

**STRATEGIC RESPONSES BY KENYA TOURISM BOARD TO
CHANGES IN THE EXTERNAL ENVIRONMENT**

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DECLARATION

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

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DEDICATION

I have the pleasure to dedicate this work to my family for the support they gave me throughout my study period.

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TABLE OF CONTENTS

DECLARATION.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABBREVIATIONS AND ACRONYMS.....	vii
LIST OF FIGURES.....	viii
ABSTRACT.....	ix
CHAPTER ONE INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Overview of Strategic Responses.....	2
1.1.2 Kenya’s Tourism Sector.....	3
1.1.3 Kenya Tourism Board	6
1.2 Research Problem	9
1.3 Research Objectives.....	11
1.4 Value of the Study	11
CHAPTER TWO LITERATURE REVIEW	13
2.1 Introduction.....	13
2.2 Theoretical Foundation	13
2.3 The Concept of Strategy	16
2.4 Organizations and the Environment.....	20
2.5 Strategic Responses	22
2.6 Summary of Empirical Review and Gaps.....	27
CHAPTER THREE RESEARCH METHODOLOGY.....	28
3.1 Introduction.....	28
3.2 Research Design.....	28
3.3 Data Collection	28

3.4 Data Analysis	29
CHAPTER FOUR DATA ANALYSIS, RESULTS AND DISCUSSION.....	30
4.1 Introduction.....	30
4.2 Respondent's Profile.....	30
4.3 External Environment Changes affecting the Tourism Industry in Kenya.....	30
4.4 Strategic Responses by KTB to Changes in the External Environment.....	34
4.5 Discussion.....	37
CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMENDATIONS	
5.1 Introduction.....	41
5.2 Summary of Findings.....	41
5.3 Conclusion.....	43
5.4 Recommendations.....	43
5.5 Limitations of the Study.....	44
5.6 Areas for Further Research.....	44
REFERENCES.....	46
APPENDICES.....	51
Appendix I- Introduction Letter	51
Appendix II - Interview Guide	52

ABBREVIATIONS AND ACRONYMS

CNN	- Cable News Network
GDP	- Gross Domestic Product
ICT	- Information Communication Technology
KAAO	- Kenya Association of Air operators
KAHC	- Kenya Association of Hotel Keepers and Caterers
KATA	- Kenya Association of Travel Agents
KATO	- Kenya Association of Tour Operators
KCTA	- Kenya Coast Tourism Association
KTB	- Kenya Tourism Board
KTF	- Kenya Tourism Federation
KWS	- Kenya Wildlife Service
MICE	- Meetings, Incentives, Conferences and Exhibitions
PERAK	- Pubs, Entertainment and Restaurants Association of Kenya
PESTEL	- Political, Economic, Social, Technological, Ecological and Legal
RBV	- Resource Based View
UK	- United Kingdom
UNWTO	- United Nations World Tourism Organization
USA	- United States of America

LIST OF FIGURES

Figure 1.1: Industry Performance

ABSTRACT

Organizations are open systems and thus are in constant interaction with the external environment. The external environment is made up of factors outside of the organization that are beyond the firm's control. In order for organizations to survive and gain sustainable competitive advantage, they have to constantly monitor and align themselves to the factors in the external environment. For prosperity and survival, organizations have to devise various strategies that will enable it respond to changes in its external environment. Pearce and Robinson (1991) proposed the grand strategy for surviving in the environment. Porter (1980) proposed the three generic strategies organizations can use to respond to challenges in the external environment. Pearce and Robinson (1991) defined strategic responses as the set of decisions and actions that results in the formulation and implementation of plans designed to achieve the firm's objectives. The purpose of this study was to establish the strategic responses adopted by Kenya Tourism Board to changes in the external environment. This research was conducted through a case study. The study utilized primary data that was obtained from senior managers using personal interviews. The data collected was qualitative in nature, and was analyzed using conceptual content analysis. The study found out that the organization faced a lot of challenges from its external environment. The most prevalent challenges came from the economic, political, socio-cultural, ecological and technological environments. The study further concludes that to respond to these challenges KTB had adopted various strategies such as market development whereby additional new source markets have been developed through aggressive marketing campaigns. KTB has also embarked on product development and new products like horse riding, bird watching, conference tourism, sports tourism, agro-tourism, medical tourism, camel derby and Park night dinners. Another strategic response was diversification of tourism products like cycling within parks and Rock climbing. KTB has employed a mixture of strategic responses in various facets of its operations in order to ensure that it responds strategically to changes in the external environment. Though not clearly distinct the strategic responses adopted by KTB seem to be in line with the Pearce and Robinson's (1991) grand strategies of market development, product development, innovations and diversification strategy and Porter's (1980) generic strategy of Market segmentation. KTB has also adopted the branding strategy to market Kenya as the preferred tourism destination both globally and regionally. The study findings are of significance to managers of institutions involved in tourism such as tour operators, airlines, hoteliers, travel agents, communities as well as non-governmental organizations as it will help them align their firms appropriately so as to address environmental changes affecting their organizations. The findings also provide a basis and guidelines to Government agencies such as the department of tourism, ministry of finance, trade and planning and research organizations for developing and formulating policies. The findings will further provide a baseline to monitor the trends in strategic responses to environmental changes while identifying new challenges and recommendations. Current scholars and future researchers may also use the study as a source of reference on strategic responses and it may act as a basis for further research. The Board needs to do more in communicating its strategies and informing all players in the industry. Further research also needs to be done on the other industry players such as KTF to find out how they plan to fit their strategies to Kenya's vision 2030.

CHAPTER ONE INTRODUCTION

1.1 Background of the Study

Organizations are open systems and thus are in constant interaction with the external environment. The external environment is made up of factors outside of the organization that are beyond the firm's control. These include political, economic, socio-cultural, technological, ecological and legal factors. In order for organizations to survive and gain sustainable competitive advantage, they have to constantly monitor and align themselves to the factors in the external environment.

The study was anchored on the Resource Based View theory and the theory of Environment Dependence. According to RBV, an organization is viewed as a bundle of resources and capabilities which are made up of physical, financial, human and intangible assets. A firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, inimitable and the firm is organized to exploit these resources. Environment dependence is a situation where the business relies on the conditions or surrounding for survival from effects of environment changes experienced during its day-to-day activities and operations.

According to Johnson Scholes and Whittington (2008), 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 competencies with the aim of fulfilling stakeholders' expectations. Strategies are thus not static, but keep changing in response to the external environment. For an organization to gain sustainable competitive advantage, there is need for it to respond appropriately to changes that occur in their respective environment. This is what is termed as strategic response.

