STRATEGIC MANAGEMENT PRACTICES WITHIN TOUR FIRMS IN KENYA

BY:

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DECLARATION

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

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DEDICATION

To Raphael Githinji Maina for pushing me to excel in everything that I undertake. To Michael Alexander Maina for his unwavering support, prayer and belief. To Steve Biko Luseno for encouraging me to see the best in myself always.

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ABSTRACT

The environment within which businesses operate is very volatile. Political anxiety, competition from existing business rivals and new entrants, social reforms, technological advancement and global changes are some of the challenges that have greatly affected the growth of the tourism industry. Dealing with competition especially, requires a deep understanding of strategic management in order for firms to correctly respond to the market. Strategic management is a concept that concerns itself with making decisions and taking corrective actions to achieve long term targets and goals of an organization and its importance in a firm can be gauged by analyzing the relationship between strategic management and organizational performance. Generally, strategic management practices help to develop policies and plans designed to improve the efficiency of organizations by setting priorities, focusing energy and resources, strengthening operations and ensuring that employees and other stakeholders are working toward common goals. The study was to determine the strategic management practices within tour firms in Kenya and whether the implementation of such practices led to their improved competitiveness and performance within the industry. The research design was a cross-sectional survey with the population of the study being tour firms currently doing business in Kenya. The sample was chosen using the purposive or convenience sampling technique in which 56 tour firms were to make up the sample size for the study. The data collection instrument was a questionnaire for purposes of collecting primary data. The data was analyzed and presented using mean, standard deviation and percentages. The study found that strategy formulation, implementation and evaluation was being practiced by the tour firms in Kenya and further that most of the firms practicing strategic management have a clear objective, a winning strategy to achieve the objective and a sound mission statement to guide the organization towards success. The study also found that tour firms are able to identify the strengths and weaknesses of their firms as instigated by management skills, organization structure, client relationship, image and reputation and profit. The study concluded that tour firms which implemented a strategic management and planning system achieved higher performance when coupled by the review of current strategies, measurement of performance and the taking of corrective actions further leading to the success of organizations. However, owing to the specialization of product and competition among tour firms in the Country, obtaining in depth information from all the firms identified was difficult as it was feared that the information might be shared with other firms and prejudice their operations. This was identified as the major limitation of this study. Future research studies can be designed on a higher level to investigate the relationships between adoption of strategic management practices and performance of tour firms.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management as a field of enquiry has developed over time from a practical need to understand the reasons behind the success and failure among organizations. It has been described as a continuous process that involves the efforts of strategic managers to successfully fit their organization to their environment by developing competitive advantages which allow a firm to capitalize on its opportunities and minimize its environmental threats. The concept of strategy serves strategic managers in their efforts to induce strategic behavior at the operational and middle levels of the organization. It includes administrative elements such as configurational arrangements, planning and control mechanisms, measurement and evaluation systems, and staffing policies. It also encompasses cultural elements such as rituals, ceremonies, norms of reciprocity, implicit agreements, and informal ways of going about things in the organization (Ouchi, 1980).

Strategic management is thus, both by definition and practical necessity a cumulative, co-evolutionary process between organizations and the environment in which they operate. Organizations can be viewed as opportunity structures motivating strategic behavior on the part of their participants and the strategic process in organizations constitutes an internalized and contrived evolutionary mechanism nested in the external context with an aim of developing a capacity for reliability and accountability in an organization's transactions with the environment (Hannan and Freeman, 1984).

Tourism, which is defined as the temporary, short-term movement of people to destinations outside the places where they live and work, can be traced back in Kenya to the early 1930's when the first foreign visitors started coming into the Country mainly for big-game hunting expeditions locally referred to by the Swahili word "Safari". There has since colonial times, been a tremendous growth of the industry posing new opportunities for investors and this study examines the environment in which the Kenyan tourism industry exists, tour firms operate and the role of strategic management therein, with an aim of creating sustainable tourism in Kenya.

1.1.1 Strategic Management Practice

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans with the single minded intention of helping an organization do a better job. Its aim within the organization is to focus the organization's energy, to ensure that members of the organization are working toward the same goals and to assess and adjust the organization's direction in response to a changing environment (Bryson, 1988). In short, strategic management is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future.

A word by word dissection of this definition provides the key elements that underlie the meaning and success of the strategic management process. The process is strategic because it involves preparing the best way to respond to the circumstances of the organization’s environment, whether or not its circumstances are known in advance, as well as involving the ability to respond to dynamic and even hostile environments. Being strategic then means being clear about the organization’s objectives, being aware of the organization’s resources, and incorporating both into being consciously responsive to a dynamic environment. The process is about planning and management because it involves intentionally setting goals, by choosing a desired future, and developing an approach to achieving those goals. The process is disciplined in that it calls for a certain order and pattern to keep it focused and productive. The process raises a sequence of questions that helps planners examine experience, test assumptions, gather and incorporate information about the present, and anticipate the environment in which the organization will be working in the future. Finally, the process is about fundamental decisions and actions because choices must be made in order to answer the aforementioned sequence of questions. The plan is ultimately no more, and no less, than a set of decisions about what to do, why to do it, and how to do it (Bryson, 1988). Because it is impossible to do everything that needs to be done in this world, strategic management implies that some organizational decisions and actions are more important than others, and that much of the strategy lies in making the tough decisions about what is most important to achieving organizational success. Be that as it may, it is important to note that there is no one universal approach to strategic management as organizations carry out strategic management differently due to the fact that management is context specific and practices keep evolving from time to time depending with the changes in the environment.

1.1.2 Overview of the Tourism Industry in Kenya

Kenya's coastal region has centuries old trading relations with states in Southwest Asia and the West. Ties with the West began with the coming of the Portuguese in the late 1400s (Crotts and Wilson, 1995) and were strengthened in the colonial and postcolonial period. Since independence the Country has aligned itself with the United States of America, Europe, Israeli and other western capitalist interests. This geopolitical stance led to beneficial economic and technological aid flows that have advanced many aspects of the Country's development. The close relationship between Kenya and the West, together with an abundance of tourist attractions and the Country's pleasant tropical climate and alluring beaches, have made the Country a major magnet for western tourists. Indeed, having spotted the potential for tourism quickly, the Country opened its first national park in 1947 and has since then built a flourishing industry based around the "Safari" with the Country targeting mass tourists for most of the time since independence, which has led to the emergence of high volume tourism (Ikiara, 2001). With an annual target of 1 million tourists by 1990, tourism development in the Country proceeded without limits.

However, with the increase of competition and globalization trends, the dynamics and development of tourism have increasingly intensified thereby requiring the utilization of strategic management tools to ensure efficient and effective business operations including resource management, management of information systems, maintaining and developing relations with tourists, expansion and development of the tourism business and managing new and innovative tourism projects. It cannot be stressed enough the importance of strategic and operational management without which, the development of the tourism industry would be threatened. Strategic management and planning are core, especially in defining the existence of and implementing development strategies for tourism. Strategic management is a proactive process of achieving long-term compatibility of the corresponding fields within a planned tourism environment. This management is a profitable way for implementation of priority development goals in tourism, set by the national economy, which is affected by tourism development. Strategic management basically has all the necessary features that promise efficiency and effectiveness in achieving development goals within the tourism industry.

1.1.3 Tour Firms in Kenya

There are over 250 firms in operation within Kenya, offering a wide range of services from special interest safaris, air safaris, incentive travel group safaris, custom safaris, camping safaris both luxury and budget, beach holidays, golf safaris and agro safaris. These firms are members of the Kenya Association of Tour Operators (KATO), which association represents their interests in the Country. As KATO members, each of the firms is charged with a duty to maintain certain standards in their operations, set to reflect their commitment towards promoting Kenya as a prime destination in all trade markets worldwide, ensuring that a high standard of service is offered by the Kenya travel industry and to uphold the business ethics of the travel profession. These firms are further charged with a duty to contribute effectively to sustainable tourism by ensuring that they meet the needs of present tourists and host regions while protecting and enhancing opportunities for future generations to meet their own needs. The ultimate aim is to ensure that tourism development brings about a positive experience for local people, tour operators and the tourists themselves.

