be confronted are drastically different from the past. This may require the enterprise to seek for external help which may prove very expensive to the organization. He asserts that when a firm fails to respond to a threat, the losses that results continue to accumulate. The strategic response process is initiated once the rational trigger point is reached. This is the point at which accumulated data shows that there is serious decline in performance which cannot be reversed and that special counter measures are required. Reactive management occurs if the start of the response is delayed past the trigger.

According to Johnson and Scholes (2003), dealing with the environment is difficult because of three factors. First is the diversity of the different influences that affect a business. Identifying the environmental influences may be possible but it may not be of much use because no overall picture emerges of the really important influences on the organization. The second difficulty is the speed of change. Managers typically feel that the pace of technological change and the speed of global communications mean more and faster changes than ever before. Third is the problem of complexity. Managers are no different from other individuals in the way they cope with complexities; they try to simplify what is happening by focusing on those few aspects of the environment which have been important historically. It is important to avoid these tendencies whilst achieving an understanding of the environment which is both usable and oriented towards the future.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides discussion on the methodology used to carry out the study. It covered the research design, data collection methods used and the data analysis technique that was employed to analyze and organize the data.

3.2 Research Design

The study was a case study which enabled the researcher to have an in-depth understanding of information regarding strategic issue management practices used in Enashipai Resort and Spa as well as the factors influencing SIM practices at the Resort. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear.

The importance of a case study is emphasized by Kothari (2004) who acknowledged that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. According to Cooper and Schindler (2003), it is a method of in depth study rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Data Collection

The study used both primary and secondary data. Primary data was collected using one-on-one interview with the help of an interview guide attached in Appendix 1. This enabled the researcher to collect qualitative and up to date data on the strategic issue management. This was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. Secondary data also provided additional information.

Existing report from the key stakeholders, strategic plans, of the resort was useful in extracting secondary data. It provided data that enable the researcher to get important information on where the organization wants to be and the strategic decisions. From the mission and vision statement deeper understanding of the company future direction was drawn.

The interviews was administered to General Manger, Finance director, Human resource manager, Food and Beverage Production manager, Banqueting Senior manager, Restaurant Coffee Lounge and Bar Supervisor. They are the managers who are tasked with strategic plan consolidation, implementation and review in the Resort.

3.4 Data Analysis

Content analysis helped to analyze the in-depth qualitative data through the use of interview guide to achieve the objectives of the study through description. According to Creswell (2003), content analysis is a technique for making inferences by systematically and objectively analyzing and identifying specified characteristics of messages from the respondent and using the same to relate to current trends. Content analysis was used to

evaluate the content of verbal information from the interview responses by the top managers selected to establish the SIM practices adopted by Enashipai Resort and Spa.

These entailed a thorough check of all the information from the respondents and systematically and objectively identify specific and common information that related to the emerging trends in the hospitality industry. Focus was on communication trends of respondents; describe attitude and behavioral responses to communications and to determine psychological or emotional state of persons.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter looks into the analysis, presentation and discussion of the data collected from Enashipai Resort and Spa and thereafter presents the results and the findings of the study. The findings focused essentially on Strategic Issue management at Enashipai Resort and Spa and the factors influencing SIM. Using an interview guide, six departmental heads were available for the interview General Manger, Finance director, Human resource manager, Food and Beverage Production manager, Banqueting Senior manager, Restaurant Coffee Lounge and Bar Supervisor gave their view on the same.

4.2 Enashipai Resort and Spa Operating Environment

Environmental turbulence is a measure of how adoptable and predictable a firm's operating environment is (Ansoff & McDonnell, 1990). While adoptable is a measured in terms of complexity if a firm's environment and the relative novelty or newness of successive challenges the environment has for the firm, predictability is the measure of the rapidity of those changes and the visibility of the future. Complexity of the environment refers to the number of variables in that environment; rapidity of change is the ratio of the speed at which challenges evolve in comparison to the speed of the firm's response while visibility is simply the adequacy and the timeliness of information about the future. Rapid decision making capabilities are of interest to decision makers in organizations that operate in turbulent environments where environmental change is

frequently occurring and response to this change is a necessary component of maintaining a competitive market position or gaining an improved one.