Firms have to respond strategically to environmental change factors in order to be sustainable (Johnson & Scholes, 2008). Increased environmental changes threaten attractiveness of an industry and reduces the profitability of the players (Hamel and Prahalad, 1994). This exerts pressure on firms to be proactive and to formulate successful strategic responses that facilitate proactive responses to anticipated and actual changes in the external environment.

KTB has the mandate of developing, implementing and coordinating a National Tourism marketing strategy. KTB's vision is to achieve global recognition for Kenya as an outstanding tourism destination. Its mission is to drive and support the effective marketing of Kenya's tourism products professionally and transparently while enriching the lives of Kenyans and visitors alike. KTB works with both the public and private tourism sectors and therefore plays a key role in Kenya's tourism industry.

1.1.1 Overview of Strategic Responses

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. Porter (2008) argues that strategic response is about positioning a company in its industry in order to gain sustainable growth and development over and above its business competitors. According to Johnson and Scholes (2005), a firm must ensure there is a strategic match between the changes in its business environment, the strategic responses in place and the firm's capacity.

In achieving the organization's objectives, management is faced by a complex and dynamic environment which impacts heavily on the organizations operations. In order to ensure continued survival, top management has to come up with action plan in response to the environmental changes which is the organization's strategy. According

to Scholes (2001), strategic responses are concerned with understanding the strategic position of the organization. What changes are going on in the environment and how they will affect the organization and its activities? Strategic responses affect several areas of an organization, including operation, require management decisions, huge amounts of resources, are future oriented and long term and most importantly are dependent on the environment. For this reason, each organization adapts to strategies that match the changing environment and which are supported by the firm's internal capacity and capabilities.

1.1.2 Kenya's Tourism Sector

Kenya is one of the world's most popular tourism destinations due to its natural attractions, unique historical and archaeological sites, attractive weather, high standard touristic infrastructure and its tradition of hospitality. About 10 per cent of the country's landscape has been set aside for wildlife conservation and biodiversity, which are the mainstay of the country's tourism. Most of Kenya's tourists come from various source countries like US, UK, Germany, France, Switzerland, Norway, Denmark, South Africa and new emerging market China (UNWTO 2012).

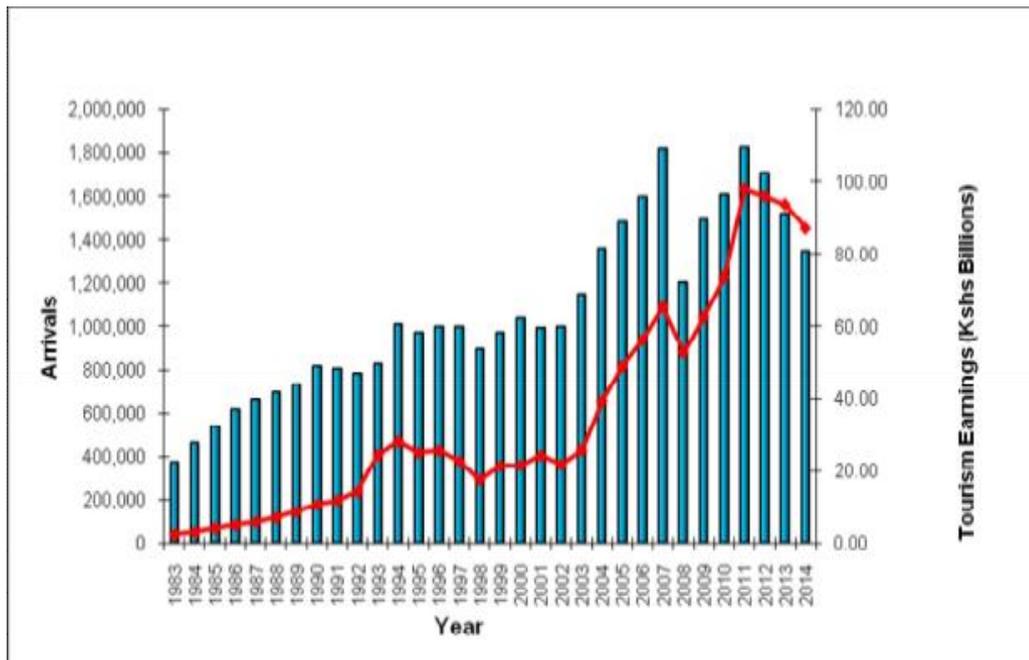
Tourism plays a very important role in Kenya's economy. It is a major contributor to the Gross Domestic Product; accounting 13.7% of the GDP, creation of investment and employment opportunities, foreign exchange earnings, and infrastructure development as well as in the expansion of the commercial sector (National tourism Strategy, 2013-2018). It provides employment both directly and indirectly to thousands of people in areas such as game parks, hotels, tour operators, transport and others. Tourism has positive impacts in nearly every aspect of the nation's life through its linkages as expressed in demand for goods and services in the agricultural,

textile, beverage, transport and entertainment sectors. It has a multiplier effect, which contributes to the general government revenue collection and the overall social economic growth of the country. In addition, tourism also plays a leading role in wealth creation as well as in poverty alleviation.

Kenya's tourism industry had been on a steady rise from the years 2002-2007. In 2008, there was a significant dip in both tourism arrivals and revenue generated. From the end of 2008 to 2011, there was a positive trend followed by a decline in the following years up to date. The number of visitors to Kenya fell by 25 percent in the first five months of 2015, according to tourism board figures.

Visitor numbers fell to 284,313 from 381,278 in January to May 2014, a drop of 25.4 percent, according to Kenya Tourism Board figures. That follows a fall of 4.3 percent a year before. The number of visitors from Britain, the biggest contingent, fell by 35 percent to 36,022 in the period. Tourist arrivals from the United States dropped 22 percent to 30,083 (Kenya Tourism Board).

Figure 1.1 Industry performance: 1983-2014



Source: Kenya Tourism Board

The sector is faced with a number of challenges such as actual and perceived concerns regarding safety and security , with resulting negative publicity in the international and local media, negative travel advisories against travel to Kenya issued by the Governments in the main international source markets, deterioration and near collapse of infrastructure in some parts of Kenya, lack of harmonization between national policies on land use, wildlife and tourism, unplanned tourism expansion at the Coast, lack of affordable finance for product improvement and tourism marketing and promotions, lack of a system to ensure equitable sharing of tourism benefits and opportunities, lack of product diversification and overreliance on traditional source markets, lack of adequate training, high cost and erratic supply of utilities and cumbersome visitor entry formalities among others as well as political instability as was the case in the 2007/2008 post-election violence.