Tour firms in Kenya have for many years sat back and relied on the goodwill and popularity of the Country as one of the top travel destination in the world, to attract tourists and thus to earn their livelihood. For a long time, it was taken for granted that there would always be tourists ready and willing to visit the Country and the focus of tour firms was thus never geared towards attracting new market, rather to provide services geared towards ensuring return clientele. This may have continued to be the trend save that since the late 1990s, the Kenyan tourism industry has been affected by the negative impacts of global terrorism, post-election violence, piracy along the Indian Ocean, and the economic crunch in the United States of America and in European countries (Brohman, 2006). More so, in the past few decades, new travel destinations emerged around the world that were cheaper to travel to, resulting in a slump in the number of tourists arriving in the Country every year. Further with the embracing of the internet, there has been a gradual facing out of the middle-man (being the tour firms) whereby tourists find it increasingly easier to secure and pay for transportation, accommodation and park entry tickets with but a click of the mouse.

The factors above have since hailed an era of office closures, job losses and a plummeting Gross Domestic Product in Kenya. It dawned on the players in the tourism industry, the Government included and more so on tour firms, that there is a need in today's economic and competitive environment to proactively define and effectively manage their strategic development and their operational performance. This has seen an increase in the marketing campaigns of the Country, the diversification of the tour product, the specialization of the services provided and the incorporation of Information Technology in businesses. This ultimately is set to ensure that the industry players are more closely attuned to tourists' needs, their competitors, and trends and forecasts in the markets in which they operate, with a focus on the future.

1.2 Research Problem

Strategic management is intended to assist an organization arrive at a well-developed approach to assist an organization handle the challenges of the modern marketplace whereby globalization connects the external environment of different countries. This has resulted in hyper-competition with the evolution of more sophisticated customers, which factors all combined present ever changing dynamic challenges to industry players, and all the while research can be applied to analyze external stakeholders (Hitt, 2005). Strategic management generally addresses the question of why some organizations succeed or fail, and it covers the causes for company's success or failure (Porter, 1991). Firms undertake the strategic management processes to arrive at certain strategic actions which they can use to obtain desired results. These firms are able to match the conditions of the ever-changing market with their continually evolving corporate structure and strategy. The vitality of strategic management is that it carefully integrates strategy formulation and strategic implementation resulting in strategic actions that targets strategic outcomes. While all organizations benefit from committing themselves to a strategy, strategic management practices are however unique and customized to each organization, therefore implying that there is no one universal approach to strategic management.

In the frame of the tourism industry and in tour firms to be specific, there is indisputably a need for strategic management. Strategic management being a proactive process can be used to achieve long-term compatibility of the corresponding areas in planned tourism. The desire is to see management represent the most profitable way for implementation of priority development goals. Indeed, sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Despite different firms having different approaches to the practice of strategic management, it is recognized that the core tenet shared by all these firms is that of achieving sustainable tourism. This can only be achieved through a continuous process requiring constant monitoring of impacts and introducing the necessary preventive and/or corrective measures as necessary.

Previous research on strategic management practices has tackled various organizations in other industries. For instance, Sharbani (2001) carried out a study on strategic management practices within hotels and restaurants in Nairobi. Sangwa (2002) studied pharmaceutical manufacturing firms, Wanjohi (2002) covered insurance firms in Kenya, Busolo (2003) covered motor vehicle franchise holders in Nairobi, Chiuri (2008) focused on strategic management practices among technical training institutes, while Shamala (2013) carried out a study on strategic management practices and challenges of Kenyan projects assisted by Compassion International in Limuru region. While each of these studies had focused on strategic management practices in different industries, they concluded that each organization has its own unique strategic management practices.

The recommendations from the aforementioned studies were noted to address specific challenges faced by those organizations, implying that there is no one universal approach to strategic management. Given this backdrop, there is a need for further research in strategic management practices as each organization and indeed each industry is context specific. This study sought to assess the strategic management practices in tour firms in Kenya. What are the strategic management practices adopted by tour firms in Kenya?

1.3 Research Objectives

The objective of this study was to establish the strategic management practices in tour firms in Kenya.

1.4 Value of the Study

The study is crucial to tour firms in Kenya in order to explore the potential value which strategic thinking and management have in service and hospitality delivery. Furthermore, an understanding of the deficiencies in the Country's tourism industry development and the perceived effects on international service-delivery to the region will be beneficial to the industry's stakeholders. The study is aimed at enabling tour firms increase their effectiveness, productivity and revenues. An understanding of its findings by practitioners in the tourism and hospitality industry should lead to successful operations as well as enhancing Kenya's tourism reputation which is generally accused of deterioration and ensuring there is in place long term strategies geared towards generating competitive advantage and superior performance (Pearce, 1991).

The data and the finding of the study will be used by the various stakeholders in the tourism industry including relevant Government agencies, tour firms, Non-governmental organizations (NGOs), researchers and other stakeholders. The Government and specifically the Ministry of Tourism will find this study an invaluable source of information by identifying the advantages in the practice of strategic management practices in the tourism industry. Ultimately, the researcher will benefit from the study as it will serve as her contribution to the growing body of knowledge in strategic management in Kenya. This will act as a source of reference for other studies to be carried out in strategic management in respect to the tourism industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on strategic management practice as put forth by various scholars and particularly examines their ideas with regard to the concept of strategy, the strategic management process and strategic management practices. It highlights the various schools of thought as well as any existing research gaps that provide a theoretical foundation on the current state of knowledge in the field.

2.2 Theoretical Foundation of the Study

Strategic management theories emerged from economic and organizational psychology with scholars having an organizational theory background including Chaffee (1985); Whittington (1993); McKierman (1996); Mintzberg, Ahlstrand and Lampel (1998) whereas those having an economic theory background including Porter (1980); Jacobson (1992); Teece (1997); Foss (1998); Phelan and Lewin (2000), and although there has always been disagreement as to a common definition of the term “strategy”, the general consensus between these management theorist and practitioners is that strategy deals with the long-term direction of an organization.

Mintzberg et al. (1998) classified concepts that typically dominate current thinking on strategy including: the perspective school of thought which has a normative character of how strategy should be developed and describes its consequences to an organization; the design, planning and position schools of thought which assume that strategy is as a result of analysis and process; the descriptive school of thought which describe how strategies are developed and pursued; the entrepreneur and cognitive schools of thought which put strategy as an entrepreneurial act and an organizational decision process, and the configurational school of thought whereby the theory of organizational configuration and resulting strategies is described and strategy development is analyzed as an interplay between organizational constraints and strategic requirements.

Porter (1980) put forth that the essence of formulating strategy is relating a company to its environment and asserts that asking why firms succeed or fail is the central question in strategy. From this statement emerges three conceptual entities that clarify relationships within strategic management, being (a) the actual strategy; (b) the company (firm) and (c) the environment (market). These three are interdependent and interacting, with strategy formed to fit and connect the varying organizational and/or environmental characteristics. Further to this Nag et al. (2007) postulated that the field of strategic management deals with (a) the major intended and emergent initiative (b) taken by general managers on behalf of owners (c) involving utilization of resources (d) to enhance the performance (e) of the firms (f) in their external environments. Meanwhile, Barney (2008) classifies three approaches to answer the central question in strategic management: (a) mistakes by some firms create advantage for others; (b) firms that exploit market power gain advantages over others; and (c) firms with special capabilities gain advantages over others. Rumelt, Schendel and Teece (1994) note that the field of strategic management deals with the question of how to achieve and sustain competitive advantage and indeed Johnson et al.

