

**CHALLENGES AND RESPONSE STRATEGIES OF TOUR FIRMS IN KENYA  
TO GOVERNMENT REGULATIONS IN THE TOURISM INDUSTRY**

**BY**

**EVELYN KAOSE**

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## DECLARATION

This research proposal is my original work and has not been presented for any award in this or any other institution.

Signature..... Date.....

**Lekini Evelyn Kaose**

**D61/76005/2012**

This research proposal is submitted for examination with my approval as university supervisor.

Signature..... Date.....

**Prof. Martin Ogutu**

Department of Business Administration,  
School of Business, University of Nairobi.

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## **DEDICATION**

This dissertation is dedicated to my lovely mother, for the support and encouragement during the project.

## **ABBREVIATIONS AND ACRONYMS**

<b>EMCA</b>	-	Environmental Management Coordination Act
<b>EIA</b>	-	Environmental Impact Assessment
<b>GDP</b>	-	Gross Domestic Product
<b>KATO</b>	-	Kenya Association of Tour Operators
<b>KNBS</b>	-	Kenya National Bureau of Statistics
<b>PEST</b>	-	Political, Economic, Social, and Technological
<b>SWOT</b>	-	Strength, Weaknesses, Opportunities, and Threats
<b>WTA</b>	-	World Travel Agency

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## **ABSTRACT**

With the tourism sector being important to the Kenya economy, sustainability in the industry is important to enable competitiveness and therefore the government has been able to come up with regulations to ensure that tourism sustainability is achieved. The research objectives with regards to the gaps identified from previous studies were to determine the challenges and strategic responses by tour firms in Kenya from government regulations in the tourism industry. Research questions were formulated from the research objectives in order to enable collection of data. Literature review was done by analyzing the theories relevant to the studies and empirical studies done. From the literature, government regulation challenges that were identified were licensing regulations, tourist vehicle regulations, boating activities regulations, and environmental regulations. Primary data was collected using questionnaire which had questions formulated from the four regulation challenges. The questionnaires were sent to the target population of tour guides whose number was identified to be 397 in total. A sample size of 132 tour firms was calculated and questionnaires sent to them. From the tour firms sampled, 94 were able to respond and provide information relevant to the study. Data analysis was done using descriptive analysis and the results presented in tables. From the study results, it was seen that tourist vehicle regulations was the biggest challenge to tour operators, followed by licensing regulations both being challenges to a great extent. Boating activities regulations and environmental regulations were challenges to a little extent to tour operators in the country. The strategic responses by tour operators as a result of challenges experienced included proper maintenance of tour vehicles, early application of operating license, and ensuring human resource is adequately qualified and trained being used to a very great extent. The study recommended that proper policies and legislations need to be implemented in the tourism sector by both the government and the tour operators association. Also the study recommended that proper infrastructure needs to be put in place and marketing to improve the sector which is necessary for the economic growth. Finally, the study suggested that more research should be done in the tourism sector including other factors which affects tourism industry and were not analyzed by the study.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders' expectations (Johnson, Scholes and Whittington, 2005). According to Scholes (2002), the definition of strategy highlights that strategy is long-term and that it is future oriented as it tries to identify and set where the business is trying to be. It identifies which markets a business should compete in and what scopes of activities are involved in such markets.

The impact of tourism in Kenya cannot be over emphasized since independence. The benefits of tourism in Kenya are both direct and indirect in terms of cash brought by tourists and the employment it provides for the local people. Recently the tourism industry has been affected by terror attacks and travel advisories and the industry has been losing millions of shillings as a result of decline in tourist arrivals. Strategies and policies have been implemented by the government to ensure there is stability and sustainability in the tourism sector. This will ensure all the stakeholders are satisfied and minimize friction amongst them. During this policy formulation, all the key players in the tourism industry are involved in the process in order to get a balanced opinion of the industry.

#### **1.1.1 Response Strategies in the Tourism Industry**

Response strategies are the approaches that firms can make to dealing with the changes identified and quantified or perceived. Robinson (1997) defined strategic responses as the

set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1998), views operational responses as part of a planning process that coordinates operational goals with those of the larger organization.

Tourism is a sector of multiple, but related industries and so, by necessity; strategy operates at different levels (local, regional, national). In turn, it can be analyzed for the school of strategy adopted, its focus and content, its governance including the structures in which it occurs (Hall, 2000), the processes employed, the participants in these processes and timeframes. The focus of strategy or 'what it is about' may be tourism infrastructure and land use; destination management or the corporate, business and functional activities of tourism organizations. However, within destination management organizations and state tourism offices, strategy is most often referred to in the context of marketing. Whether or not they deliberately consider the overall approach or school of strategy being adopted, most authors conclude that strategic planning with its deliberate and sequential processes offers some guidance to managers (Soteriou & Roberts, 1998), but not the whole solution. Earlier studies only addressed tourism and strategy from a planning perspective and strategic management in tourism lags in knowledge about strategy (Hax & Majluf, 1991).

Since the late 1990s, tourism research has increasingly referred to entrepreneurialism, collaboration, learning and knowledge, power and political processes in destination development. Halme's (2001) discussion of strategies derived from network-based learning and Reed's insights to power relations (strategy by negotiation) provide insights

to strategy making beyond traditional planning. Collective or socially based strategy processes (for example, Mintzberg's culture school) also fit well with the community tourism tradition (Jamal & Getz, 1996, 2000; Murphy, 1985; Reed, 1997, 2000).

Aosa (1992) noted that the action of competitors have a direct impact on a firm's strategy. He further stated that strategy will only make sense if the markets to which it relates are known; and pointed out that the nature of the industry in which the company operates needs to be understood. The structure of an industry and trend in that industry will help the current and future attractiveness of that industry.

Various strategic models can be used in coming up with strategic formulation and responses. These may include Porter's (1980) generic strategies, Gilbert's (1984) proposition for 'differentiation of the destination' and Poon's analysis for 'flexible specialization'. Porter's generic strategies shows that in order to outperform other firms in an industry': *overall cost leadership*, where the firm is required to minimize its costs, based on mass production and strict cost control of the main business functions; *differentiation of products or services* by 'creating something that is perceived industry-wide as being unique'; or *focus* on a 'particular buyer group, segment of the product line or geographical market' and achieve either cost leadership or product differentiation (Porter, 1980). Gilbert (1984, 1990) argues that destinations should differentiate their tourism products in order to be able to achieve a unique 'tourist product benefit' which would enable them to establish their position in the international tourism market, as well as to attract high spenders and loyal tourists.