Tourism was identified as one of the top priority areas for realization of the development blueprint- Vision 2030. The sector was thus earmarked by the government as one of the six key growth sectors of the economic pillar of Vision 2030 and charged the sector with the task of making Kenya one of the top ten long-haul tourist destinations globally. Vision 2030 recognizes that attaining the top ten long-haul destination status “will involve addressing constraints facing the sector and implementing strategic projects to improve the quality and breadth of Kenya’s touristic offerings at the coast, in game parks, and in ‘niche’ products such as cultural and eco-tourism, as well as an expansion in conference tourism. Further attention will be paid to creating an environment where tourists spend more per visit” (National Tourism Strategy, 2013-2018).

In order to provide a legal framework for effecting the desired changes in the sector, the Government developed the Tourism Act 2011. The Act obligates the minister responsible for tourism to once in every five years, formulate, and publish a National Tourism Strategy with which the tourism sector shall be developed, managed, marketed and regulated.

1.1.3 Kenya Tourism Board

The Kenya Tourism Board was established on the 9th of February, 1997 as a state corporation through legal notice number 14. KTB is an organization representing Kenya’s public as well as private tourism sectors. This include the Ministry of East Africa Affairs Commerce and Tourism, Department of Tourism and the private sector includes various associations under the umbrella body, KTF. Members of KTF include Eco-tourism Kenya, KAAO, KAHC, KATA, KATO, KCTA and PERAK. The institution is charged with the mandate of developing, implementing and

coordinating a national tourism marketing strategy. This it does by marketing and promoting Kenya at local, national, regional and international levels as a premiere tourist destination, identifying tourism market needs and trends and advising tourism stakeholders accordingly as well as performing any other functions that are ancillary to the object and purpose for which the tourism board was established. It fosters quality service and sustained excellence of tourism facilities and amenities.

In order to carry out its mandate effectively, KTB has developed a strategic direction which embraces vision, mission, guiding principles and strategic objectives. It has highlighted that structure, system, leadership and management styles, shared values and skills all combine to determine the extent to which KTB's strategic plan is effectively implemented. KTB's mandate also includes establishing public relations services to address issues concerning the image of the tourism industry in Kenya and facilitate the resolutions of conflict within the industry, initiate education and awareness programmes on tourism locally and internationally and to develop and maintain professional personnel to deal with issues that adversely affect Kenya's tourism sector.

Tourism is a very dynamic industry and this comes with many challenges. KTB is thus expected to be prepared to respond to these challenges by anticipating them through the strategic plan. It is on this basis that KTB has a strategic plan to enhance its mission, further its mandates, achieve better results with fewer resources and respond effectively to the rapid changing circumstances.

In addition, KTB works with national and regional authorities to ensure protection of the environment and wildlife and also works closely with various relevant organizations to promote quality of service and excellence. KTB is primarily funded

directly by the Government of Kenya through direct exchequer releases, a share of the Catering Training and Tourism Development Levy (CTTDL) and bilateral donors.

Kenya Tourism Board has become a regional leader in embracing and using ICT in the promotion of tourism. Through a major joint venture with the European Union KTB developed and launched one of Africa's largest and most developed website; www.magicalkenya.com which has on several occasions won awards and has become the world's most popular online resource for Kenyan travel.

KTB's corporate culture is based on core values which are the beliefs and behavioral qualities that will not be compromised. These are integrity and professionalism, quality customer service, competence, discipline and team Spirit, productive partnerships, social responsibility and recognition of employee, innovativeness, dynamism and excellence.

Its core functions are: to develop and implement destination marketing strategies locally and internationally, to provide leadership and offer strategic direction to both the government and the tourism private sector in matters regarding destination marketing, to establish public relations services to address issues concerning the image of the tourism industry in Kenya, to generate and manage tourism industry research, information and market data and necessary statistical information required for planning at both public and private sector levels, to work in partnership with national, regional and international organizations as well as local authorities in the country to improve the tourism environment, to monitor the quality and standards of facilities available to both local and international tourists and advise the private sector and government agencies on how to improve the facilities for various target markets

and to initiate education and awareness programmes on tourism locally as well as abroad.

In this regard, the board offers these services; destination marketing services, tourism marketing information services, tourism statistics, research and information services, media liaison and tourism sector crisis management services, web advertising services, collateral materials/promotional materials services, exhibition, road shows and stand design services, destination training services for source market travel trade, product value added advisory services, tour operator partnership support and general industry marketing services. KTB's clients can be categorized under Tourists, Employees, Tourism industry, Media, People of Kenya and Diplomatic Corp and Government agencies

1.2 Research problem

Businesses are dependent on the scarce resources in their external environment which include land, labour, capital, information, intellectual property rights, or a specific product or service. According to the resource based view proponents, the ability of a firm to create and maintain a competitive advantage is based on a certain set of strategically relevant resources, which are: valuable, rare, difficult (if not impossible) to imitate and non-substitutable. Conner (1991) states that in a changing environment, companies will have to adapt their portfolio of resources. This means that, firms have to build on their existing strength to capture market opportunities and further develop high-value products and services. Firms can no longer depend on historical or projected trends on the business environment changes without adapting to strategic response policies based on observing, analyzing and evaluating environment changes. In discontinuous and surprise environmental changes, business management processes

should be flexible, dynamic and entrepreneurial, to allow timely strategic responses to issues on business environment changes.

Kenya's tourism sector has faced a number of challenges stemming from the external environment. These challenges include competition from other African countries, political instability, terrorism and resulting travel advisories from source countries, poor infrastructure, and human-wildlife conflicts among others. KTB is thus tasked with marketing Kenya as a preferred tourist destination in the global as well as internal circles.

There has been interest among researchers on the subject of responses by organizations to relevant environmental changes. Juma (2011) noted that KWS had employed a mixture of strategic responses in various facets of its operations in order to ensure that the Kenya vision 2030 is realized. The strategic responses adopted by KWS seemed to be in line with the Pearce and Robinson's (1991) grand strategies and Porter's (1980) generic strategy of Market segmentation. Njau (2000) established that East African Breweries Limited undertook substantial strategic adjustments such as manipulation of the marketing mix elements, cost efficiency control measures and the setting up of foreign market distribution centers.

Kandie (2001) in a study on the strategic responses to competition by Telecom Kenya found out that the organization had made strategic adaptations in its products, markets, and technology as well as making strategic alliances so as to beat off emerging competition.

The above-discussed studies on strategic responses to changes in the business environment have focused on many sectors such as telecommunications and manufacturing industry. Organizations differ in their structures, resources, capabilities and operations. For this reason, response strategies employed vary between organizations and managerial strategy is based on the situation and condition a firm is facing. What are the strategic responses by KTB to changes in the external environment?

1.3 Research objectives

The objectives of the study were to;

- i) Determine the external environment changes affecting the tourism industry in Kenya
- ii) Establish the strategic responses that KTB has put in place to address these changes.