(2006) define strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations. Similarly, Hubbard et al. (2008) defines strategy as those decisions that have high medium-term to long-term impact on the activities of the organization, including the analysis leading to the resourcing and implementation of those decisions, to create value for key stakeholders and to outperform competitors. Furthermore, the strategy as practice perspective needs to be applied towards integrating stakeholder interactions into strategic decision making (Burgelman, 2002; Whittington, 2006) while noting that external factors shape firm strategies through direct interaction with or involvement in firm management, as well as through the firm's expected or actual reactions to strategic decisions. It is crucial to identify strategic reactions to environmental uncertainty in order to help in the strategy implementation process as well as to assess performance implications of these strategies (Collis, 1992).

In summary, a great deal of research has been carried out in the field of strategic management. What started as business policy has seen a shift to strategic management and from external to internal firm focus as well as a shift in focus from market paradigm to efficiency paradigm, with these two paradigms being considered the mainstream approaches to strategic management.

2.2.1 Porter's Five Forces Model

Porter (1980) best represents the market paradigm in his five forces of competitive position model, which views the structure of the market industry as the key determinant for potential profitability of the firm and industry. His framework gives five industry level forces that determine the inherent profitability of the industry, these being the threat of new entrants, the threat of substitution, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among existing firms. Porter (1985) argues that firms should find a fit position in their industry from which they can best defend themselves against competitive forces or influence them in their favour in order to attain sustainable competitive advantage. Porter (1996) notes that strategy is the creation of a unique and valuable position involving a different set of activities that will lead the firm to three generic strategies for outperforming rivals within an industry, being: cost leadership, differentiation and focus. Porter's model implies that a market entry strategy begins with carefully analyzing an industry in terms of its structural forces to assess its profitability and once achieved, a competitive position should be selected in order to effectively align the firm with the industry and generate sustainable competitive advantage.

2.2.2 Resource-Based Theory

Barney (1986) articulates the firm's resources as the fundamental determinants of competitive advantage with two critical assumptions: heterogeneity and immobility. First, resources are assumed to be heterogeneously distributed amongst firms allowing for the existence of differences in firm resource endowments (Barney, 1991). Secondly, resources are assumed to be imperfectly immobile allowing for the differences in firm resources to persist over time. Barney (1991) suggests that a firm's resources must be valuable, they must be rare, they must be inimitable and they must be non-substitutable in order to be a source of competitive advantage. The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007).

2.2.3 Dynamic Capabilities Theory

The dynamics capabilities approach extends the strategic management notion by addressing competitive advantage in dynamic fashion and is an evolutionary version of the resource based view but incorporating external factors such as institutional and market position. This framework is described as the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece et al., 1997). Helfat and Peteraf (2003) suggest that dynamic capabilities involve adaption and change as it builds, integrates or reconfigures other resources and capabilities. Eisenhardt and Martin (2000) describe dynamic capabilities as the firm’s process that utilizes resources to integrate, reconfigure, gain and release resources, to match and even create market change. Zollo and Winter (2002) define it as a learned and stable pattern of collective activity through which organizations systematically generate its operating routines in pursuit of improved effectiveness. An organization requires sensing, seizing and transformational capabilities to be simultaneously developed and applied in order for it to build and sustain competitive advantage. According to Teece (2007), the dynamic capabilities framework is not only to give emphasis to the traits and processes needed to achieve a good position in a favourable environment, but it also endeavours to explain new strategic considerations and the decision making disciplines needed to ensure that opportunities, once sensed, can be seized and how the business can be reconfigured when the market and/or technology inevitably changes once again.

2.2.4 Stakeholder Theory

Donaldson and Preston (1995) state that stakeholder theories could be categorized from descriptive, instrumental or normative points of view. A descriptive theory would simply illustrate that firms have stakeholders, an instrumental theory would show that firms who consider their stakeholders devise successful strategies and a normative theory would describe why firms should give consideration to their stakeholders. The idea of stakeholders, or stakeholder management, or a stakeholder approach to strategic management, suggests that managers must formulate and implement processes which satisfy those with a stake in the business. Stakeholders comprise any group or individual who are affected by or can affect the achievement of an organization's objectives. The central task in this process is to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that ensures the long-term success of the firm. A stakeholder approach emphasizes active management of the business environment, relationships and the promotion of shared interests, with the impetus behind stakeholder management being to try and build a framework that is responsive to the concerns of managers who were being buffeted by unprecedented levels of environmental turbulence and change. The interests of key stakeholders must be integrated into the very purpose of the firm, and stakeholder relationships must be managed in a coherent and strategic fashion.

The stakeholder theory calls for an approach to strategic management which integrates economic, political, and moral analysis in decision making, whereby managers are required to make corporate decisions whilst respecting stakeholders' wellbeing rather than treating them as means to a corporate end. The purpose of a stakeholder approach to strategic management is to actively plan a new direction for the firm. It builds on concrete facts and analysis, and thus is descriptive, but it has to go beyond such description to recommend a direction for the firm, given its stakeholder environment. Rather than set strategy stakeholder by stakeholder, managers must find ways to satisfy multiple stakeholders simultaneously. Successful strategies integrate the perspectives of all stakeholders rather than offsetting one against another.

2.2.5 Environment Dependence Theory

Strategic management does not take place in an organizational vacuum. Its outcome and success depend on the environment, and in particular, the industrial context of a firm. Starting with Porter (1980) and Ansoff (1965), the industrial context was first seen as a source for opportunities and threats that need to be tackled by strategic management, with the recognition that the environment is a force that actively shapes and is shaped by organizational actions. Indeed, Porter (1980) postulates that the essence of formulating strategy is relating a company to its environment. The organizational environment is the set of forces surrounding an organization that have the potential to affect the way it operates and its access to resources. The environment consists of specific and general forces, whereby specific forces directly affect an organization's ability to obtain resources while general forces shape the specific environment and affect the ability of all organizations in a particular environment to obtain scarce resources. The radical change of the environment in which companies operate reduces the ability of managers to act on the strategic aspects of their task, and to conduct effective management of operations, in a timely way. Teece and Pisano (1994) suggested that it is necessary to consider the shifting character of the external environment and hence the key role of strategic management, which is predominantly about adopting, integrating and reconfiguring internal and external organizational skills, resources and functional competencies towards the changing environment. They further suggest that the strategic posture and competitive advantage of a firm is determined not only by its learning processes and by the coherence of its internal and external processes and incentives, but also by its specific assets. The competitive advantage depends on the stability of market demands and the easiness of replicability (expanding internally) and inimitability (replication by competitors). Industry players should therefore consider the business environment for their long term strategy in pursuing long-term productivity for competitiveness.

2.3 Strategic Management in Organizations

Strategic management connotes defining an organization's strategy. It is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It is also defined as the process by which managers make a choice of a set of strategies for the organization that will enable it to achieve better performance. It is a continuous process that appraises the business and industries in which the organization is involved, appraises its competitors, and fixes goals to meet all the present and future competitors and then reassesses each strategy. Chandler

(1962) describes it as the determination of the basic long-term goals and the objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary or carrying out these goals.

With this in mind, the aim of any organization is for it to occupy an attractive and productive position in its environment. This position should be one which attracts inputs and provides attractive outputs in a way which creates sufficient wealth to satisfy those involved in the conversion process and to enable the organization maintain its viability. Johnson and Scholes (1988) point out that it is not simply what is going on in the environment around the decision maker (such as key forthcoming events as, for example, a change in business law) that is important. What is equally as important is the nature of that environment. “Nature” refers to the levels of dynamism and complexity (and, as a consequence, levels of uncertainty for decision makers) in the environment. Very dynamic and complex situations call for different strategic leadership styles, decision-making processes and other strategic configuration arrangements as opposed to those which are suitable for static and simple situations. Strategic management thus becomes a process where management imaginatively plans how its actions might affect stakeholders and thus help to create the future environment. As previously noted, the distinctiveness of one industry from another connotes that each one approaches strategic management in a case specific manner as there is no one universal approach to strategic management.