A third strategic approach is proposed by Poon (1990, 1993), based on the concept of 'flexible specialization' of the tourism business. In essence, Poon examines the industry processes and proposes a strategy to enable tourism organizations to improve their competitiveness. Poon argues that 'flexible specialization' is a strategy of 'permanent innovation' and 'ceaseless change' which provides for the 'new tourism'. This new tourism is flexible, segmented, customized to the tourist's needs and diagonally integrated. In contrast, the old tourism can be characterized as 'mass, standardized and rigidly packaged' (Poon, 1989). Examination of these three main strategies illustrates that they share a similar base. Porter's (1980) 'differentiation', Gilbert's (1984) 'status area' and Poon's (1990) 'flexible specialization' describe the attempt undertaken by firms and tourist destinations to achieve value competitive advantages. Also, another strategy that may be used in the tourism industry is cost leadership. A firm that provides quality service at a lower cost may have an advantage over their competitors.

### **1.1.2 Government Regulation in the Tourism Industry**

According to the Kenya National Tourism Policy (2006), there is need to provide for the licensing and grading of operators of other tourist facilities or services not adequately controlled under the existing regulations, and to implement a uniform classification and grading system for other designated tourist facilities, apart from hotels, including provision for the inspection of such facilities. It shall be a condition for the renewal of licences that the applicant is current with regard to payment of tourism levies and other charges.

In addition, the regulatory and licensing regime shall be extended to include private home stays; private game sanctuaries, villas and other providers of tourist accommodation in

order to put them on a par with hotels and other providers of tourism services. In particular, the current definition of “hotel” in the Hotels and Restaurants Act, which exempts villas and other properties having less than five beds, shall be changed to cover all providers of tourist accommodation (including those who may seek to claim exemption for various reasons) to establish a ‘level playing field’ and to enhance revenue collection. Providers of all types of accommodation used by international and domestic visitors should be obliged to furnish periodic occupancy and other business details to the appropriate authorities.

The hotel and general tourism licensing inspectorate shall be strengthened by establishing laid down regulations, procedures and systems. Methods of regulation for timeshare developments shall be examined. Finally, it shall be a mandatory licensing requirement for operators of designated tourist facilities or services to belong to an industry association duly recognized by the Ministry of Tourism & Wildlife, and which has its own Code of Conduct (thereby prohibiting the sale of safari and other tour operations by unauthorized operators).

Regulation of tourist vehicles is another regulation implemented by the government. There is need to ensure that high standards are maintained in the transportation of tourists. This should go hand in hand with provision of an enabling environment for regulation and licensing of tourist vehicles.

A “Tourist Vehicle Service” (TSV) category will therefore be introduced to distinguish tourist operations from mainstream PSV vehicles used for general public transportation. The TSV category will be clearly defined and administered under the Tourism Act.

Vehicle standards will be clearly defined and administered under the Tourism Act, in consultation with the Ministry of Transport.

The government in the tourism regulation policy has also regulated boating activities. There is need for greatly improved regulation of boating activities (especially craft carrying passengers) on Lake Victoria and other inland waters in the areas of licensing, insurance, training of coxswains, navigation, safety of passengers (life jackets), maintenance, etc., as well as provision of jetties and other facilities. The same need for improved regulations applies to boat operators plying on coastal waters. To this end, existing regulations and the International Maritime Organisation's recommendations on inland waters (especially as regards navigation and operation of passenger carrying vessels, and the creation of a body to inspect, license and classify boats and other vessels on Lake Victoria and other inland waters not covered by KPA's jurisdiction) shall be implemented so as to establish the necessary pre-conditions for the development of cruise and pleasure boating, especially on Lake Victoria.

Government has also ensured that the provisions of the Environmental Co-ordination and Management Act of 1999 (and related regulations) are enforced and that the National Environment Management Authority is sufficiently strengthened so that it can fully discharge its responsibilities under this Act, including enforcement of the need for mandatory Environmental Impact Assessments (EIAs) for all significant new tourism developments; the development and implementation of a Coastal Area Management Plan; the enforcement of regulations to eliminate pollution from vehicle exhausts; and the control of siltation at Malindi and other coastal locations.

In order to enforce the Environmental Management Coordination Act (EMCA) 1999, the Ministry of Tourism and Wildlife shall identify the appropriate legal framework within Environmental Management Coordination Act (EMCA) 1999 and incorporate it within the proposed Tourism Act; support the formulation and develop guidelines on environmental impact assessment for the tourism industry.

### **1.1.3 Tourism Industry in Kenya**

According to the Kenya National Bureau of Statistics, KNBS (2012) there were 1.82 million visitor arrivals in 2011 with earnings of Ksh.97.9 billion from the tourists. Also in regards to the tourist numbers according to countries, the Kenya tourism ministry website, in 2010 United Kingdom was leading in terms of arrivals with 174,051 followed by United States 107,842 while Italy and Germany took third and fourth positions at 87,694 and 63,011. France took the fifth position with 50,039 visitors. Uganda topped the African market with 33,900 followed by South Africa 33,076 and Tanzania with 30,264. From Asian markets, India led with 47,611 arrivals followed by China 28,480 and UAE 14,874. This shows the importance of the sector towards the development of the country and the attainment of vision 2030. The then minister for tourism Hon. Balala lamented the decline of cruise tourism which recorded only 508 arrivals as compared to 12,096 received in 2009. He blamed insecurity along the Indian Ocean for this decline (Ministry of Tourism, 2014).

According to Kenya Economic Report (2013), in the year 2012 Europe remained the main source market for Kenya with a share of 43 per cent, followed by Africa at 24 per cent, the Americas at 13 per cent, Asia at 12 per cent, the Middle East at 5 per cent and Oceania at 3 per cent. However, there was a decline in the number of visitors from major



European sources such as the UK, Italy and Germany. Holidaying is the major purpose of travelling to Kenya, accounting for 75 per cent of all arrivals. Business arrivals stood at 8 per cent, with conference arrivals taking 3 per cent. In 2012, Kenya was voted as having Africa's leading Tourist Board during the World Travel Awards (WTA) in the UK. The country was also honored with the Best African Tourist Board in Africa Award at a Safari awards held in London. Improved security surveillance at the Coast region as well as the fight against terrorism is likely to result in resumption of cruise tourism (Kenya Economic Report, 2013).