1.4 Value of the study

The study will be beneficial to the Kenyan tourism industry stakeholders who include tour operators, airlines, hoteliers, travel agents, communities as well as non-governmental organizations. The stakeholders will be able to know the external environment factors affecting the tourism sector and what impacts these will have on their businesses. They will also know the strategic responses that KTB has on these changes and therefore be in a position to align their firms better in order to gain sustainable competitive advantage.

Government agencies too such as the department of tourism, ministry of finance, trade and planning are set to benefit from the study. Policy makers may use the results to formulate positive national policies on a framework concerning the tourism industry in Kenya. Current scholars and future researchers may also use the study as a source of reference on strategic responses and it may act as a basis for further research.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter presents information of the theoretical foundation of strategic management. The chapter explores the concept of strategy, organizations and the environment as well as strategic responses.

2.2 Theoretical Foundation

The central question in strategy has perhaps been the reason why firms succeed or fail. This has been the backbone of the strategy field since its inception. It is bound up in questions such as why firms differ in how they behave, how they choose strategies, and how they are managed.

It has become increasingly apparent that any search for the causes of firm success must confront the reality of a firm's capabilities, resources and considers the impact of the firm's environment and the cognitive, normative and regulative structures that surround the firms. The following two theories; resource-based view theory and environment dependence will be used in this study to explain the phenomenon of the strategic responses by KTB to changes in the external environment.

2.2.1 Resource-Based View Theory

According to the Resource-Based View (RBV), a firm's resources are the most relevant factor (Barney, 1991). It views organizations as a bundle of resources and capabilities which are made up of physical, financial, human and intangible assets. This theory is conditioned on the fact that resources are not homogenous and are limited in mobility. The firm can translate these resources and capabilities into a

strategic advantage if they are valuable, rare, inimitable and the firm is organized to exploit these resources.

Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce and Robinson, 1997). Resource-Based View of the firm starts with the assumption that the desired outcome of an organization's effort is a sustainable competitive advantage. Achieving a sustainable competitive advantage allows the organization to achieve its objective and have an edge over its competitors (Pearce and Robinson, 1997). The resource based view contends that the answer to this question lies in the possession of certain key resources, that is, resources that have characteristics such as value, barriers to duplication and relevance. A sustainable competitive advantage can be achieved if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasize strategic choice, charging the organization's management with the important task of identifying, developing and deploying key resources to maximize return (Johnson and Scholes, 1997).

2.2.2 Environment Dependence

Kotter (2002) defines environment dependence as a situation where the business relies on the conditions or surrounding for survival from effects of environment changes experienced during its day-to-day activities and operations. Environment dependence by organizations is a set of forces surrounding the organization and that they have the potential to affect the way the organization operates and its access to its resources. The environment consists of specific and generic forces, where the specific forces directly affect the organization's ability to obtain resources and the generic forces

shape the specific environment and affect the ability of all organizations in a particular environment to obtain scarce resources (Porter 2008).

The environment changes may consist of factors such as the behavior of the market dynamics, the country and or international social-economics, the legal frame work, technological innovation, competitor activity and consumer behavior. The above factors attributed from the environment dependence would negatively affect organization in terms of market shares, profitability, growth and customer loyalty. Therefore, success of business growth and development largely depends on such strategic response policies, which can successfully adapt to the changing internal and external environments (Barker, 1992).

The concept of strategic responses to environmental changes consists of all those moves and approaches that a firm has and is taking to attain sustainable business, withstand environmental changes pressure and improve its market position (Thompson & Strickland, 2002). These strategic responses to environmental changes addresses what a firm is doing in order to gain a sustainable business growth and development. Porter (2004) outlines the three strategic responses approaches to sustainable business growth and development, being striving to be the overall low cost producer, i.e. low cost leadership strategy, secondly seeking to differentiate one's product offering from that of its rivals, i.e. differentiation strategy and lastly focus on a narrow portion of the market, i.e. focus or niche strategy

External control of organizations explores how external constraints affect organizations and provides insights for designing and managing organizations to mitigate these constraints. All organizations are dependent on the environment for their survival. "It is the fact of the organization's dependence on the environment that

makes the external constraints and control of organizational behavior both positive and almost inevitable”. Organizations can try either to change their environments through political means or form inter-organizational relationships to control or absorb uncertainty (Pfeffer and Gerald R. Salancik, 2003).

2.3 The Concept of Strategy

Various authors have defined strategy in different ways due to its multi-dimensional nature. Johnson, Scholes and Whittington (2008) states that, “strategy is the direction and scope of an organization over the long term which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder’s expectations. Chandler (1962), defines strategy as the determination of the basic long-term goals and objectives of an enterprise and the adoption of the course of action and allocation of resources necessary for achieving these goals. Pearce and Robison (1997), on the other hand defines strategy as the “game plan” which results in future oriented plans interacting with competitive environment to achieve company’s objectives.

Aosa (1992) argues that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. He went ahead to define a strategic problem as a mismatch between internal characteristics of an organization and its external environment. The match is realized by developing an organization’s core capabilities related to the external environment early enough to allow for exploitation of opportunities in the external environment and minimization of threats. Strategy is the match between an organization’s resources and skills and the environmental opportunities the organization wishes to accomplish (Schendel & Hofer, 1979).

Hax and Majluf (1996) defined strategy as a response to external opportunities and threats and internal strength and weakness; in order to achieve a sustainable competitive advantage. The key focus of strategy in this definition is the achievement of a long term sustainable competitive advantage of the firm through understanding of the external and internal forces that impact the organization. Assessing the firm's competitive capabilities outline the strength that have to be developed further and weakness that need to be worked on. By looking at an organization's external forces one is able to identify attractiveness of the industry and trends, as well as characteristics of the major competitor(s). Therefore strategy is needed in order for an organization to obtain a match between their external environment and their internal capabilities, and how to continuously adapt the organization to meet the demands of a changing business environment.

Abbot (2007) defined strategy as the unique and distinctive actions a company takes to achieve a competitive advantage that will contribute to greater net profitability. Strategy is therefore all about creating a distinctive approach to a customer differentiated value proposition. He argued that sometimes what is much referred to as strategy is usually an operation plan involving some wishful thinking and a projection of existing status-quo into the future and adjusting by a given percentage. According to him hard analysis and ruthless questioning of fundamental assumptions is usually lacking in such plans which should be present in a strategic plan.

Mintzberg *et al* (1998), proposed five different definitions of strategy as a; plan, ploy, pattern, position and perspective. As a plan strategy specifies a consciously intended course of action of an organization that is designed in advance of the actions it governs. This is developed deliberately/purposefully and may be general or specific. As a ploy strategy is seen as a specific maneuver intended to outwit a

competitor. Strategy can also be viewed as a pattern that emerges from a stream of actions. Here strategy is developed in the absence of intentions and without pre-conception. This they term as emergent strategy. As a position, strategy is a means of locating an organization in the environment and indicates how the organization will develop a sustainable competitive advantage. Lastly as a perspective, it gives an organization an identity and a perspective and reveals the way an organization perceives the outside world.