4.3 Strategic Issue Management at Enashipai Resort and Spa

Real time strategic issue responses are necessary to facilitate the firms' preparedness in handling the impending issues that will have a big impact on the firm's performance and growth. The company has experienced major strategic issues in the recent two year which has had an impact in their doing business and performance. From the interviewees the organization has faced some strategic issues from both the external environment and the internal environment ranging from increased insecurity, terror attacks in the country forcing the organization to reorganize the strategies and adopt strategies which will position them in the environment and remain competitive. They have introduced new ways of checking guest as they enter the spa and purchased a well advanced CCTV camera in all the rooms. Internal forces include staff turnover and measures include motivational training, team building and comfortable working environment for staff to ensure the staff are well motivated.

Enashipai prepares a list of strategic issues annually which are reviewed frequently if the operating environment changes. From all the managers interviewed it is evident that strategic issue management is a key success factor the organization considers to remain successful in the future. The company use SWOT analysis to scan the environment and indentify strategic issues and establish how to deal with such issues and position themselves in the environment. Strength and opportunities are grasped and maximized to

gain a competitive edge while minimizing the weakness and threats by adopting the best strategies.

In the beginning of the year Enashipai lay down the strategic issue to address and set target to achieve in the year and lay some procedures to handle such targets but if an emerging issue come up they deal with it but following a certain path to save on resources and time. These are issues that the organization wants to achieve in the year which is indentified by the top level managers in the organization who are tasked with strategy formulation.

Top level managers in the Spa are responsible for the consolidation of strategies and also oversea the implementation. They collect information from all the staff through the heads of departments who call their group and ask for strategic information which is then consolidated to major strategic issues. This way all the employees feel part of the formulation to ensure smooth implementation. The managers I interviewed didn't agree to directly formulating the strategies but consolidating and polishing what has been proposed by their junior's staff.

The company prepares a list of the things to do in a year and steps are put in place of how to conduct and handle the said issues. These save the company time and resources, which ensures a smooth sailing through the year. However if a strategic issue arise, which demands for other producers a crisis meeting is held by the top managers and they brainstorm on the way forward.

The researcher also investigated whether the company has prioritized the issues, to establish if there were most important ones the entire respondents showed that Enashipai distinguish and thus prioritize some urgent and critical the one which came out so clearly was customer satisfaction which they argued a satisfied guest will always come back thereby translating to increased revenue. Majority of respondents said that in case of urgent issues requiring immediate action concerning guest satisfaction, the operation plans are altered immediately to accommodate the issues as the guest is always right.

Top level management is responsible for overseeing the implementation of strategic issues and the tackle the issues well as they arise. The company critical strategic decisions are also handled by top level managers to ensure a smooth flow and ease in responding to issue.

4.4 Factors Influencing Strategic Issue Management Practices at Enashipai Resort and Spa

The study also sought to establish how employees in Enashipai Resort and Spa were empowered to handle strategic issues and it established the employee are empowered through constantly being trained and seminars which enable them to provide answers to particular strategic issues being raised by the clients. According to Restaurant Coffee Lounge and Bar Supervisor staff can handle complains and deal with them as guest raise them, this makes the guest leave the Spa feeling well attended and happy and will definitely come again. Which initially were channeled through their head of department and could take longer than expected for feedback? Also through the annual reviews the

heads are able to establish where their employees require training. Junior employees are left to deal with customers and handle the issues they bring up making the feel part of the strategic plans implementation. The finance Director was quoted saying;

“The organization has a documented process of handling strategic issues they follow a laid down procedures and a certain path this way we are able to save on finances and time.”