#### **1.1.4 Tour Firms in Kenya**

The Kenya Association of Tour Operators (KATO) is a leading tourism trade association, representing the interests of over 300 of the most experienced tour operators in Kenya. It was founded in 1978 as a non-political member's organization with the following objectives: to promote Kenya as a prime destination in all trade markets worldwide; to ensure that a high standard of service is offered by the Kenya Travel Industry; to uphold the business ethics of the travel profession (Kenya Association of Tour Operators, 2014).

The Kenya Association of Tour Operators (KATO) is Kenya's foremost tourism trade association, representing the interests of over 250 of the leading and most experienced professional tour operators in Kenya. The members offer a wide range of services that can be broadly divided into the following: Air safaris, Incentive travel group safaris, Custom safaris for individual travelers, Camping safaris (luxury & budget), Indian Ocean & Coast holidays, Cultural & Community Safaris, Golf Safaris, Agro Safaris, Special interest safaris (e.g. mountaineering, deep sea fishing, horse riding)

(<http://www.katokenya.org/>). Tour operators in Kenya are supposed to ensure that Kenya is a sustainable tourist destination.

All members of the Kenya Association of Tour Operators are bound by the rigid rules of their own code of conduct. Intending safari visitors to Kenya are advised to arrange their holidays through one of our members whose addresses and telephone numbers are contained in the directory. This code of conduct is designed to ensure that all members of the Kenya Association of Tour Operators trade honestly which is the only ethical method of trading. The code covers trading in its widest sense between members of KATO, and overseas agents and principals and between members of KATO and their clients. Members of the association are required to signify their agreement to observe strictly the Ethics and Standards incorporated in the code of conduct and to abide by judgments reached by the ethics and standards sub-committee and the executive committee in any case in which the conditions of the code of conduct are considered to have been breached.

## **1.2 Research Problem**

Various industries and organizations face several environmental challenges and each respond to these challenges in different ways as a result of their SWOT analysis. Tourism is a dynamic industry with challenges such as terrorism, climate change, disasters and other unique challenges and stakeholders want to ensure stability of operations and it is for this reason, countries and organizations are looking at ways of ensuring sustainable tourism and have come up with several ways to deal with these challenges.

The government has to put in place regulations to all stakeholders to govern the sector in order to ensure efficiency. With this the tour firms in Kenya who are key stakeholders in

the industry have to abide by the rules and regulations stipulated by the government and also by the Kenya Association of Tour Operators. Ritchie (2004) did a study on strategic approaches to crisis management in the tourism industry and analyzed it in a holistic approach for both public and private sectors. The study concluded by advocating for further studies in crisis and disaster management theories and concepts from other discipline. Stokes (2007) also did a study on strategy making in events tourism in Australia. The study showed that events tourism strategies are mostly reactive or proactive relative to emerging events by different stakeholders.

Limited studies have been done in Kenya about stakeholder tourism response with little reference studies currently present. A study done by Meresha (2012) analyzed the strategic responses by Heritage Hotels as a result of competition on the tourism industry. This study has not looked at the industry as a whole to determine what factors affect tour operators in the country which provides a research gap. The local studies done on tourism response strategies did not look at the regulatory strategic responses but analyzed an individual company (Meresha, 2012) while the international studies did not have the same regulatory (Kenyan) challenges as the ones in this study. The study therefore tried to answer what challenges were faced by firms in the tourism industry as a result of government regulations, and what strategies were used by these firms to cope with the challenges arising from government regulations.

### **1.3 Research Objectives**

The objectives of the study were:

- i) To determine the challenges faced by firms in the tourism industry due to government regulations.
- ii) To establish strategies used by firms in the tourism industry to cope with challenges arising from government regulations.

### **1.4 Value of the Study**

The study will be of importance to the tour operators in the country as it will highlight the various ways in which to respond to regulations such as those imposed by the government. The tourism stakeholders make important policies and decisions which enable sustainability that will improve the number of tourists. These policies will eventually improve the economy of the country.

The study will also be of importance to government policy makers and decision makers. Since tourism is a very important aspect of the economy constituting a big percentage of the GDP income, the effects of policies laid by the government will be known. Also, policy makers will be able to predict effectively the number of tourists from the regulations and have proper response strategies that would stabilize the industry.

The study would be of importance to scholars to further the study and also serve as a literature in other studies related to it. This will help to increase the general knowledge of the subject and also provide useful reference to future studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The study will review the theoretical and empirical literature of the strategic responses by tourism sectors as a result of travel advisories. Section 2.2 will discuss the theoretical literature, highlighting the various theories that form the bedrock of the study. Section 2.3 will look at the government regulations in the tourism sector while section 2.4 will look at the response strategies. Section 2.5 will look at the empirical literature that will be used, where previous studies will be reviewed in order to fill the research gap while section 2.6 will review the summary of the literature review.

#### **2.2 Theoretical Foundation of the Study**

The theoretical foundation will look at the theories that are relevant to the study and how they will be relevant to our study. Theories are explanations of observed regularities to explain some empirical observation (Bryman and Bell, 2004). The theories that will be used in this study are the Stakeholders' theory, and the Resource Dependency theory.

##### **2.2.1 The Stakeholders' Theory**

A stakeholder can be defined as any group or individual who can affect or is affected by the achievement of an organization's objectives (Freeman, 1984). The stakeholder approach argues that organizations, like individual people, are characterized by their relationships with various groups and individuals such as employees and customers. The stakeholders' theory argues that shareholders are neither the sole owners of a business nor the sole beneficiaries of its activities. Some of these groups are internal to the organization whilst others are external.

One widely used and useful model for understanding how stakeholders exert influence on an organization's objectives was proposed by Mendelow (1991). According to this model, stakeholders can be 'ranked' depending upon two variables: interest and power. Stakeholder power refers to the ability to influence the organization while stakeholder interest refers to the willingness to influence the organization. The actual interest that a stakeholder has will depend upon where the stakeholder is positioned with respect to ability to influence and willingness to influence. A stakeholder with both high power and high interest will be more influential than the one with low power and low interest.

The nature and number of stakeholders included in strategy processes may depend upon whether a political economy view or a functionalist view of tourism development is adopted (Truly Sautter & Leisen, 1999). According to Buchholz & Rosenthal (2005), stakeholder management would generally involve taking the interests and concerns of various groups and individuals into account, so that they are 'all satisfied at least to some extent, or at least the most important stakeholders with regard to any given issue, are satisfied'. A potential influence on stakeholder representation in events tourism strategy making could be the degree of inclusiveness deemed acceptable by individuals or agencies that guide (deliberately or otherwise) the strategy process.