No one definition can be said to capture explicitly all the dimensions of strategy. As Mintzberg *et al* (1998) argues, in some ways these definitions compete in the sense that they can substitute each other. As such, their complementary nature provides an additional insight that facilitates our understanding of strategy.

Strategic management is the process of specifying an organization's objectives, and developing policies and plans to achieve these objectives, and allocating resources so as to implement the plans. It is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce and Robinson, 1991). According to Thompson and Strickland (1993), strategic management focuses on the total enterprise as well as the environment in which it operates; the direction management intends it to head; management's strategic plan getting the enterprise moving in that direction; the managerial task of implementing and executing the chosen plan successfully.

Ansoff and McDonnell (1990) define strategic management as a process through which an organization manages its relationships with the environment in which it operates. It consists of strategic planning, capability planning and management of change. Strategic decisions are concerned with and affect the long-term direction of a

firm (Johnson and Scholes, 1997). They are also aimed at achieving some advantage for the firm and are sometimes understood as the search for effective positioning of the firm to give advantage to the firm. They argued that such decisions are likely to be concerned with the scope of an organization's activities that is what it should be like and what it should be all about.

Strategy involves matching the firm's activities to the environment it operates in which they term as strategic fit. However strategy can also be building and stretching resources and competences in order to create opportunities or capitalize on them. Further they added, strategy may require major resources and are likely to affect operational decisions. Lastly, they argued, strategy is affected by environmental forces, resources availability and the values and expectations of those who have power in and around the organization.

Hax and Majlaf, (1996) defined strategic management as a way of conducting an organization. It has the ultimate objective of the development of corporate values and managerial capabilities. They further argued that strategic management focuses on the decisions of the entire organization in one direction.

According to Pearce and Robinson (1991), the characteristics of strategic management decisions vary with the level of strategy activity concern. At the corporate level, decisions are value-oriented, conceptual and less concrete. They involve greater risk, cost and profit potential with longer time horizons and greater need for flexibility. They are far-reaching, futuristic, innovative and pervasive in nature. Functional level strategies involve action-oriented operational issues and lead to implementation of some part of the overall strategy. They are usually short range and involve periodic planning, low risk and moderate costs. Business level strategies

bridge the corporate and functional strategies and are less risky and costly than corporate strategies but more costly and risky than functional ones.

2.4 Organizations and the Environment

The business environment is very dynamic and keeps on presenting both opportunities and challenges to the organizations that operate in it. Organizations must survive by analyzing the environmental dynamics, identify the opportunities and strategically respond in a way that seizes these opportunities to ensure business survival and growth.

Organizations operate in both their internal and external environment. The internal environment consists of factors that the firm has control over such as culture, competencies and resources. The external environment consists of factors that are beyond the control of a firm but influences the firm's choice of direction and action, the firm's structure, and internal process (Pearce, Robinson and Mital 2010). They argued that factors constituting external environment can be divided into three interrelated sub-categories; factors in the remote industry, factors in industry environment and factors in operating environment. These three factors form the basis of the firm's opportunities and threats in a competitive environment. The remote environment consists of forces that originate beyond and are irrespective of any firm's operating situation. These factors include political, economic, social, technological and legal factors, commonly referred to as PESTEL.

The industry environment consists of factors for competition that influence all firms with similar products. These are entry barriers, bargaining power of suppliers, bargaining power of buyers, availability of substitutes and competitive rivalry. Lastly

the operating environment consists of conditions in the immediate competitive situation having an impact on the firm's ability in acquiring needed resources. It consists of competitors, creditors, customers, suppliers and labour. These three factors influence the Firm's choice of strategy that optimizes market opportunities Pearce *et al.*, (2010).

Boseman and Phatak (1989) argued that if a firm wants to remain vibrant and successful in the long run, it must make an impact assessment of the external environment, especially relevant groups like customers, competitors, consumers, suppliers, creditors and the government and how they impact on its operations. Success is dependent on productivity, customer satisfaction and competitive strength. Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition.

Porter (1985) argues that the connection between the external environment and the organization is an input –throughput-output model, where the inputs are received from the environment and released back to the environment after being processed by the organization in form of output. This shows that organizations are dependent on the environment in which they operate.

An organization must be in tune with its external environment so as to be successful in future. There needs to be a strategic fit between what the environment wants and what the firm has to offer, as well as between what the firm needs and what the environment can provide (Wheelen and Hunger 2001). The time taken to respond to environmental challenges has been identified as a major source of competitive advantage for several firms in today's competitive global market (Pearce & Robinson 1997).

2.5 Strategic Responses

Pearce & Robinson (1991) defines strategic responses as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives. It is thus a reaction of what is happening in the environment of the organization.

Schneider and Meyer (1991) stated that the assessment of environmental threats and opportunities and organizational strengths and weakness are the core to developing strategic responses. Various generic strategic responses have been identified. Porter (1980) advanced what is known as the generic competitive strategies. Ghemawat (2007) advanced the AAA triangular framework for firms facing global challenges. Pearce & Robinson (1991) proposed the grand strategies for firms in dynamic environment.

Brown and Eisenhardt (1998) proposed three strategic postures that can be adopted in a rapid turbulent market; reacting to change, anticipating change and leading change. Reaction to change is a defensive strategy that is unlikely to create new opportunities. Anticipating change involves making plans for dealing with the expected changes and fine tuning them as they may be required. It is a defensive strategy since forces outside the organization are in control. Leading change entails initiating the market and competitive forces that others must respond to. It is an offensive strategy with the intention of putting the organization in control of the industry.

2.5.1 Generic Strategies

Porter (1980) outlined three generic strategies for creating a defensible position and outperforming competitors in a given industry. These three generic strategies are; low cost leadership, differentiation and market segmentation (focus).

Low cost leadership is based on achieving lower overall cost in the industry than the competitors. This requires the firm to pursue very efficient logistics, access capital needed to invest in technology that will bring costs down and a low cost-base of labour, materials and facilities and a way of sustainably cutting costs below those of competitors. This may involve minimizing in areas like research and development, advertising, services and sales force. In this case, management attention is to produce goods and services cheaply than competitors. There is need for continuous improvement so as to sustain competitive advantage as cost reduction strategies can be imitated by competitors.

Differentiation strategy entails making products or services different from and more attractive than the competitors'. This depends on the nature of the industry and that of the products or services but typically involves features, functionality, durability, support and also brand image that is valued by customers. A successful differentiation strategy needs good research, development and innovation, the ability to deliver high-quality products or services and effective sales and marketing so that the market understands the benefits offered by the differentiated offerings. Competitive advantage results from buyers becoming strongly attached to these incorporated attributes and this allows the firm to charge a premium price for the product.