Top level managers support the documented procedures hence it makes is easy to handle strategic issues as it receives a lot of support. They prepare the processes and procedures then forward them to the Board of Directors for approval if approved then the procedures are documented and will be used later if a similar issue arises. These remarks were also echoed by the General Manager.

The company has recorded strategic objectives in this current year and all the six managers Interviewed confirmed that the major goal this year and coming years is to retain the World Travel Award which they are currently hold as the best Resort in Kenya by providing excellent services to their guests and hence make them always want to come back, and to always offer quality services. The objectives however keeps on changing depending on the target they want to achieve in the given years. In the last three year the objectives have kept on changing since the Resort is growing fast having in mind it started in 2010.

The organization use SWOT analysis to indentify strategic issues they have an impact on the operation of the business either in the long term or in the short run. The manager from the various departments brings issues on the table and are analyzed using SWOT to

establish the magnitude of an issue to the performance before taking any measure. The Hr manager is tasked with internal issue dealing with staff motivation high turnover and ways of improving the performance of the employees, According to the Food and Beverage Production manager, Banqueting Senior manager, Restaurant Coffee Lounge and Bar Supervisor they are tasked with guest satisfaction issues, analyzing trends or changes in the operating environment which will have an effect on the business performance. The current emerging issues are weighed and impact on their performance and strong measures put in place to remain competitive and profitable. Issues are then prioritized depending on how important it will be in the organization and resources are allocated depending on the magnitude.

The researcher sought to investigate the business operating environment of Enashipai Resort and Spa in Kenya. From the findings it shows that the business operating environment in the last three years has experienced some drastic changes especially in the current year. The company has business plans in place to respond to changing environment, the entire respondent indicated that there were existing plans to adjust to changing environment. Scanning the environment is important in indentifying influencing strategic issue management. They survey the environment often to enable them align themselves properly in the environment.

The company has put systems in place which enhance implementation of strategic issue. SIMS are to enable the organization respond to arising issues with a lot of ease and without wasting time thereby not losing customers. The systems put in place are

approved and easy to work with all employees. They are user friendly and cost a reasonable amount of money which will generate cash flow for the organization.

Resources are put in place to deal with arising issues although not a big allocation is made for the strategic issue. This was said by the finance manager that when they made the annual budget a small amount goes to strategic issues since they usually do not occur and hence the need to put money in other developments which will give returns. However if a strategic issue that requires urgent action approval has to come from the Board of Directors to spend hence a lot of bureaucracy. This does not hinder growth though since they get some action. This bureaucracy however affect negatively by taking a long time before spending is approved.

4.5 Discussion

Strategic Issue Management is systematic, organizational environment surveillance and filtering processes embedded in the organizational structure. The operating environment for organization is dynamic and chaotic and therefore SIM is necessary to enhance organizational readiness in meeting emergent and turbulent challenges Ansoff & McDonnell (1990). This is evident from the study that managers tasked with the job of strategic implementation keep on monitoring the emergent changes in the environment to ensure the organization remains competitive for the longest time. Since organizations do not operate in a vacuum but in an environment where they receive feedback from Ansoff and Sullivan (1993) this study established that restaurant and indeed the whole hospitality industry must keep on surveying the environment in order to position strategically for

survival. Organizations adopt an open system where they receive inputs from the environment and give back as output with effective feedback.

Strategic Issue Management is a dynamic process of aligning strategies, performance of an establishment and business results, it's about people, leadership, technology and processes. Strategy can be seen as finding of positions in the industry where competitive forces are weakest. A strategy represents a firm's "game plan" (Pearce and Robinson, 2005). Strategy helps organization to align them in the changing environment which will help organizations remain competitive. In this chaotic environment the researcher found out that some systems were and way of doing things were not easily followed and drastic measures had to be adopted to ensure survival of the organization.