Processes for decision making about strategy are perhaps as numerous as the strategy schools that guide them. For example, chaos theorists in tourism (Faulkner & Russell, 1997) show how individual decisions of entrepreneurs have shaped the development of some tourist destinations; in effect, 'destination strategy by default'. In other settings, processes such as small intra-governmental meetings between policy makers or highly collaborative, multi-stakeholder round tables (Jamal & Getz, 2000) can be observed.

Jamal and Eyre (2003) note how process rules and structures often influence who will seek to participate or be encouraged to participate in strategy making. Globally, the structures in which tourism strategy making occurs have been influenced by a transition from passivity to interventionism to shared responsibility (Goymen, 2000).

The stakeholders' approach will be important in this study as it shows how various stakeholders influence the objectives of the organization. In this study, the various stakeholders in the tourism sector will be identified and their impact in the formulation of tourism policies will be analyzed.

### **2.2.2 Resource Dependency Theory**

Resource Dependency Theory characterizes the corporation as an open system, dependent on contingencies in the external environment (Pfeffer & Salancik, 1978). As Pfeffer & Salancik (1978) stated, "to understand the behavior of an organization you must understand the context of that behavior, that is, the ecology of the organization." RDT recognizes the influence of external factors on organizational behavior and, although constrained by their context, managers can act to reduce environmental uncertainty and dependence. Central to these actions is the concept of power, which is the control over vital resources (Ulrich & Barney, 1984). Organizations attempt to reduce others' power over them, often attempting to increase their own power over others. Pfeffer (1987) provides the basic argument of the resource dependence perspective and inter-organizational relations as 1) the fundamental units for understanding inter-organizational relations and society are organizations; 2) these organizations are not autonomous, but rather are constrained by a network of interdependencies with other organizations; 3) interdependence, when coupled with uncertainty about what the actions

will be of those with which the organizations interdependent, leads to a situation in which survival and continued success are uncertain; therefore 4) organizations take actions to manage external interdependencies, although such actions are inevitably never completely successful and produce new patterns of dependence and interdependence; and 5) these patterns of dependence produce inter-organizational as well as intra-organizational power, where such power has some effect on organizational behavior.

The three core ideas of the theory are social context matters; organizations have strategies to enhance their autonomy and pursue interests; and power (not just rationality or efficiency) is important for understanding internal and external actions of organizations. The emphasis on power, and a careful articulation of the explicit repertoires of tactics available to organizations, is a hallmark of resource dependence theory that distinguishes it from other approaches, such as transaction cost economics.

### **2.3 Government Regulations in the Tourism Industry**

Regulation is primarily concerned with stabilizing an unstable regime of accumulation that cannot guarantee its own reproduction (Jessop, 2000). As a social process (depending on interpretations of value) regulation is dynamic, occasionally contradictory and suffers from occasional crises (Goodwin and Painter, 1996), particularly when the mode of regulation is no longer adequate for the current regime and accumulation.

Regulations by a government in the tourism industry are done for a number of reasons such as to prevent monopolies, to prevent anti-competitive behavior, enable continuity and availability of service, prevent unequal bargaining power, enhance distributional justice and social policy, regulate externalities and many other reasons. The rationale for a particular type of regulation depends on the subject matter or sector. This may be



through a particular rationale or a combination of them. A number of broad approaches are adopted in explaining how regulations are developed. These are: where stress is placed on the force of new ideas that upset the status quo in some way, perhaps through demonstrations of experimental evidence, logical evidence, or rhetorical power; where emphasis rests on the pressures of interests that act in pursuit of developments that suit their own purposes; where changes are seen to flow from changes in 'habitat' that make old policies obsolete in the face of new conditions; and where policies are said to destroy themselves because of internal problems, such as where bureaucratic failings or internal deficiencies of strategy defeat the initial policy and produce changes.

Tourism has been identified as an industry under increasing pressure from governments to become more sustainable (Elkington, 1994). The potential impact of growing numbers of visitors to natural areas has meant that more attention has been directed towards the sustainability of sensitive areas (Allcock *et al.*, 1994; Carter, Baxter, & Hockings, 2001; Hunter, 1997; Yunis, 2003). Regulations by the Kenyan government in the tourism industry help minimize unnecessary competition and to have a sustainable and vibrant tourism industry. These regulations as stipulated in the National Tourism Act include registration, environmental, boating, and tourist vehicles regulations. These regulations in the Act provide a guideline to the creation of laws which govern the industry. The government in conjunction with the tourism stakeholders keeps amending the laws in relation to the external environmental changes that may arise.

## **2.4 Response Strategies**

According to Gabrielsson, Gabrielsson, Al-Obaidi and Salimäki (2008), a good response strategy has to have at least four components: scope which defines companies and

business such as the present and planned interactions of the company with its environment; competence which is an indication of the level and patterns of the company's competition; competitive advantage which ensures the unique position a company develop vis-à-vis its competitors through its resource deployments; and synergy which is the joint effects that are sought from the company's resources deployment and the company scope decisions. Competition exerts pressure on firms to be proactive and to formulate successful strategies to deal with threats and harness opportunities in the environment.

Mintzberg (1987) pointed to five types of strategies: strategy as plan (a direction, guide, course of action – intention rather than actual); strategy as ploy (a maneuver intended to outwit a competitor); strategy as pattern (a consistent pattern of past behaviour – realized rather than intended); strategy as position (locating of brands, products, or companies within the conceptual framework of consumers or other stakeholders – strategy determined primarily by factors outside the firm); and, strategy as perspective (strategy determined primarily by a master strategist). These strategies are important for tour firms in the country in order to achieve competitive advantage.

## **2.5 Empirical Literature**

The study will look at various literatures on tourism regulations imposed by countries and the responses by their various stakeholders. These studies will enable our study have an expectation of responses from tour operators in the country.

Ritchie (2004) did a study on strategic approaches to crisis management in the tourism industry. The study proposed a strategic approach to the crisis management from

proactive pre-crisis planning through strategic implementation and finally evaluation and feedback. The study also noted that although crises and disasters cannot be stopped, their impacts can be limited by both public and private sector managers. The paper concluded that the understanding and subsequent management of such incidents can be vastly improved through the extension and application of crisis and disaster management theory and concepts from other disciplines, coupled with the development of specific tourism crisis management research and frameworks.