Focus strategy involves using either the low cost leadership strategy or differentiation strategy but on a particular niche market. A focus strategy is based on understanding the dynamics of that market and the unique needs of customers within it and then developing a uniquely low-cost or well specified product or service for the market. This creates strong brand loyalty amongst customers and makes the particular market segment less attractive to competitors. This strategy places a limitation on the overall

market share that can be achieved. It also involves a trade-off between profitability and sales volume.

The three generic strategies represent three broad types of strategic groups, and thus the choice of strategic responses. Any firm that fails to develop its strategy along at least any of the three generic strategies is “stuck in the middle” which is a wrong strategy and the firm is guaranteed of low returns (Porter 1980).

2.5.2 Grand Strategies

These strategies are often referred to as the master or business strategies and they provide basic direction for strategic actions. They are the basis of coordinated and sustained efforts directed towards achieving long term business objectives. Pearce & Robinson (1991) proposed the following grand strategies for firms in dynamic environment; Product development is a substantial modification of existing products or the creation of new but related product that can be marketed to current customers through established channels. This strategy is usually adapted to either pro-long the life of a current product or to take advantage of the favorite brand name. This strategy is meant to attract satisfied customers to new products as result of their positive experience with the firm’s initial product (Pearce & Robison 1991).

The other grand strategy is market development which involves marketing present product often with only cosmetic modifications to customers in related market areas by adding channels of distribution or by changing the content of promotion or distribution. It also allows firms to practice a form of concentrated growth by identifying new uses for existing products and new demographically, psychographically or geographically defined markets. This strategy is usually preferred since it involves least cost and minimal risk (Pearce & Robison 1991).

Diversification strategy involves distinctive departures from a firm's existing base of operations, typically the acquisition or internal generation of a separate business with synergistic possibilities counterbalancing the strengths and weaknesses of the two businesses. Simply put it is the development of a new product for new markets. This strategy can be divided into two; concentric diversification which is the acquisition of business that are related to the acquiring firm in terms of technology, markets or products. The second diversification strategy is conglomerate which has the principle concern of profit pattern of the venture.

Another grand strategy is innovation whose underlying rationale is to create a new product life cycle and therefore make similar existing products obsolete. This is used by firms to reap the premium margins associated with the creation and customer acceptance of new product or more improved product. Business competing in fast changing markets with fast changing technology must innovate. Firms risks being overtaken by competitors by failing to innovate (John 1999).

Integration strategy can either be horizontal or vertical. Horizontal integration involves acquiring one or similar firms operating at a same stage of production-marketing chain. Vertical integration involves acquiring a firm that supplies the organization with inputs such as raw materials or serve as the firm's customer for its output such as warehouses for finished products.

Turnaround strategy involves concentrated efforts to fortify a firm's distinctive competencies through reducing costs and assets, retrenchment or other means so as to reverse negative impact on business. Divestiture strategy involves the sale of a firm or major component of the firm to rid unprofitable activities. This strategy is often used to raise capital for further strategic acquisitions or investments. Liquidation involves

winding up of a business by selling its assets. Boseman and Phatak (1989) state that a joint venture involves two or more companies forming a temporary partnership or consortium with the main purpose of capitalizing on some opportunity in order to succeed in a given environment. Other grand strategies are concentrated growth, bankruptcy, strategic alliances and consortia. Joint venture and liquidation are referred to as defensive strategies.

2.5.3 AAA Triangle Framework

The world has become a global village; therefore firms have to develop global strategies to manage the differences that arise at the market's boarder (Ghemawat, 2007). To deal with this challenge he proposed the AAA (Adaptation, Aggregation and Arbitrage) triangle framework. He argued that most business leaders usually make assumptions in global strategy. He argued that firms are faced with the challenge to strike a balance between economies of scale and responsiveness to local conditions and that the more emphasis companies make on local economies of scale in their worldwide operations, the more global their strategies. Although standardization and local responsiveness strategies are valid, they ignore cross border integration. The main goal of a global strategy is to manage large differences arising at borders.

Ghemawat (2007) argued that adaptation intends to boost revenues and market shares by maximizing local relevance through national focus while exploiting economies of scale. Aggregation attempts to achieve scale and scope economies through international standardization. On the other hand, arbitrage aims to achieve absolute economies through international specialization.

Firms operating globally have to choose one or more of the strategies. The principle finding in his studies is to choose one or two strategies that will give a firm a competitive advantage over its competitors.

2.6 Summary of Empirical Review and Gaps

In the local scene, Juma (2011) noted that KWS had employed a mixture of strategic responses in various facets of its operations in order to ensure that the Kenya vision 2030 is realized. The strategic responses adopted by KWS seemed to be in line with the Pearce and Robinson's (1991) grand strategies and Porter's (1980) generic strategy of Market segmentation.

Njau (2000) established that East African Breweries Limited undertook substantial strategic adjustments such as manipulation of the marketing mix elements, cost efficiency control measures and the setting up of foreign market distribution centers. Kandie (2001) in a study on the strategic responses to competition by Telecom Kenya found out that the organization had made strategic adaptations in its products, markets, and technology as well as making strategic alliances so as to beat off emerging competition.

Internationally, Scott (2006) studied on global environment change and mountain tourism. He found that the changes in the environment had greatly affected the tourism seasons. Gossling (2002) studied on global environmental consequences of tourism, in which he found that tourism practices also impacted on the environment in a number of ways. These studies look at the interaction between the environment and the different industries. It was therefore necessary to carry out a study on the strategic responses employed in the Kenyan tourism industry to changes in the external environment.

CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter details how the study was carried out. It covers the research design that was used, the methods used in data collection as well as how the data was analyzed so as to generate research findings for reporting.

3.2 Research Design

The research was conducted through a case study of the Kenya Tourism Board. The case study approach was chosen because it enables the researcher to gain an in-depth understanding of the changes occurring in the external environment and the strategic responses that have been put in place by KTB to counter these changes. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that might otherwise be unclear.

Kothari (2014) and Young (1960) both acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of the type of unit under study. This method is considered to drill down rather than cast wide. The questionnaire used entailed aspects of the study, which included the external environment changes and strategic responses in line to these changes.

3.3 Data Collection

The study made use of primary data. Primary data was obtained from three top managers of KTB using an interview guide with both structured and open ended questions. The interview guide(Appendix I) was used to solicit data on the changes

occurring in the external environment and the strategic responses that KTB has put in place to counter these changes. An interview is a mode of obtaining verbal answers to questions that are administered verbally. Interviews have the advantage of the ability to be conducted over the phone. The depth and detail of information can also be secured when using an interview as a tool for data collection. The accuracy and dependability of the answers given by the respondent can also be checked by observation and probing.