The factors influencing Strategic Issue at the Resort as established were if the top level managers are not in support of the strategic decision the decisions will fail. Support must be from all the level to enhance smooth flow and proper implementation Ansoff (1980) otherwise it will fail. Resources must be allocated to strategic issues when making a budget to ensure that when strategic issues occur they are handled very fast to enable the organization reap all the benefits. Strategic Issue management systems must also be put in place in an organization to support the implementation save on cost. Organizations need to embrace tools for scanning the environment to ensure that they don't miss out on an opportunity.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the results of data gathered from the analyzed answers of the interview to cover the objectives outlined in chapter one. Conclusion has been drawn from the study and recommendations for policy and practice and suggestions for further studies concerning strategic issue management is covered.

5.2 Summary of Findings

The first objective of the study was to establish the strategic Issue management at Enashipai Resort and Spa. The second objective was the factors influencing SIM at Enashipai Resort and Spa. The study established that organizations do not operate in a vacuum but within an external environment. The research findings show that the business operating environment within the last two years in Enashipai has changed a lot and therefore need for measures to deal with the changes as they occur.

Response from the managers interviewed indicate that the company has had to take drastic measures in this year to be able to remain competitive despite the resent emerging issues which if not dealt with could have a negative impact on the performance of the organization. The operating environment consists of variables that form the context within which firms exist. Organizations should therefore depart from planned change practices and adopt real time systems and continuously monitor strategic issues

throughout the year in order to realize its full potential and remain competitive which is what Enashipai has adopted. Analyzing the organization's operating environment will help firms to align themselves and remain competitive.

For the influencing SIM the respondents mentioned that more need to be set aside in the budget to ensure that when emerging issue occur no very long and tedious processes are followed to get access to resources this will enable fast dealing with this issues and better positioning amidst the issues. The company is known as the best resort and Spa in Kenya by many clients. According to general manager this is a title they have to guard safely by empowering, training and having a well vast and knowledgeable human resource.

System have to put in place which are friendly to the employee to ensure ease in working and handling emerging issues as they occur. The issue of cost was also addressed by the finance manager who advocated for systems which are cost effective and will generate return. This also depended on the board of director's approval for such systems depending on the costs implications and profitability.

5.3 Conclusion

From the data collected this research concluded that the hospitality industry and in particular Enashipai Resort and spa has had major emerging issues in the current year which has forced the organization and indeed the whole sector to take drastic measures to survive ad remain in business making positive returns.

The study was also able to conclude that strategic issue management is a process of specifying the organization's objectives, developing policies and plans and for the company to achieve this, Analyzing strength weakness opportunities and threats from the emerging issues and making clear strategies for dealing with each of them for survival and competitiveness. Strategic issue management should be highly implemented at the company for survival. The organization should keep on surveying the chaotic environment as demonstrated by Lorenz (2005) to align themselves and survive in the long run. The major role of implementation, monitoring and management of strategic issues at Enashipai fell on the top managers according to a majority of the respondents

From the study it concluded that the company has strategies in place to tackle emerging issues and ideas as they arise. However more still need to be done in areas regarding finances and budgeting. If well monitored over the years the company will be able to maintain the title of the best Resort which they currently hold and increase in profit margins and be a market leader.

The study also concluded that organizations need to embrace strategic issue management systems to enhance their capacity of operations to adapt and learn. Organizations also need to continuously monitor strategic issue throughout the year in order to be able to realize the full potential of investing in it. Enough resources should also be set aside when making the budget for strategic issues to ensure ease in dealing with these issues as they arise.

From the study there is for need board of directors, top manager's to support the strategic issue management to enhance growth of the organization. Friendly systems should also be put in place which will enable the organization to deal with such issues fast and generate results fast enough in order to remain competitive.

5.4 Implications for Policy and Practice

From the data gathered and analyzed, the researcher can highly recommend strategic issue management as a process of specifying the organization's objectives, Use of Strategic issue management will ensure that the organization is able to developing policies and plans and for the company to achieve this, In Practice strategic issue management should be highly implemented in the organization to maintain a competitive edge.