2.4 The Strategic Management Process

The purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment (Pearce & Robinson, 2001). Arthur (1989) argue that every successful strategic management model must include vision and mission, environmental analysis, setting objectives and strategic analysis choice. This is further echoed by Aparna (2009) who sets out the four crucial strategic management steps. First is the process of environmental scanning which involves collecting, scrutinizing and providing information for strategic purposes. It helps in analyzing the internal and external factors influencing an organization. After executing the environmental analysis process, management should evaluate it on a continuous basis and strive to improve it. Second is Strategy Formulation whereby the best course of action for accomplishing organizational objectives is decided upon and hence achieving organizational purpose. After conducting environment scanning, managers formulate corporate, business and functional strategies. Third is Strategy Implementation which involves making the strategy work as intended or putting the organization’s chosen strategy into action. Strategy implementation includes designing the organization’s structure, distributing resources, developing decision making processes, and managing human resources. Lastly is Strategy Evaluation of which the key strategy evaluation activities include appraising internal and external factors that are the root of present strategies, measuring performance, and taking remedial corrective actions. Evaluation makes sure that the organizational strategy as well as its implementation meets the organizational objectives.

Strategic management is an ongoing process and it is crucial to realize that each of the above component interact with the other often in chorus. The components are steps that are carried out, in chronological order, when creating a new strategic management plan. Present businesses that have already created a strategic management plan will revert to these steps as per the situation's requirement, so as to make essential changes.

2.5 Strategic Management Practices

The core of the strategic management process involves decisions and actions. Decision making is the rational application of knowledge to a choice problem (Simon, 1976). It involves seeking answers to questions such as what are the alternatives, what are the consequences of each alternative, how desirable are the consequences and what criteria to apply to evaluate the alternatives. One of the fundamental questions in the field of strategic management is how firms attain and sustain competitive advantage (Herrmann, 2005; Fahy, 2000; Teece, Pissano and Shuen 1997; Rumelt, 1991). The long-term success of an organization depends on the attainment and maintenance of sustainable competitive advantage (Hoffman, 2000) which then allows the improvement and maintenance of the organization's competitive position in the market. It is an advantage that enables business to survive against its competition over a long period of time.

To achieve competitive advantage, a firm should identify relevant strategies and incorporate these into its strategic plan to direct its operations towards the creation of value for customers and for the organisation. What strategies lead to sustainable competitive advantage, and consequently to higher performance and growth has been the preoccupation of many authors in the field of strategic management and in this quest, many theories and concepts have been developed that mainly examine the environment and look inside firms, developing ideas and methodologies that follow and try to predict management practice transformation (Herrmann, 2005). Fahy and Hooley (2002) describe competitive advantage as one of the most enduring themes in the strategy literature. Hoffman (2000) argues that given its importance to the long-term success of firms, a body of literature has emerged which addresses the determinants of sustainable competitive advantage, as well as its sources and different types of strategies that may be employed to achieve it. These views on strategy, ranging from the industry-based explanation of industrial economics lead Grant (2005) to note that the role of strategy is to link the internal context of the firm to the external environment within which it competes.

Since the mid 1990's, it has become conventional to talk about the "new economy", which primarily refers to the pervasiveness of the information and knowledge-based industries that have sprung up (Fahy and Hooley, 2002), essentially around the internet, which has facilitated convergence, globalisation, and the dispersion and fragmentation of corporations. Wind and Mahajan (1997) attribute substantial changes in the business environment to recent advances in information technologies, especially changes in business practices, short product cycles, rapid technological developments, and hyper-competitive environments. The sheer speed at which information travels and the comprehensive global reach of the Internet has had a profound impact on economic relationships (Helleiner, 2001; Gilpin, 2000).

Eisenhardt and Sull (2002) identify three features of the new economy. Firstly, the rate of change has notably increased in terms of technological breakthroughs, shifts in customer preferences, and competitive new product introductions. Secondly, there has been a shift towards competition on the basis of knowledge and skills rather than physical assets. Thirdly, the diffusion of management and business ideas and their implementation in the firms across the globe has resulted in an emphasis on operational efficiency and catch-up games. Prahalad and Hamel (1996), argue that increased sensitivity to knowledge as a core competence coupled with information technology has increased organizational interest in the topic of knowledge management. Eisenhardt and Sull (2002) suggests that this new economy is entrepreneurial in its focus on disequilibrium, the capture of fleeting opportunities and the relentless cycle of wealth creation and destruction. Toffler (1990) argues that one of the most important changes in the organizational environment happened with the introduction of information technology and the consequent paradigm shift of post-industrial society towards a new type of organization, one that re-invents itself in a dynamic environment.

Major features of the new economy, as described in the literature, typically include rapid changes, a tendency for collaboration rather than competition, complexity, uncertainty, technological discontinuity and the need for managing and exploiting knowledge assets (Ferreira, 2002). Though the same economic rules apply, to many this new economy is different from the old manufacturing-based economy and, consequently, requires a new set of business and management models (Fahy and Hooley, 2002). Traditional approaches to strategy stress the creation of advantage, but the concept of hyper-competition teaches that strategy is also about the creative destruction of an opponent's advantage. This is because in today's environment, traditional sources of competitive advantage erode rapidly, and sustaining advantages can be a distraction from developing new ones. Competition has intensified to make each of the traditional sources of competitive advantage more vulnerable; the traditional sources being price and quality, productivity, speed and customer service (Ferreira, 2002). The primary goal of this new approach to strategy is disruption of the status quo, to seize the initiative through creating a series of temporary advantages. Fahy and Hooley (2002) note that a theme common to all that has been written about the new economy is that it is a different kind of environment and that to succeed in it, companies must re-evaluate their strategies and processes.

MacMillan and Gunther (1997) argue that globalization and technological change are spawning new sources of competition, deregulation is changing the rules of competition in many industries, and markets are becoming more complex and unpredictable. Barney (1991) argues that the most important means of achieving a competitive advantage in these markets are innovative moves and strategic flexibility. Eisenhardt and Sull (2002) suggest that in today's rapidly changing environments, organizations need to diversify, adapt, and even reinvent themselves to match the evolving market and technological conditions. Resource-based explanations provide varied and sometimes conflicting perspectives on the determinants of competitive advantage (Fahy and Hooley, 2002).

MacMillan and Gunther (1997) argue that in light of the increasing intensity and velocity of competition, there is a growing sense that the ability of managers to formulate and implement competitive strategies has not kept pace, and the literature has been able to illuminate only part of the picture, and in an attempt to oversimplify strategy, various approaches often overlook crucial elements of strategy process. Fahy and Hooley (2002) argue that the spectacular rate of change would imply that it is necessary to review some of the fundamental tenets of competitive advantage and in particular to re-examine the relative importance of the organizational and environmental dimensions. The new economy and the era of unpredictable, technology-based competition has led some to question whether the fundamentals of strategy are still relevant. Pitt (2001) suggests that the existing body of strategy is less useful because it was developed for and in a less turbulent time, whilst others have argued to the contrary. Porter (2001) for instance, contends that because of the impact of the Internet, the basic rules of strategy are now more relevant.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes how the study was undertaken and entails the research design, population of the study, sampling design, data collection and data analysis technique that was adopted to analyze the data collected in order to generate the findings of the study.