The senior managers chosen as respondents hold key positions and therefore they are the ones that head the institution in development and implementation of strategic responses. They are thus in the best position to respond to questions related to strategic responses by KTB to changes in the external environment.

3.4 Data Analysis

The data that was collected was analyzed through content analysis as it was qualitative in nature. According to Mugenda and Mugenda (2003), the main purpose of the content analysis is to study existing information in order to determine factors that explain a specific phenomenon. To conduct the conceptual content analysis, the data that was collected was analyzed on the theme basis of strategic responses adopted to respond to the changes in the external environment.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the research findings, analysis and presentation of data gathered. The collected data was analyzed using content analysis as it was qualitative in nature. The analysis was interpreted in line of the objectives of the study, which was to determine the changes occurring in the external environment and to establish the strategic responses that are being employed by KTB.

4.2 Interviewees Profile

The interviewees were requested to indicate their position in the organization. The respondents interviewed were senior managers in the organization and therefore they had a good understanding of the strategic responses being employed by KTB to changes in the external environment. All the respondents had worked with the organization for more than five years. They are involved in strategy formulation, implementation, monitoring and evaluation.

4.3 External Environment changes affecting the Tourism Sector in Kenya

The respondents were also asked to describe the external environment of the tourism industry in Kenya. From the responses, the respondents agreed fully that the environment was volatile, highly unpredictable and rapidly changing. The variables included political, economic, socio-cultural, technological and ecological factors as well as competition from other countries.

4.3.1 Political

Regarding the political environment respondents identified the following challenges; the post-election violence of 2007 which created a negative perception of Kenya in the international community as a politically unstable and thus unsafe country. The constant political bickering between government and the opposition has also raised political temperatures and been a turnoff for some visitors.

Terrorism and insecurity have also impacted negatively on the performance of the industry. The attacks by the terrorist group Al-shabaab at the West gate mall in 2013, Garissa University College in April 2015 and Lamu in 2014 and 2015 are some of the terrorism acts that have been experienced in the country. This has depicted Kenya in a negative light in regards to security. Some countries such as the UK have issued travel advisories which have impacted negatively on tourism as some visitors cancelled their reservations.

4.3.2 Economic

Changes in the economic environment have also impacted the tourism sector. The respondents observed that high depreciations of the Kenya shillings against the foreign currency specifically the dollar, high levels of inflations have led to a decline in purchasing power and thus a decline in number of tourists. The interest rates derived from domestic borrowings have also soared and all this has had an effect on players in the tourism industry.

As a result, the tourism industry has experienced a low number of tourists both from the global and local scenes. This has pushed tourism players to adopt means to enable them stay in business such as staff cuts. Some operators also closed temporarily during the low season.

4.3.3 Socio-cultural

The interviewees also observed that socio-cultural factors also impacted tourism. For instance the pastoralist lifestyle of communities living next to protected areas and reserves such as Maasai Mara has led to human- wildlife conflicts. There has been encroachment of protected areas by pastoralists and the domestic animals compete with wild ones for food and water. There have also been cases of poaching of wild animals for game meat and their trophies.

It was also observed that the higher growth of people in the middle class income level has seen a higher increase in domestic tourism, since there is more disposal income for leisure in this particular class of people. The illiteracy levels of communities around reserves is also high, leading to language barriers between tourists and locals.

4.3.4 Technological

Technological changes were also noted to be occurring at a very rapid rate. In line with this, KTB has encouraged the players in the industry to use the new platforms available to market their products and also embrace technology in their operations. KTB set up a website, magical Kenya which provides all the information needed on all forms of tourism available in the country, locations and charges. This has created a central information point regarding Kenya's tourism industry.

Other tourism stakeholders such as KWS had introduced a new electronic ticketing system (Safari-Card) to safe guard against fraud. In line with the increased use of plastic money the study also reveals that KWS had introduced Process Data Quick (PDQ) credit card terminals machines at the point of sale and had also upgraded its

radio communication system thereby enhancing security operations in the protected areas and subsequently security of the tourists.

4.3.5 Ecological

Changes in the environment, especially climate change were noted to have impacted the tourism industry. Long spells of drought caused the migration of animals to other countries such as the neighbouring Tanzania. The Elnino phenomenon which was anticipated to happen this year had also led to a reduced number of bookings as visitors were afraid of flooding and the infrastructural challenges that come with heavy rains.

The number of wild animals especially the big five has been on a declining trend mainly due to poaching and being killed by communities living around protected areas as well as other natural causes of death. The natural habitats of animals have been destroyed leading to migration of animals into neighbouring countries.

4.3.6 Competition from other countries

The interviewees acknowledged that the country's tourism industry was facing stiff competition from other African countries such as Tanzania, Rwanda, Botswana and South Africa. The security challenges being faced because of terrorism have made things worse as tourists prefer to visit counties that are deemed safe.

The decrease in number of wildlife especially the big five has also led to a decline in tourism numbers to Kenya. This is as a result of tourists preferring to visit other countries in the region that have more wildlife numbers. High traffic numbers in wildlife protected areas has led to off road driving, leading to emergence of unplanned roads and killing of ground dwelling animals such as snakes and ground nesting birds.

4.4 Strategic Responses by KTB to changes in the External Environment

The respondents identified a number of strategic responses adopted by KTB to changes in the external environment. These are product development, market development, innovations, market segmentation, strategic partnerships, branding and adaptation.

4.4.1 Product Development

The respondents agreed that KTB has adopted this strategy through development of new forms of tourism that were not in the traditional forms of beach, scenery, wildlife among others. The board has come up with a form referred to as MICE (Meetings, Incentives, Conference and Exhibition). Under this programme, Kenya is marketed as a destination for all these under one body with incentives being given to attract visitors. Recently, the country hosted the Young Entrepreneurs Summit which was co-hosted by the US president and his Kenyan counterpart.

Other new forms of tourism include sports tourism, agro-tourism, medical tourism, bird watching and the opening up of new circuits that were not in the traditional offering. This has seen the beginning of events such as the Maralal Camel Derby, Magical Kenya horse racing, Lake Turkana cultural festival and Lamu cultural festival. Activities such as rock climbing, scuba diving in marine Parks, cycling within the Park, bird watching and Park night dinner have also been embraced.

4.4.2 Market Development

The interviewees observed that KTB through aggressive marketing and in conjunction with other players like Brand Kenya has developed new source markets in United

Arab Emirates (U.A.E), China, India, Japan, Australia, Korea and Russia away from the original source market in UK, Germany, Italy, Spain, USA and Canada.

The interviewees also acknowledged that destination branding spearheaded by KTB through the slogan “Magical Kenya” from “See Africa” targeting the international and locals, has seen development of new tourist sources. New markets for tourism activities have also been opened up, such as the western and northern circuit.