The current award which the Enashipai Resort and Spa hold is a clear indication that the organization offers best services to its guests and hence the for policy makers to develop policies which will ensure that the adopt strategies which will enhance growth and improvement. Organizations need to embrace strategic issue management practices to enhance their capacity to adapt and learn. Continuous monitoring of strategic issues throughout the year is important in order to be able to realize the full potential of investing in it. System should be set aside to assist in easier implementation of strategic issues. Organizations should also include strategic issue allocations in their budget.

The government of Kenya should also come up with strict measures to curb insecurity and threats which have taken a toll on the hospitality industry in the current year. This

way it will ensure a safe operating external environment which has been affected so much by such issues which are beyond the control of the organizations.

5.5 Limitations of the Study

The study suffered the limitation of having to gather information from one company. This will make comparison on a wider range in the hospitality industry and other industry impossible since conclusions are drawn from one company. The focus was Strategic issue management at Enashipai Resort and Spa only but they are very many players in the industry who were affected by the current developments in the environment and therefore a need to look at the whole industry.

The study was carried out in Enashipai resort and Spa the major limitations were related to data collection. The respondents were rigid about the intentions of the researcher since I didn't work in that organization and hence didn't feel secure enough to disclose much information about the company even after the researcher promised it was purely for academic purpose. And even had to be checked to ensure I was not recording the conversation. This also limits generalization of conclusions to address the whole industry and only limit it to one company in the industry.

The study being a case study data was gathered from only one company in the hospitality industry. This tool of data collection in itself limits comparison and generalization of data collected. This made it hard to compare on a wider range the strategic issues affecting other sectors in the hospitality industry. All respondents were heads of departments in the

organization it was also a problem to get them free to sit and especially on working hour to give an interview and went there few times on weekends. It thus took a lot more time than was earlier estimated to collect the data.

5.6 Areas for Further Research

This study focused only on strategic issue management at Enashipai Resort and Spa thereby all areas of strategic issue management could not be exhaustively covered by just one company. This study therefore recommends that more research to be carried out to determine the strategic issue management practices in the whole hospitality industry and other industries as well.

More research should be conducted in the hospitality industry this will make is easy to generalize data collected from one organization only. More understanding will be drawn from many player in the industry as opposed to only one organization this will add tangible information to the theories of strategic management.

Further research also should be done with survey as the research design method. This will allow for information to be collected from different respondents from different resorts and Spas in Kenya and thus will allow for generalization and comparison. The comparison will be made possible by the fact that there will be more companies players in this industry will be studied and also generalization will be possible as the data gathered will be from a wider scope.

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APPENDICES

Appendix 1: Interview guide

SECTION A: Strategic Issue Management practices at Enashipai Resort and Spa LTD

1. In your view, what strategic issues have you encountered for the past two years due to change in operating environment?
2. How important is strategic issue management to the future success of your organization?
3. Do you prepare a list of key strategic issues for each year?
4. Who is responsible for identifying, monitoring and managing strategic issues in your company?
5. Are there laid down procedures to handle strategic issues?
6. In your view, which is the most important performance measure in your organization?

7. How can you rate the top management response to tackling strategic issues in your company?
8. Is long term planning carried out in your organization?
9. Do you think that long term planning has an important in the organization?

SECTION B: Factors influencing Strategic Issue Management practices at Enashipai Resort and Spa LTD.

1. Are the employees in your organization empowered to handle strategic issues?
2. Is there a documented process in your company to handle strategic issues?
3. Does your company have recorded strategic issue objectives for the current year?
Have you changed those objectives for the last three years?
4. Do you normally identify strategic issues that may affect your operations (both short and long term)?

5. How often do you survey your business environment for deviations and instabilities?

6. What systems have been put in place by top management to ensure strategic issues are captured analyzed and implemented?