3.2 Research Design

Yin (2003) argues that the first and most important condition for differentiating amongst the various research designs is to first identify the type of research questions being posed, then identify the extent of control that an investigator has over behavioural and the degree of focus on contemporary as opposed to historical events. The research contained herein was conducted through a cross-sectional survey which Cutler (1991) describes as an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. It enables the exploration of different contexts at a single point in time to then enable one draw patterns from the date gathered.

Survey research is a form of descriptive self-report study which requires the collection of information by interviewing or administering a questionnaire to a sample of individuals and can be used when collecting information about people’s attitudes, opinions, habits or any of the variety of social issues (Orodho and Kombo, 2002). Slater and Gima (2004) argue that primary data developed through survey methodology has one significant advantage over all secondary data in strategic management research, being that the research design is developed specifically to address the research question. The study adopted a participatory approach involving field visits for the purpose of interaction with the target groups to objectively assess the environment in which tour firms in Kenyan operate.

3.3 Population of the Study

The population of the study was composed of tour firms currently in business in Kenya. As at the time of the study, there were a listed 250 tour firms operating in the country under the umbrella of the Kenya Association of Tour Operators (Kenya Association of Tour Operators, 2013).

3.4 Sampling Design

The sample was chosen using the purposive or convenience sampling technique. Sample designs were established by either probability or non-probability sampling techniques. This technique was identified as the researcher was interested in selecting a sample that would aid in collecting in-depth information that would be used in providing a comparative insight into the focus of the study. Purposive or convenience sampling is a sampling technique that allows the researcher to use cases that have the required information with respect to the objectives of the study. Cases of subjects are therefore handpicked because they are informative or they possess the required characteristics (Mugenda and Mugenda, 1999).

Gay (1983) suggested that for co-relational research 30 cases or more are required for descriptive studies. Since some firms were not forthcoming with the required information, a sample of the total population was to be used for this study. A sample size of 56 tour firms was identified and used, of which included medium size and large tour firms located within Nairobi, Mombasa and Kisumu.

3.5 Data Collection

The data that was collected was primary information on the strategic management practices from respondents in tour firms within the sample size of 56 firms in the Country. The data collection instrument was a questionnaire that was prepared by taking into consideration the various components of strategic management practices for purposes of collecting this data, and was developed based on the research objective and also on the information gathered in the literature review. The questionnaire consisted of three sections utilized to collect bio data from the individual respondents, data on the organization the individual works for and data on strategic management practices in the tour firms.

Request letters were sent to the organizations that were to be involved in the study to seek permission to conduct research in their institutions. Consent was sort from the respondents before engaging them in the study. Measures regarding confidentiality, anonymity and informants' consent were put in place as conditions for the whole research process. In order to protect informants, data was presented in such a way that it could not be linked to individuals who gave it except by the researcher who may need to seek clarification during analysis of data. These questionnaires were distributed to respondents forming top level management of the organizations to be surveyed, and the respondents were given a period of one week to respond before being collected and analyzed.

3.6 Data Analysis

The data collected was examined in relation to the research question and objective identified in Chapter One and took into consideration the size of the organizations studied as well as whether the said organizations are locally or internationally owned, with an aim of extracting as much information as possible that would be pertinent to the study and enable the researcher draw sound conclusions, answer the question raised and achieve the objective of the study as stipulated.

The data was then analyzed using statistical analysis which is the best method of analysis when processing large amounts of data and report overall trends. Statistical analysis methods of mean, median, mode, standard deviation, frequency distribution and variance were used to provide ways to objectively report on whether strategic management practices exist in tour firms.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish strategic management practices within tour firms in Kenya. This chapter presents the analysis and findings with regard to the objective and discussion of the same. The findings are presented in percentages and frequency distributions, mean and standard deviations.

4.2 Demographics

A total of 56 questionnaires were issued out. The completed questionnaires were edited for completeness and consistency. Of the 56 questionnaires issued out, only 52 questionnaires were returned. This represented a response rate of 93%. The individual bio data considered in this study included positions held by the respondents in the tour firms, level of education, length of continuous service with the tour company, respondents' income, the composition and size of the organization as well as the number of years it has been in operation. The information from this section enabled the researcher to judge whether they chose the appropriate respondents for the study.

4.2.1 Respondents Cadre

The respondents were asked to indicate the position they hold in the company and the results are presented in Table 4.1.

Table 4.1 Respondents Cadre

Job Category	Frequency	Percent	Cumulative Percent
Chief executive officer	8	16.1	16.1
Managing director	11	21.4	37.5
General Manager	14	26.8	64.3
Manager	19	35.7	100.0
Total	52	100.0	

(Source: Field Data, 2015)

The results indicate that 35.7% of the respondents were managers in the tour firms, 26.8% of the respondents were general managers, 21.4% of the respondents indicated that they were managing directors of the tour firms while 16.1% of the respondents said that they were chief executive managers. The results indicate that the respondents were in charge of the tour firms and thus understand the need of strategic management in order to be competitive in the turbulent industry.

4.2.2 Highest Level of Education

The respondents were asked to indicate their highest level of education, the results as presented in Table 4.2.

Table 4.2 Highest Level of Education

Level of education	Frequency	Percent	Cumulative Percent
Secondary	14	26.8	26.8
College education	10	17.9	44.6
Degree level	20	39.3	83.9
Post graduate	8	16.1	100.0
Total	52	100.0	

(Source: Field Data, 2015)

The results on the respondents' level of education was that 39.3% of the respondents had a degree, 26.8% indicated that they had secondary education, 17.9% of the respondents indicated that they have college education while 16.1% of the respondents indicated that they were post graduate holders. The results indicate that the education level for the respondents varied.

4.2.3 Length of Continuous Service with the Tour Firm

The respondents were asked to indicate the duration they have continuously worked in the tour firm.

Table 4.3 Length of Continuous Service with the Tour Firm

Years	Frequency	Percent	Cumulative Percent
Less than a year	8	16.1	16.1
1 - 5	12	23.2	39.3
6 - 10	13	25.0	64.3
Above 10	19	35.7	100.0
Total	52	100.0	

(Source: Field Data, 2015)

The findings indicate that 35.7% of the respondents have worked in the tour firms for more than 10 years, 25% of the respondents indicated that they have worked in the tour firm for a period of 6 to 10 years, 23.2% of the respondents said that they have worked in the tour firm for 1 to 5 years while 16.1% of the respondents indicated that they have worked in the tour firm for less than a year. The results indicate that majority of the respondents have worked in the industry for a longer duration of time and thus they understand the industry which has been characterized by increased competition and globalization trends which necessitates the utilization of strategic management tools to ensure efficient and effective business operations (resource management, management of information systems, maintaining and developing relations with tourists, expansion and development of the tourism business, managing new and innovative tourism projects).

4.2.4 Level of Income Earned by Respondents

The respondents were required to indicate the level of income they earn and the results are presented below.

Table 4.4 Level of Income Earned

Level of income earned (Kshs.)	Frequency	Percent	Cumulative Percent
Below 200,000	29	53.6	53.6
200,001 - 250,000	8	16.1	69.6
250,001 - 300,000	8	16.1	85.7
301,000 – 350,000	7	14.3	100.0
Total	52	100.0	

(Source: Field Data, 2015)

The results on the level of income earned by the respondents was that 53.6% of the respondents indicated that they earn less than Kshs.200,000/=, 16.1% of the respondents indicated that they earn between Kshs.200,001/= and Kshs.250,000/=, another 16.1% of the respondents indicated that they earn between Kshs.250,001/= and Kshs.300,000/= while 14.3% of the respondents indicated that they earn between Kshs.301,000/= and Kshs.350,000/=. The results indicate that the income earned by the respondents differed and this can be attributed to the tour firm business in the industry.

4.2.5 Tour Firm Ownership Composition

The respondents were asked to indicate the tour firm ownership composition and the results are presented in Table 4.5.