Stokes (2007) did a study on tourism strategy making in events tourism in Australia. He investigated the stakeholder orientations of strategy makers in this domain. For this study, a two step, qualitative methodology involving convergent interviews and multiple case research. Findings show that events tourism strategies of public sector events agencies (within or outside tourism bodies) are mostly reactive or proactive relative to emerging episodes/events by the different stakeholders.

Meresha (2012) also did a study on the response strategies by the Heritage Hotels as a result of competition in the tourism industry in Kenya. The study was conducted through interview guides of 5 employees of the hotels. The study findings indicated that Heritage Hotels Limited faced a lot of competition from both small and large firms of local or international ownership and operations. The study also found that the hotel has responded to these challenges through competitive pricing, aggressive marketing in trade fairs, online and print media, product and service innovation and differentiation, promotion through offers and discount on repeat purchases among others.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter contains the methodology, which was used in the study. Section 3.2 began with discussion of the overall research design, while Section 3.3 discussed the target population and the sampling procedure, which was used. Section 3.4 presented the data collection techniques and instrument used in data collection and the justification for the choices. The technique of data analysis was contained in Section 3.5.

#### **3.2. Research Design**

According to Bryman & Bell (2007), research design is a general plan that provides a framework for the choice of data collection techniques and data analysis procedures. A descriptive cross-sectional survey was used for this study as it analyzed different tour firms in the country in order to identify their response strategies as a result of government regulations.

The descriptive study is one which information is collected without changing the environment while a cross sectional study is one which involves a one-time interaction (snapshot) with the unit of analysis. The benefit of this cross-sectional study design is that it allows researchers to compare many different variables at the same time. The tour firms as the unit of analysis will be analyzed at the same time and information necessary for the study gathered.

#### **3.3 Study Population**

According to Borg et al (1996), population refers to the biggest cluster that researchers desire to study. The study's population was all the tour firms in Kenya and the target

population was the tour firms in Kenya. This population is believed to provide the information necessary for the research study.

From the Kenya Association of Tour Operators' website ([http://www.katokenya.org/index.php?option=com\\_staff&view=list&Itemid=32](http://www.katokenya.org/index.php?option=com_staff&view=list&Itemid=32)), there is a total number of 397 tour operators in the country which represented the study population. The unit of analysis is the sampling unit replicated within a research study (Borg, et al., 1996). The unit of analysis was an individual tour firm in the country and it is believed that the analysis of the tour companies provided a true picture of the industry (population).

### **3.4 Sample Design**

The study employed random sampling. In random sampling, each unit of analysis (tour firms) has an equal probability of being chosen. This sampling technique is believed to be representative and is believed that the identified tour firms equally had the information that is required. The study therefore sought responses from the Kenya Association of Tour Operators (KATO) and tour companies in Kenya. The association and tour companies sampled were representative of the whole sector.

According to Cochran (1963), a sample size is determined by the level of precision, the confidence level, and the degree of variability. For finite populations, the sample size was calculated using the following formula:

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

Where n is the sample size and N is the population size, and  $n_0$  was determined using the formula:

$$n_0 = \frac{N}{1 + N(e)^2}$$

Where N is the population size and e is the level of precision. The study used a precision level of 5% and therefore from the above formula, the calculated sample size is 132 tour firms.

### **3.5 Data Collection**

The purpose of data collection was to obtain information on the response strategies of tour firms in Kenya to government regulations. The study was mainly quantitative in nature as written responses shall be received from the respondents. The study used both primary and secondary data. For primary data, the data collection instrument was the questionnaire. The questionnaire was structured so as to provide conformity in the answers given by the respondents. Reliability and validity tests were done before administering the questionnaire through pilot tests. These questionnaires were sent to tour operation firms via email so as to minimize on costs and reach a wider population when collecting the data.

Secondary data was from newspapers, journals, and internet where responses by any of the tourism stakeholders were captured. Secondary data will be useful in providing the general information about the industry and also about the specific tour firms. They are therefore considered useful in the collection of relevant data. A pilot test with 5 questionnaires was carried out before administering the final questionnaire to identify and correct any problems that the respondents encountered in understanding the survey questions. Also, guidance on the data collection instrument was sought from the supervisor.

### **3.6 Data Analysis**

Data analysis is the process of inspecting, cleaning, transforming and modeling data with the goal of highlighting useful information, suggesting conclusions and supporting decision making. The output of data analysis enabled the study to infer the sample characteristics to the population. The study employed descriptive data analysis which was used to determine the level of impact of the government regulation challenges provided. Responses from the questionnaire were coded and rated to determine the impact of the challenges.

The responses from the data collection instrument also enabled the study establish the strategies used by the tour firms to cope with the aforementioned challenges. The findings of the study were presented using both descriptive and inferential methods. The data was presented using tables for ease of understanding.

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

The objective of the study was to identify response strategies of tour firms in Kenya to government regulations in the tourism industry. This chapter contains the summary statistics from the tour firm responses in 4.2, while the descriptive analysis will be done in section 4.3. The study findings discussions were contained in section 4.4 and section 4.5 summarized the data analysis findings, results and discussions.

#### 4.2 Background Information

The study target population was 397 tour firms, with a sample size of 132 respondents using the Cochran (1963) formula. Of this target, 94 respondents participated by filling and returning the questionnaire. This yielded a response rate of 71.2%. The other 28.8% of the target population may not have responded to the questionnaire as a result of lack of adequate time to respond to the questionnaire.

##### 4.2.1 Descriptive Data

A profile of the respondents was analyzed so that meaningful information can be used to describe the data.

**Table 4.1 Employee Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
No. of Employees	94	5	35	17.78	8.242
Valid N (listwise)	94				

Table 4.1 shows the number of employees at the tour firms in Kenya. The respondent statistics show that the number of employees employed at the tour companies in Kenya



range from a minimum of 5 employees to a maximum of 35 employees, with a mean of 17 employees and a standard deviation of 8 employees.

**Table 4.2: Tour Policies Affecting Strategy?**

		Frequency	Percent
Valid	No	3	3.2
	Yes	91	96.8
	Total	94	100.0

Table 4.2 shows the frequency of whether government policy affects strategy making by the tour firms. From the response in the study, 97% (n=91) of the respondents stated that the government tour policies affect their strategy formulation.