7. Are resources put in place to ensure that strategic issues are handled when they arise without a lot bureaucracy?

Appendix II: Introduction letter from the University of Nairobi



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME**

Telephone: 820-2559162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 20/08/2014

TO WHOM IT MAY CONCERN

The bearer of this letter DIANA WANJIKU NGANGA

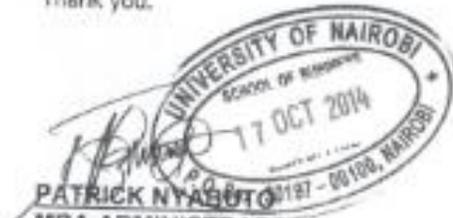
Registration No. DEI/64648/2013

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
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix III: Letter of Introduction to Enashipai Resort and Spa

Chief Executive Officer,
Enashipai Resort and Spa,
P. O. Box 75332 – 00200,
Nairobi.

RE: PERMISSION TO COLLECT DATA IN YOUR ESTABLISHMENT

Dear Sir,

My name is Diana Wanjiku Ng'ang'a, a Masters of Business Administration (MBA) student at the University of Nairobi. I am conducting research study on "Strategic issue management at Enashipai Resort and Spa LTD" as part of my course work assessment. This letter therefore is to request you to allow me conduct data in your company. The study will in no way expose or disclose the Resort strategic information and the internal procedures and practices, but will strictly be for academic purposes.

A copy of the final project shall be availed to you on request.

Yours sincerely,

Diana Ng'ang'a.

Appendix IV: Organization Profile

OUR BRAND



Our brand is more than just our logo, It is the sum of everything we say and do. It is at the heart of how we conduct our business, treat our customers, our partners and each other. It is a statement of who we are, what we believe in and why anyone should put his or her faith in us.

Our brand is embedded in the experiences, impressions and perceptions created in the hearts and minds of everyone who comes into contact with our company. It is in the way we talk to our customers and interact with the society around us; to the various products and services that we offer. It defines the way we differentiate ourselves and helps build preference and create loyalty.

Our brand is therefore a key strategic and financial asset that we must all build and protect.

OUR BRAND POSITIONING

Our brand positioning statement defines our capability, the core benefit to our customers and how we want to be perceived. It defines the way we want our customers to think about our brand and differentiates us from the competition.

Enashipai Resort and Spa is the preferred destination for **leisure** and **business**.

OUR BRAND PERSONALITY

Our brand personality is a collection of attributes that gives our brand a recognisable uniqueness that makes it different. It is these characteristics that help our brand connect with our customers at all touch-points:

Enashipai is: **Warm, Cheerful, Authentic, African, Honest and Responsive**

WHO WE ARE

Enashipai - a Maasai word meaning a place of happiness...

Vision

To become the preferred Well-being destination in the region.

Mission

To develop a sustainable hospitality business that will offer unique and memorable experiences to its customers and an enriching environment for its employees. The organization will achieve its mission with a conscious effort to protect the environment and respect the community around it.

Values

- Trust & integrity
- Reliable & respectful
- Unique & creative
- Sensible & green
- Teamwork & fun

OUR BRAND PILLARS

Our brand pillars are the cornerstone of our brand. They represent the key attributes that guide and drive our brand.

- **Rejuvenate** - Balance, Relaxation, Pampering, Fitness
- **Fresh** - Natural, Clean, Healthy, Open, Authentic
- **Connect** - (with) Self, Family, Friends, Nature

OUR BRAND ESSENCE

Our brand essence represents the fundamental nature of our brand. It is the heart and soul of our brand. It captures what we stand for and guides everything our brand does.

Our brand essence is: **Well-earned, Well-being**

OUR BRAND PROMISE

A brand promise is the special ingredient that connects our positioning, our essence, our people and our customer experience. It enables us deliver our brand in a way that connects emotionally with our customers and differentiates our brand

Our brand promise is: **'It's the Little Things'**

(Source: Enashipai Hotel and Spar)