Table 4.5 Tour Firm Ownership Composition

Tour firm ownership composition	Frequency	Percent	Cumulative Percent
Foreign owned	5	8.9	8.9
Locally owned	15	28.6	37.5
Foreign owned but locally incorporated	13	25.0	62.5
Foreign, but locally incorporated with partial local ownership	19	37.5	100.0
Total	52	100.0	

(Source: Field Data, 2015)

The results on the ownership of the tour firms indicate that 37.5% of the tour firms are foreign though they were incorporated locally with partial local ownership, 28.6% of the tour firms were incorporated locally, 25% of the tour firms were foreign owned but locally incorporated while 8.9% of the tour firms are foreign owned. The results indicate that the tourism industry in Kenya is competitive due to the presence of both local and foreign firms which necessitates the adoption of strategic management practices in order to remain competitive.

4.2.6 Duration of Firm Existence

The respondents were asked to indicate the duration the tour firm has been in existence.

Table 4.6 Duration of Firm Existence

Years	Frequency	Percent	Cumulative Percent
1 – 5	8	16.1	16.1
6 – 10	12	21.4	37.5
11 – 20	13	25.0	62.5
Above 20	19	37.5	100.0
Total	52	100.0	

(Source: Field Data, 2015)

The results indicate that 37.5% of the tour firms have been in existence for over 20 years, 25% of the firms have been in existence for a period of 11 to 20 years, 21.4% of the respondents indicated that they have been in existence for 6 to 10 years while 16.1% of the respondents said that they have been in existence for a period of 1 to 5 years. The results indicate that majority of the tour firms have been in the business for a longer duration of time and thus they understand the dynamics of the industry which requires the adoption of strategic management in order to succeed. Bryson (1988) noted that strategic management assists an organization to focus the organization's energy, to ensure that members of the organization are working toward the same goals and to assess and adjust the organization's direction in response to a changing environment.

4.2.7 Size of the Tour Firm

The respondents were to indicate the number of employees in their tour firm and the results are presented in Table 4.7.

Table 4.7 Number of Employees in the Tour Firm

Number of employees in the tour firm	Frequency	Percent	Cumulative Percent
Below 10	10	19.6	19.6
11 – 20	12	23.2	42.9
21 – 30	7	12.5	55.4
Above 30	23	44.6	100.0
Total	52	100.0	

(Source: Field Data, 2015)

As shown in Table 4.7, the results on the number of employees in the tour firms was that, 44.6% of the tour firms had employees above 20, 23.2% of the tour firms had employees ranging from 11 to 20, 19.6% of the tour firms indicated that they have less than 10 employees while 12.5% of the tour firms have between 21 and 30 employees. The results indicate that the number of employees in the tour firms differed and this can be attributed to the size and duration of operation of the tour firm.

4.3 Strategic Management Practices in Tour Firms in Kenya

The objective of the study was to determine the strategic management practices in tour firms in Kenya. The findings of the study used a Likert scale to analyze the data in order to show the extent different firms sampled have adopted the concept of strategy, the strategic management process and different strategic management practices in the operations of their firms.

4.3.4 Strategy Formulation

Strategy formulation is important to an organization as it ensures that the organization achieves its objectives, thus the need for the study to identify strategy formulation among the tour firms.

Table 4.8 Strategy Formulation

Strategy Formulation	Mean	Std. Deviation
The firm has articulated a vision	4.0464	.6211
The vision statement is relevant to the firm's activities and mandate	3.8786	1.1155
The firm has developed a mission statement	3.9567	.7627
The current mission statement is compatible with the activities being carried on by the firm	3.8214	.3864
The firm has defined a set of value statement	3.6964	.4008
The firm value statement (or values if a statement has not been developed) is easy to understand	3.6179	1.2790

The firm has conducted a SWOT analysis	3.7536	.5016
The firm has competencies to conduct a SWOT analysis process	3.9250	1.2513
A SWOT analysis process is important to the effective operation of the firm	4.1250	1.0191
The firm uses SWOT analysis when dealing with significant issues outside strategic planning	3.6143	.4140
Establishing long term objectives for the firm is significant	3.9964	1.2198
Generating strategies to deal with issues for the firm is important	3.8357	1.2055
The firm selects strategies to address issues that confront the firm	4.0893	.4777
Composite Mean = 3.9, S.D = 0.9		

(Source: Field Data, 2015)

Note. Items were measured on a five-point Likert Scale with 1 being strongly disagree and 5 being strongly agree.

The respondents were requested to indicate strategy formulation in the tour firms in a five point Likert scale. The range was ‘strongly disagree (1)’ to ‘strongly agree’ (5). The scores of strongly disagree have been taken to represent a variable which had mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq$ S.E <2.4). The scores of ‘moderate’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous

Likert scale: (2.5≤M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5≤ L.E. <5.0). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.8.

The results on strategy formulation in tour firms indicate that a SWOT analysis process is important to the effective operation of the firm (mean 4.1250), the tour firms select strategies to address issues that confront them (mean 4.0893), the tour firms have articulated a vision (mean 4.0464), establishing long term objectives for the firm is significant (mean 3.9964), the firms have developed a mission statement (mean 3.9567), the firm has competencies to conduct a SWOT analysis process (mean 3.9250), the firm vision statement is relevant to the firm's activities and mandate (mean 3.8786), the firms generate strategies to deal with issues (mean 3.8357), the firms mission statement is compatible with its activities (3.8214), the tour firms have conducted SWOT analysis (mean 3.7536), the firms have defined a set of value statement (mean 3.6964) and that the firms value statement (or values if statement have not been developed) are easy to understand (mean 3.6179). The low standard deviation variation indicates that that the respondents were unanimous on strategy formulation. The findings indicate that tour firms value strategy formulation which they can use to obtain desired results. The tour firms are able to match the conditions of the ever-changing market with their continually evolving corporate structure and strategy. The vitality of strategic management is that it carefully integrates strategy formulation and strategic implementation resulting in strategic actions that target strategic outcomes (Hitt, 2005).

4.3.5 Strategy Implementation

Strategy implementation in the tour firms involves making the strategy work as intended or putting the organization's chosen strategy into action.

Table 4.9 Strategy Implementation

Strategy Implementation	Mean	Std. Deviation
The firm maintains a policy manual	2.7143	.4558
The firm's policies are updated on a regular basis	2.7679	.4260
The firm has the financial capacity to implement strategies	4.1821	.8526
The firm's board of directors and executive directors are motivated to maintain and support the implementation of strategic initiatives	4.0607	.9959
The current structure of the firm supports the implementation of strategic initiatives	3.8571	1.1189
The current governance model is effective in the implementation of strategic initiative	3.8393	1.1406
The firm is ready for organizational change	3.6964	1.1742
The firm's staff have competencies to plan, manage and implement strategic initiatives	3.7714	.9507
Composite Mean = 3.6, SD = 0.7		

(Source: Field Data, 2015)

Note. Items were measured on a five-point Likert Scale with 1 being strongly disagree and 5 being strongly agree.

The respondents were requested to indicate strategy implementation in the tour firms in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; (0≤ S.E <2.4). The scores of 'moderate' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: (2.5≤M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5≤ L.E. <5.0). A standard deviation of >0.7 implies a significant difference on the impact of the variable among respondents. The results are presented in Table 4.9.

Strategy implementation in tour firms is virtually worthless unless it is implemented successfully and in order to ensure successful implementation of its strategies, tour firms have financial capacity to implement strategies (mean 4.1821), the firm board of directors and executive directors are motivated to maintain and support the implementation of strategic initiatives (mean 4.0607), the current structure of the firm supports the implementation of strategic initiatives (mean 3.8571), the current governance model is effective in the implementation of structure of strategic initiative (mean 3.8393), the firm staff have competencies to plan, manage and implement strategic initiatives (mean 3.7714), the firm is ready for organizational change (mean 3.6964). The tour firms did not however, update policies on a regular basis (mean 2.7679) and the firms do not maintain a policy manual. The results are consistent with David (2003) who noted that successful strategy implementation must consider issues central to its implementation which include, matching organizational structure to strategy, resources, creating a supportive organizational culture among other issues.