**Table 4.3: Strategy Frequency**

		Frequency	Percent
Valid	Monthly	11	11.7
	Never	2	2.1
	Once a year	13	13.8
	Quarterly	60	63.8
	Rarely	8	8.5
	Total	94	100.0

Table 4.3 shows the strategy making frequency by tour firms in Kenya. The results showed that 63.8% of tour firms (n=60) make their strategies quarterly, 13.8% (n=13) make their strategies once a year while 11.7% (n=11) perform their strategy making monthly.

### **4.3 Challenges facing tour firms as a result of government regulations**

The descriptive data formulated was provided from the tour firm responses to describe the challenges they face as a result of government regulations through means and standard deviations.

**Table 4.4: Challenges from government regulation**

<b>Government regulation challenges affecting tour firms</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b><u>Licensing Challenges</u></b>		
There are a lot of requirements in place to obtain a tour license.	3.90	.465
The costs for obtaining a tour license are high.	3.89	.401
The human resource requirements for tour operations are a challenge for obtaining a license.	3.84	.493
There are delays in receiving of licenses for tour operations.	1.57	.836
<b>Grand Mean</b>	3.30	
<b><u>Tourist Vehicle Regulations</u></b>		
The number of tour vehicle inspections is many and affects the operations of tour operations.	4.53	.683
The tour vehicle regulations affect the number of passengers carried per vehicle.	4.40	.661
The tour operation vehicles are expensive to obtain and maintain.	4.02	.439
The tour vehicles are restricted from accessing certain areas depending on the type of vehicle.	1.57	.874
<b>Grand Mean</b>	3.63	
<b><u>Boating Activities Regulations</u></b>		
Boating activities regulations affects the obtaining of boating infrastructure as it makes it expensive.	3.47	.958
The fisheries report is a challenge in obtaining a boating activity license.	1.34	.578
The maritime regulations affect the access to certain water areas and activities for tourists.	1.31	.605
Acquisition of a coxswain certificate is a challenge for tour operators in the country.	1.18	.548
<b>Grand Mean</b>	1.83	
<b><u>Environmental Regulations</u></b>		
The environmental policies instituted by the government affect the movement of tour operators to certain places.	1.66	.770
Environmental policies in the country prevent the performance of certain activities by tourists.	1.57	.823
Environmental policies instituted by the government hinder the quality of sight-seeing by tourists.	1.53	.799
The environmental policies affect the procurement of certain equipment or materials used in the tour business.	1.32	.626
<b>Grand Mean</b>	1.52	
<b>Overall Grand Mean</b>	2.57	

The first objective of the study was to determine the challenges faced by the tour firms as a result of government regulations. The means as indicated in Table 4.4 were calculated from the coded responses, with a value of 1 having represented not at all and 5 having represented very great extent. From the table, it can be seen that overall the government regulations challenge the tour firms to a moderate extent with a mean of 2.57. However, the study results were categorized according to the government challenges i.e licensing challenges, tourist vehicle regulation challenges, boating activity regulation challenges, and environmental regulation challenges. In each of these categories, tourist vehicle regulation had the highest mean of 3.63 implying that it was a challenge to tour operators to a great extent. This category was followed by licensing regulation which had a mean of 3.30, which implied it is a challenge to tour operators to a great extent. Boating activities regulations had a response mean of 1.83 implying that it was a challenge to tour operators to a little extent. Finally, environment regulations were the least of a challenge to tour operators with a mean of 1.52.

The categories indicated had four questions each which the respondents indicated the level at which they agreed, from 1 being not at all to a maximum of 5 being to a very great extent. Each question indicated the level the respondent agreed with the statement. Under the tourist vehicle regulations which had a mean of 3.63, the number of tour inspections was the statement that majority of respondents stated as a challenge with a mean of 4.53, followed by tour vehicle regulations affecting the number of passengers carried per vehicle with a mean of 4.40. The cost of tour operation vehicle was the next challenge with a mean of 4.02 also indicating that it affected tour operators to a great

extent. Tour operators being restricted access to certain areas was the least of a challenge in that category with a mean of 1.57, indicating that it was a challenge to a little extent.

The licensing challenges category also had four questions with the responses being averaged with the number of requirements in place to obtain a tour license being the biggest challenge with an average of 3.90 implying that it was a challenge to a great extent. This was followed by costs for obtaining tour license being high with a mean of 3.89, implying that it was a challenge to tour operators to a great extent. Human resource requirements for tour operators had a mean of 3.84, implying that it was a challenge to a great extent. Finally, delays in receiving of tour operation licenses was the least of a challenge in the category with a mean of 1.57, implying that it was a challenge to a little extent.

Boating activity regulation which had an aggregated mean of 1.83 also had for questions which were responded to. The cost of obtaining boating infrastructure being high was the biggest challenge to tour operators with a mean of 3.47, implying that it was a challenge to tour operators to a great extent. The fisheries report was the next challenge with a mean of 1.34, implying that it was a challenge to tour operators to a little extent, followed by marine regulation accessing certain water areas as a challenge with a mean of 1.31, implying that it also had little impact to tour operators. The acquisition of a coxswain certificate was the least of a challenge to tour operators with a mean of 1.18, implying that it was a challenge to a little extent.

Finally, the environmental regulations which had an aggregate mean of 1.52 contained four questions which included environmental policies affecting the movement of tour

operators to certain places with a mean of 1.66, environmental policies preventing the performance of certain activities with a mean of 1.57, followed by environmental policies hindering the quality of sight-seeing with a mean of 1.53 and finally environmental policies affecting the procurement of certain equipment used in the tour business. All these showed that environmental regulations were a challenge to tour operators to a little extent.

#### **4.4 Response strategies by Tour Firms in Kenya**

The objective of the study was to analyze the strategic responses by the tour firms to the government regulations. Data was collected from the tour firms in order to identify response strategies to government regulations. There were 94 responses and from the response the rotated factor matrix and descriptive response strategies were tabulated.

##### **4.4.1 Descriptive data on response strategies**

The respondents were asked on how they dealt with the challenges they experienced as a result of government regulation. There were a total of eight questions which were meant to capture the required information. From the questions, 94 tour firms responded and then analyzed to give us the mean rankings and standard deviations. These showed the degree with which the respondents agreed or disagreed with the response strategies as a result challenges brought by government regulations.