4.3.6 Strategy Evaluation

Strategy evaluation ensures that the organizational strategy as well as its implementation meets the organizational objectives, thus the need for the study to establish the extent to which strategy evaluation enabled the tour firms achieves their objectives.

Table 4.10 Strategy Evaluation

Strategy Evaluation	Mean	Std. Deviation
The firm is effective in communicating assessment results	3.9286	1.0763
The firm has developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives	3.8214	.4712
The firm is effective at evaluating the impact of changes subsequent to initial strategy formation	3.7321	1.1035
The firm pays attention to abandoning, adjusting or developing new strategies subsequent to evaluation of the initial strategies	3.0714	.8915
A Strategic management model is relevant and suitable for the firm	4.1536	1.0343
Composite Mean = 3.7, SD = 0.9		

(Source: Field Data, 2015)

Note. Items were measured on a five-point Likert Scale with 1 being strongly disagree and 5 being strongly agree.

The respondents were requested to indicate strategy evaluation in the tour firms in a five point Likert scale. The range was ‘strongly disagree’ (1) to ‘strongly agree’ (5). The scores of strongly disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; (0≤ S.E <2.4). The scores of ‘moderate’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: (2.5≤M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5≤ L.E. <5.0). The results are presented in Table 4.10.

The tour firms undertake strategic management through relevant and suitable strategy models (mean 4.1536), the tour firms are effective in communicating assessment results (mean 3.9286), the tour firms have developed a set key performance indicators or some other form of accountability to track the success of strategic initiatives (mean 3.8214), the tour firms indicated that they are effective at evaluating the impact of changes subsequent to initial strategy formation (mean 3.7321) and that the tour firms pay attention to abandoning, adjusting or developing new strategies subsequent to the evaluation of initial strategies (3.0714). The results indicate that the firms evaluate the practices which have been undertaken in order to ensure that they achieve the desired objectives.

4.4 Discussion

Strategic formulation, implementation and evaluation are key in assisting an organization clarify and adopt the best direction to follow and achieve its objectives for its ultimate success and performance. Dobson and Starkey (1994), point out that the formulation of the mission is the first step of the strategic planning process that defines the long-term vision of the organization. If an organization does not have a vision, then there is no reason for existing. Further, Ansoff (1984) clarifies that the first step in the evolution of strategic management is strategic formulation. Thompson and Strickland (2003) stress that the strategy-implementing task is the most complicated and time-consuming part of strategic management. However, without it, the strategic planning and formulation processes are worthless.

4.4.1 Link to the Theory

Dynamics and uncertainty in the operating environment require companies to undertake strategic management and formulate strategies that ensure the future success of the company. A strategy is considered sufficient according to the results it produces and not by the process that generated it and successful companies must adopt a process that fits the business, culture and operating context of the company. An effective process of formulating strategy must be based on a critical analysis of the company and on past experiences to facilitate an effective and adaptive decision making process. It however has to be noted that a well formulated strategy can create sustainable value only if successfully implemented.

From the literature reviewed in Chapter Two, it is evident that strategic formulation, implementation and evaluation are key to attaining sustainable competitive business advantage that generates superior business performance. A firm's success is thus characterized by its ability to continuously develop and reconfigure its assets and capabilities towards improving its organizational performance. This is confirmed by Tang and Liou's (2009) proposition that competitive advantage is reflected in the casual relationship between resource reconfiguration, dynamic capability and observable financial performance. Steiner (1979) and Barry (1986), argue that strategic planning and management, regardless of which organization engages in it, can help an organization achieve its objectives, clarify future direction, think strategically and develop effective strategies, establish priorities, deal effectively with rapid changing circumstances, build teamwork and expertise, solve major organizational problems and improve organizational performance.

The aim of this study was to examine whether strategic management is a tool utilized by tour firms in their day to day operations as well as to determine the nature and intensity of direct and indirect links between management and planning to the performance indicators related to turnover dynamics and perceived performance. As demonstrated by the results in the data analysis, most tour firms recognize the importance of putting into place and implementing strategic management practices in their operations.

4.4.2 Link to Other Studies in the Field

Previous research on strategic management practices has tackled various organizations in other professions other than within the tourism industry. As earlier mentioned, Sharbani (2001) carried out a study on strategic management practices within hotels and restaurants in Nairobi, Sangwa (2002) studied pharmaceutical manufacturing firms, Wanjohi (2002) covered the insurance firms in Kenya, Busolo (2003) covered the motor vehicle franchise holders in Nairobi, Chiuri (2008) focused on strategic management practices among technical training institutes while Shamala (2013) carried out a study on strategic management practices and challenges of Kenyan projects assisted by Compassion International in Limuru region. The studies have established that companies in various industries practice and employ strategic management in their different context-specific environments thereby illustrating that each organization will approach strategic management differently according to its environment. Noting that earlier studies undertaken in the field of strategic management have been in other service industries to the exclusion of the tourism industry, this study is therefore useful in addressing this gap and will certainly serve as a source of reference for further studies to be undertaken in the same field by spurring on other in-depth research studies and thereby contributing to the body of knowledge in the field.

From the foregoing data analysis and results, it is clear that strategic management has taken a strong foot-hold in the tourism industry in the very same way that other industries have made it a part of their daily business. Despite the industry's uniqueness in operations, it is clear that there is an appreciation for the need to establish long term goals and objectives in firms while bearing in mind the necessary measures and allocation of resources to achieve planned goals with the main objectives being return on capital and growth.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and makes conclusions on the findings of the study in relation to the objective as indicated in Chapter One. This chapter further discusses the limitations of the study and makes recommendations for areas for further research.

5.2 Summary of Findings

The study established that the majority of the respondents have worked in the tour firms for a lengthy period of time and they therefore understand the challenges facing the industry and thus the strategies to adopt in order to achieve competitive advantage over their competitors. The study established that the ownership of the tour firms ranged from local to foreign and this is as a result of the country being a leading tourist destination in the world and thus business entrepreneurs from various countries would like to reap the benefits from the industry by setting up tour firms locally.

The results on tour firms' existence in the country indicate that a majority of the firms have been in existence for more than five years and thus in order to survive in the competitive environment the firms have to understand the changes needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The development and implementation of strategic management by the firms to chart the future path to be taken will enhance the competitiveness of the firms operating in a competitive environment. The number of employees in the tour firms differed and this can be attributed to the size and duration of operation of the tour firm.

Strategy formulation in the tour firms was being undertaken and this will enable the firms to know where they are, where they want to go and how to get there. It involves carrying out SWOT analysis process, selecting strategies to address issues, crafting vision and mission statements as well as overall corporate objectives. Strategy formulation will enable the firms to find a position in the industry where they can best cope with the competitive forces of the tourism industry or else where they can influence them in their favor. Knowledge of the underlying sources of competitive pressure can reveal the basic attractiveness of an industry, highlight the critical strengths and weaknesses of a firm, clarify the areas where strategic changes may yield the greatest payoff and pinpoint the industry trends that promise the greatest returns.

Effective strategy implementation and execution relies on maintaining a balance between preventing failures and promoting success simultaneously. In order to ensure successful implementation of strategies, the tour firms provide the necessary financial resources, organizational structure, culture, effective communication, teamwork, committed leadership which shows the strategic direction and firm staff who have competencies to plan, manage and implement strategic initiatives. In order to ensure effective strategic management in their firms, the tour companies undertake strategic evaluation through strategic management models, effective communication of assessment results, developing key performance indicators or some other form of accountability to track the success of strategic initiatives, evaluating the impact of changes subsequent to initial strategy formation and paying attention to abandoning, adjusting or developing new strategies subsequent evaluation of the initial strategies.

5.3 Conclusion

Competitors' actions affect the ability of the business to make profits, because competitors will continually seek to gain an advantage over each other, by adopting several strategies, and by seeking to provide better value for money. The competition in the tourism industry has resulted in the need by organizations to react appropriately to the threats being posed by entry of new competitors and actions of existing competitors. Intense competition in the market place is forcing organizations to examine different ways by which they could enhance or retain their competitive edge. An effective response by the tour firms to competition is founded on continuous response by the organization to the changing environment through strategic change management practices. To achieve competitive advantage, a firm identifies relevant strategies and incorporates these into its strategic plan to direct its operations towards the creation of value for customers and for the organization.

Strategic management practices which were used by the tour firms were strategic formulation, strategy implementation and strategic evaluation. Strategic management is a management process that was utilized specially to increase the performance of a tour firm's operations and administration. The application of strategic management practice in tour firms can help the firms to enhance their performance through improved effectiveness, efficiency and flexibility. This study has proved that the effect of strategic management is positive, allowing tour firms to increase profits while accommodating customer needs. However, in order to improve the performance, the implementation of strategic management should be conducted properly. It should analyze the external environment to obtain information in term of threats and opportunities, and carry out the internal environment assessment to evaluate the firm's strengths and weaknesses in order to cope with threats and opportunities. Furthermore, to remain competitive in the long run, efficient organization's structure should focus on the strategic management process as it allows the expressed allocation of responsibilities for different functions and processes to different entities and is directly linked with the cooperate culture. In today's dynamic business environment, organizations need to re-structure themselves depending on the changing environmental factors and the organizational business strategy. A change is effected in the organization's structure to maximize efficiency and minimize costs under prevailing circumstances.

5.4 Recommendations

Strategic management is increasingly gaining momentum as the conduit within which most organizations are gaining competitive advantage. The study findings give empirical evidence that the respondents of the study recognize the value of strategic thinking and management practice within the tourism industry. The study established that tour firms undertake strategy formulation in order to be competitive especially in a field that is considered a global industry, with an aim towards increasing their effectiveness, productivity and revenues. It is recommended that the firms do ensure that the operationalization of their strategy formulation incorporates all the tools necessary for successful strategic management including putting in place annual operational plans, functional strategies and policies, which in turn would lead to generating competitive advantage and superior performance.

The study having established that the tourism industry is faced by several challenges which necessitate effective strategy implementation, it is recommended that tour firms ensure that they come up with strategies that will counter both internal and external competition and this includes the adoption of organizational culture and structure which will ensure that decisions are made easily and systems used in the organization fit with the strategy and that there are adequate physical and financial resources.

The evaluation of strategies by tour firms would provide key decision makers and employees with concrete evidence as to the extent to which strategic management practices are achieving the intended goals and objectives. It is recommended that tour firms ensure that the process ought to be as inclusive and participatory as possible to ensure ownership and adoptability of the concepts and systems necessary to operationalize such strategic management. This will ensure that the sequence and flow into strategy development is as systematic and as inclusive of the main components of strategic management including scanning of the environment, formulation of strategic plans, implementation and, monitoring, evaluation and control.

5.5 Limitations of the Study

Owing to the specialization of product and competition among tour firms in the country, obtaining the required information from all the firms identified was difficult as some of the personnel feared that the information might be shared with other firms and prejudice their operations. Accessibility and availability of key respondents, especially the C.E.O's was also a limiting factor, as was the inability to study the personality and character of respondents who are the key decision makers, which traits have the potential to determine and influence strategic planning and firm performance.

In addition, the sample firms surveyed may potentially limit the generalization of the findings and given that most of the respondents were from the larger tour firms, the findings may not adequately represent the position of small and medium size tour firms. Further to this is the fact that the study is undertaken with respect to tour firms in Kenya without taking into consideration other tourism destinations that may have different cultures or where similar conditions prevail.

5.6 Recommendations for Further Research

The study was undertaken on tour firms operating in Kenya and the findings may not be applicable in other sectors as a result of the uniqueness of the industry. It is therefore recommended that the study be replicated in other sectors to establish the strategic management practices being used and the information obtained therefrom can then be applied to formulate and implement strategy that would contribute to organizational growth.

Furthermore, given that the study was conducted through cross-sectional research employing a survey strategy over a short period of time, historical matters were not taken into consideration and it would be important to conduct longitudinal studies to measure the framework in varying conditions of the internal and external environments of tour firms over a longer period of time.

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APPENDIX: QUESTIONNAIRE

PART A: INDIVIDUAL BIO DATA

1. Please indicate the position you hold in the Firm.

   C.E.O. ( ) Managing Director ( ) Director ( ) General Manager ( ) Manager ( )

   Others ____

2. Please indicate the level of your education.

   Secondary Education ( ) College Education ( ) Degree level ( )

   Post graduate education ( )

3. How long have you been working in the Firm?

   Less than a year ( ) 1-5 years ( ) 6-10 years ( ) 10years and above ( )

4. Please indicate your income bracket in Kshs.

   Below 200,000 ( ) 200,001 to 250,000 ( ) 250,001 to 300,000 ( )

   301,000 to 350,000 ( ) 350,001 and above ( )

PART B: ORGANIZATIONAL BIO DATA

5. What is the composition of ownership of the Firm?

Foreign Owned ( )

Foreign Owned but Locally Incorporated ( )

Foreign Owned but Locally Incorporated with Partial Local Ownership ( )

Locally Owned Firm ( )

6. How long has the Firm been in existence?

0-5 years ( ) 6-10 years ( ) 11-20 years 20years and above ( )

7. What is the size of the Firm in terms of personnel?

10 and below Total staff members ( ) Between 11 and 20 total staff members ( )

Between 21 and 30 total staff members ( ) Above 30 total staff members ( )

PART C: STRATEGIC MANAGEMENT PRACTICES IN TOUR FIRMS

8. To what extent do you agree with the following statements regarding strategy formulation in your tour firm? Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree

Strategy Formulation
The firm has articulated a vision
The vision statement is relevant to the firm's activities and mandate
The firm has developed a mission statement
The current mission statement is compatible with the activities being carried on by the firm
The firm has defined a set of value statements
The firm's value statement (or values if a statement has not been developed) is easy to understand
The firm has conducted a SWOT analysis
The firm has competencies to conduct a SWOT analysis process
A SWOT analysis process is important to the effective operation of the firm
The firm uses a SWOT analysis when dealing with significant issues outside strategic planning
Establishing long term objectives for the firm is significant
Generating strategies to deal with issues for the firm is important

The firm selects strategies to address issues that confront it

9. To what extent do you agree with the following regarding strategy implementation in the tour firms? Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree

Strategy Implementation
The firm maintains a policy manual
The firm's policies are updated on a regular basis
The firm has the financial capacity to implement strategies
The firm's board of directors and executive directors are motivated to maintain and support the implementation of strategic initiatives
The current structure of the firm supports the implementation of strategic initiatives
The current governance model is effective in the implementation of strategic initiative
The firm is ready for organizational change
The firm's staff have competencies to plan, manage and implement strategic initiatives

10. To what extent do you agree with the following regarding evaluation of strategic management practices in your tour firms? Use 1- Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree

Strategy Evaluation
The firm is effective in communicating assessment results
The firm has developed a set of key performance indicators or some other form of accountability to track the success of strategic initiatives
The firm is effective at evaluating the impact of changes subsequent to initial strategy formulation
The firm pays attention to abandoning, adjusting or developing new strategies subsequent to evaluation of the initial strategies
A strategic management model is relevant and suitable for the firm