**Table 4.5: Response strategies to government regulations**

<b>Response strategies to government regulations by tour firms</b>	<b>Mean</b>	<b>Std. Deviation</b>
--	-------------	-----------------------

The tour vehicles are always maintained in good working conditions to operate effectively.	4.54	.634
Our tour firm applies for operating license in good time to avoid delays.	4.41	.679
Our tour firms ensure that the human resource is adequately qualified and trained to perform its duties.	4.35	.714
There are adequate vehicles for our tour firms and backup vehicles in case of break down.	3.98	.387
Our tour firm has alternative tour sites in case of restriction to a certain tourism site.	3.77	.739
Our tour firm has alternative activities for the tourists and the itinerary is always flexible.	3.70	.701
Our tour firm is averse to and adheres to the Kenya and International maritime standards in relation to water jurisdiction and activities.	3.60	.766
The tour boats are well maintained to ensure sea worthiness.	3.57	.849
<b>Mean</b>	3.99	

The means were calculated from the coded responses, with a value of 1 having represented not at all and 5 having represented very great extent. From table 7 above, it was noted that tour vehicle maintenance as a big strategy to overcome government regulations with a mean of 4.54, followed by applying for tour operation license in good time with a mean of 4.41. On the other end, maintenance of tour boats was stated as the least strategy used by tour operators with a mean of 3.57.

#### **4.5 Discussion**

The study has shown that for every challenge, there are response strategies to deal with the challenges and so it is important to formulate the strategies for competitive advantage. Gabrielsson et al. (2008) stated that a good response strategy has to have at least four components i.e scope which defines companies and business, competence which is an indication of the level and patterns of the company's competition, competitive advantage which ensures the unique position a company develops vis-à-vis its competitors, and

synergy which is the joint effects that are sought from the company's resources deployment and the company scope decisions. This study has shown that these four components are present in the tour firms whereby the tour firms are defined by the industry which they are operating, their response to presence of past strategy making decisions, individual strategies which is shown by the difference in response to government regulations and using their resources to achieve these strategies.

Mintzberg (1987) pointed to five types of strategies: strategy as plan, strategy as ploy, strategy as pattern, strategy as position, and strategy as perspective. The tour firms in this case have practiced strategy as position where strategy is determined by factors outside the firm in order for them to be sustainable in the industry.

The study is also consistent with Meresha's (2012) study on the response strategies of dealing with competition by Heritage Hotels. The study indicated that the hotel responded to competition challenges through competitive pricing, aggressive marketing in trade fairs, online and print media, product and service innovation, and differentiation. For every business challenge as a result of external factors, strategies have to be formulated to attain competitive advantage.

From the descriptive analysis, the means and standard deviation of the respondents were measured. It was observed that Tourist Vehicle Regulation challenges had the biggest impact with a mean of 3.63 implying that it was a challenge to a great extent, with licensing regulation challenges having a mean of 3.30, also implying they impacted to a great extent. Boating activities regulations and environmental regulations had the least

impact as a challenge with means of 1.83 and 1.52 respectively. This implied that they contributed to challenges to a little extent.

With respect to strategic responses on the government challenges, it was seen that tour vehicle maintenance as the strategy used by tour operators with a mean of 4.54. This may be due to the fact that many tour companies deal with tour safaris and ground travel. Many of the tourists who visit the country come to see the wildlife hence the safaris and so the tour vehicles have to be in good condition to take tourists to the preferred destinations. This was followed by application of operating license in good time with a mean of 4.41. This is deemed a necessity by tour operators to enable smooth operation. Boat maintenance is the least strategy used with a mean of 3.57 indicating that not many tour operators deal with marine tourism.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This final chapter contains the summary and conclusion of the study with regards to the response strategies of tour firms in Kenya to government regulations in the tourism industry. The chapter looked at the summary of the study and presented the conclusion of the study based on the results of the analysis. The limitations of the study and the study recommendations were finally presented.

#### **5.2 Summary**

Tour firms in the country have been facing several challenges that affect their operations, and they have been coming up with strategies to overcome them. In the last few years tourism in the country has been hit following terrorism acts and travel advisories by foreign countries. However for sustainable tourism and competitiveness by the country in the global tourism, various legislations and regulations have been implemented by the government through the tourism ministry and other stakeholders. Little research had been done in respect to tour operation challenges in the country and so a gap was identified, objectives of the study created and research questions formulated from these objectives.

In the study, primary data was collected through the questionnaire and designed in a way to answer the research questions and sent to the tour companies. The study had identified a population of 397 from the KATO website and a sample size of 132 tour companies randomly selected. There were 94 respondents giving a response rate of 71.2% and both descriptive and inferential statistics analysis done. From the factor analysis done, it was noted that tourist vehicle regulation challenges impacted the tour firms the most,

followed by licensing regulations, then boating activities regulations and environmental regulation challenges being of least impact. For the strategic responses, it was noted that tour vehicle maintenance as the strategy mostly used by tour operators to respond to government strategies followed by applying for operating license in good time to avoid delays, while the least used strategy by tour operators was tour boats maintenance.

The new factors identified as government regulation challenges were environmental challenges, boating report and coxswain certificate challenges, licensing requirements and human resource challenges, vehicle inspection and passenger number challenges, and vehicle acquisition, management and site access restrictions challenges.

### **5.3 Conclusion**

Tourism is an important sector for the economy and its sustainability is important for the Kenyan economy. Some of the government tourism legislation and regulation were in line with the attainment of Vision 2030 and therefore proper mechanisms and structures are needed to ensure Kenya becomes a favorite destination for tourists. The government through the tourism ministry and other stakeholders has come up with guidelines, regulations and strategies to improve the tourism sector. This study has been able to look at the challenges that tour guides as stakeholders face as a result of the guidelines and regulations.

The first objective of the study was to determine the challenges of tour firms as a result of government regulations in the tourism industry. The literature identified the government regulations to be licensing regulations, tourist vehicle regulations, boating activities regulations, and environmental regulations. From the analysis done, it can be concluded that tourist vehicle regulation was the biggest challenge to tour operators with a mean of

3.63, implying that this regulation was a challenge to a great extent. Licensing regulations were also a challenge with a mean of 3.3 implying that it was a challenge to a great extent. Boating activities regulations and environmental regulations were shown not to be challenges to tour operators with a mean of 1.83 and 1.52 respectively implying they were challenges to a little extent.

The second objective of the study was the response strategies of tour firms in Kenya to government regulations in the tourism industry. From the responses, it can be concluded that tour vehicle maintenance is the most used strategy at a very great extent as a result of tourist vehicle challenge with a mean of 4.54. This is followed by tour operators applying for operating licenses in good time and ensuring that the human resource is adequately qualified and trained with means of 4.41 and 4.35 respectively, implying that they are used strategies to a very great extent.

## **5.4 Recommendations of the Study**

The study was able to identify the research gap and fill the gap. From the study, challenges were identified and the strategies to deal with them were identified. The tour operators are very important stakeholders who would take the tourism sector to the next level once their challenges are addressed. The study therefore provided managerial recommendations for both the policy and practice. These will help for better management of the sector in order to achieve its goals.

### **5.4.1 Managerial Policy Recommendation**

The government should put in place tourism policies and regulations that will assist better management by tour firms and other stakeholders. Certain regulations such as the tourist vehicle regulation are a big challenge to tour firms and the government should look for

ways to assist in addressing the challenges. Also, using the stakeholders' theory the government should come up with policies to level the competition field for tour operators and attract more tourists. The intergovernmental bodies dealing with tourism, security and infrastructure should work together to fully utilize the resources available to harness maximum value from the sector.

Also, the Kenya Association of Tour Operators (KATO) as a body should be able to come up with other policies that will compliment the government policies to achieve the national tourism objectives. Government objectives are broad and therefore the association should come up with policies to compliment government policies. The organizational strategies should be aligned to the association strategies which should be congruent to the national policies and strategies.

#### **5.4.2 Managerial Practice Recommendation**

The government should be able to provide a proper operational environment through proper infrastructure which would minimize motor vehicle repair costs and enable easy access to some of the tourist destinations. Access to some of the tourist sites as a result of poor infrastructure would reduce distribution of money that would be spent in those areas.

Finally, the government should be able to market the country to attract more tourists and deal with issues that threaten the arrival of tourists in the country. For any business or industry to prosper, proper marketing should be done by both the tour operators and the government.

## **5.5 Limitations of the study**

The study provided an opportunity to look at the challenges and strategic responses as a result of government regulations. In the course of carrying out the study, a few limitations were experienced. One of the challenges experienced was the response time by tour companies. Some of the respondents took long to submit back the questionnaire prompting a reminder to them. Due to the project timelines we had to work with the available 94 respondents.

Another limitation encountered during the course of the study was the few local studies done in the tourism sector. This showed little research has been done in the sector and therefore adequate material for literature review was not sufficient to nourish the study fully. However, the international studies available were able to assist in coming up with comparisons.

## **5.6 Suggestion for Further Research**

The study suggests that more research should be done on tourism sector and other factors that may affect tourism including factors which may have an impact other than those currently analyzed and may provide further knowledge in the research area. These may be factors other than government regulations and have an impact on the operation in the tourism industry.

Other analytic methods such as the impact of these tour challenges may be done in future studies. Various analytical techniques such as chi-square tests or regression analysis may be done to determine the level of impact these challenges have on tourism.

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## **APPENDICES**

### **APPENDIX I: INTRODUCTION LETTER**

To whom it may concern.

#### **RE: SURVEY OF MY RESEARCH PROJECT**

My name is Evelyn Kaose from the University of Nairobi. I am carrying out a research study on the response strategies of tour firms in Kenya to government regulations. The research is purely for academic purposes and I am glad to inform you that your input will form part of the research study. I would request your assistance in filling the questionnaire and any information given will be treated with utmost confidentiality

Thank you.

Evelyn Kaose,

Student, University of Nairobi.

## APPENDIX II: QUESTIONNAIRE

### PART A: DEMOGRAPHIC AND COMPANY INFORMATION

Respondent's Name (optional) \_\_\_\_\_ Date of interview \_\_\_\_\_

<b>Name of tour firm</b>			
<b>Year of establishment</b>			
<b>No. of employees</b>			
<b>What are the tourism activities that your firm is engaged in?</b>			
<b>How often do you strategize for your company's operations?</b>	Monthly	<input type="checkbox"/>	
	Quarterly	<input type="checkbox"/>	
	At least once a year	<input type="checkbox"/>	
	Rarely	<input type="checkbox"/>	
	Never	<input type="checkbox"/>	
<b>Do government tourism policies affect your strategy formulation and implementation?</b>	Yes	<input type="checkbox"/>	
	No	<input type="checkbox"/>	

### PART B: CHALLENGES FROM REGULATIONS

To what extent does your firm encounter each of the following challenges from government regulations with **1=not at all**, **2=little extent**, **3=moderate extent**, **4=great extent**, and **5=very great extent**.

	1	2	3	4	5
<b>a) Licensing Regulations</b>					
There are delays in receiving of licenses for tour operations.					
The costs for obtaining a tour license are high.					
There are a lot of requirements in place to obtain a tour license.					
The human resource requirements for tour operations are a challenge for obtaining a license.					

<b><i>b) Tourist Vehicle Regulations</i></b>					
The tour operation vehicles are expensive to obtain and maintain.					
The tour vehicle regulations affect the number of passengers carried per vehicle.					
The number of tour vehicle inspections are many and affects the operations of tour operations.					
The tour vehicles are restricted from accessing certain areas depending on the type of vehicle.					
<b><i>c) Boating Activities Regulations</i></b>					
Boating activities regulations affects the obtaining of boating infrastructure as it makes it expensive.					
The maritime regulations affect the access to certain water areas and activities for tourists.					
The fisheries report is a challenge in obtaining a boating activity license.					
Acquisition of a coxswain certificate is a challenge for tour operators in the country.					
<b><i>d) Environmental Regulations</i></b>					
The environmental policies instituted by the Kenyan government affect the movement of tour operators to certain places.					
Environmental policies instituted by the government hinder the quality of sight-seeing by tourists.					
Environmental policies in the country prevent the performance of certain activities by tourists.					
The environmental policies affect the procurement of certain equipment or materials used in the tour business.					

### **PART C: MEASURES FOR COPING WITH REGULATION CHALLENGES**

To what extent do you apply the following strategies to cope with government challenges with **1=not at all, 2=little extent, 3=moderate extent, 4=great extent, and 5=very great extent.**

<b><i>Strategic responses to government tour regulations</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our tour firm applies for operating license in good time to avoid delays.					
Our tour firms ensure that the human resource is adequately qualified and trained to perform its duties.					
The tour vehicles are always maintained in good					

working conditions to operate effectively.					
There are adequate vehicles for our tour firms and backup vehicles in case of break down.					
Our tour firm is averse to and adheres to the Kenya and International maritime standards in relation to water jurisdiction and activities.					
The tour boats are well maintained to ensure sea worthiness.					
Our tour firm has alternative tour sites in case of restriction to a certain tourism site.					
Our tour firm has alternative activities for the tourists and the itinerary is always flexible.					