4.4.3 Innovations

The interviewees concurred that KTB had come up with new innovations to enable positioning for global competitiveness. An example is the MICE programme as a means of promoting Kenya as the preferred destination for meetings, conferences and exhibitions while offering incentives. The development of the magical Kenya website that serves as a one stop shop for Kenya’s tourism offering has also opened up Kenya’s tourism products and destinations to the world.

There is also aggressive marketing through social media platforms as well as global advertising on CNN to portray the country’s diverse tourism offering including wildlife, culture, beach and sports among others. Community based tourism initiatives such as community wildlife conservancies such as Naboisho conservancy, Mara North among others has encouraged community participation in wildlife conservation and ensured direct monetary benefits to the locals. This has also created employment opportunities.

4.4.4 Market Segmentation

The interviewees also noted that the board was also focusing on the domestic market and in this regard packages were being formed to suit this market. Through its domestic tourism unit, the Board runs consumer campaigns that are aimed at increasing tourism revenues and bed nights from the domestic segment throughout the year and especially to take advantage of low season offers.

The East African region was also being targeted and there was an introduction of the use of one's ID for the East African region rather than passports. International tourists are also to be issued with a unified East Africa tourist visa and will thus be able to visit Kenya, Uganda and Rwanda at a cost of a hundred dollars as opposed to obtaining a separate visa for each country.

4.4.5 Strategic Partnerships

KTB has formed strategic partnerships with other institutions in the country. Such a partnership is that it has with Kenya Airways in which a marketing partnership has been signed. Through the partnership, Kenya Airways has been able to market Kenya globally at a pocket friendly rate.

The Board also coordinates with travel agencies, local organizations, airplane companies and service providers to ensure tourists have an excellent and unforgettable experience when they are visiting Kenya. These partnerships have enabled standardization of tourism products to meet international qualities.

4.4.6 Branding

KTB has set out to brand Kenya as the preferred tourist destination. Through the magical Kenya website and tourism expos, the board has strived to put Kenya's brand among the leading ones globally. Other stakeholders in the industry such as KWS have also embarked on the branding of the national parks.

The board has also put out marketing representatives in various countries so as to reach out to the tourists. The marketing representatives are in USA, UK and Ireland, Canada, Germany, France, Italy, Belgium, Netherlands and Luxembourg, China, Scandinavia, Australia, South Africa and Dubai. This has made it possible to sell the Kenyan brand away from home.

4.5 Discussion

This study intended to establish the strategic responses by KTB to changes in the external environment. The study contributed to the established theory that strategic responses to environment changes are geared towards improving the effectiveness of basic operations within a company. For this reason, an organization that does not constantly monitor its external environment and align itself appropriately is bound to fail.

The study also established that, it is highly related to other studies that were carried out to establish strategic responses to environment changes surrounding various organizations' environment respectively. It was also noted that strategic responses are sensitive to the environment in which they are applied.

4.5.1 Linkage to Theory

This study sought to establish strategic responses by KTB to changes in the external environment. The concept of strategic responses to environmental changes consists of all those moves and approaches that a firm has and is taking to attain sustainable business, withstand environmental changes pressure and improve its market position (Thompson & Strickland, 2002). Companies adopt strategic responses to environmental change, directed at improving the effectiveness of basic operations within the company, such as production, marketing, materials management, research and development, and human resources.

The study established that KTB is continuously re-aligning its strategies so as to remain competitive in the turbulent environment. Ansoff and McDonnell (1990) see strategic response to environmental change as a systematic approach to position and relate the firm to its environment in a way that will assure its continued success and make it secure from environmental surprises. This study found out that KTB had resorted to product and market development as well as innovation as a response to the changes in the external environment. These strategies conform to Pearce and Robinson's grand strategies. This is in line with environment dependence theory where a firm is dependent on the environment in which it is operating and has therefore to continuously re-align itself.

Therefore, this study reinforced the fact that the need for strategic responses is to position and relate the firm to its environment in a way that will assure its continued success and make it secure from environmental surprises. Pearce and Robinson (2007) indicate that there is need to adopt new strategic responses that match the challenges from the environmental changes.

KTB has also adopted strategies that make use of the unique resources that Kenya has as a country. Responses such as diversification of the tourism products portfolio to include meetings, incentives, conferences and exhibitions (MICE) serve to make use of the available resources. Forms of tourism such as cultural tourism, sport tourism, bird watching among others are all aligned to the resource based view. According to the Resource-Based View (RBV), a firm's resources are the most relevant factor (Barney, 1991). It views organizations as a bundle of resources and capabilities which are made up of physical, financial, human and intangible assets. This theory is conditioned on the fact that resources are not homogenous and are limited in mobility.

The firm can translate these resources and capabilities into a strategic advantage if they are valuable, rare, inimitable and the firm is organized to exploit these resources. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce and Robinson, 1997).

4.5.2 Relationship to Other Studies

This study was similar to several studies that have been conducted in the past. Juma (2011) noted that KWS had employed a mixture of strategic responses in various facets of its operations in order to ensure that the Kenya vision 2030 is realized. The strategic responses adopted by KWS seemed to be in line with the Pearce and Robinson's (1991) grand strategies and Porter's (1980) generic strategy of Market segmentation. Njau (2000) established that East African Breweries Limited undertook substantial strategic adjustments such as manipulation of the marketing mix elements,

cost efficiency control measures and the setting up of foreign market distribution centers.

Kandie (2001) in a study on the strategic responses to competition by Telecom Kenya found out that the organization had made strategic adaptations in its products, markets, and technology as well as making strategic alliances so as to beat off emerging competition. These strategies of product development, market development, diversification, focus and strategic alliances are also seen to be employed by KTB in countering changes in the external environment.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This Chapter gives a summary, conclusion and recommendations drawn from the study. The conclusions are drawn from the objective of the study and the research findings. The chapter also covers the limitations of the study and recommendations in areas which needs to be researched on further.

5.2 Summary of findings

The study set out to establish the strategic responses adopted by KTB to changes in the external environment. The study made use of primary data. Primary data was collected through questionnaires administered personally to senior managers in the institution.

5.2.1 External Environmental changes impacting the Tourism Industry in Kenya

The study established that KTB has faced various challenges originating from its economic, political, technological and social-cultural environment. The study further established that the following variables had impacted KTB to a large extend and thus influenced the organization's strategic responses.

In the economic environment the key variables were significant depreciation of the Kenyan shillings against the foreign currencies and especially the dollar, high levels of inflations and high interest rates derived from domestic borrowings. In the political environment the study established that the key variables were the effect of post-election violence, heightened political temperatures and instability in the

neighbouring Somalia, which has seen Kenya on the receiving end of terrorist attacks from the militant group Al-shabaab. In technological environment the key variable was the impact of technology in communication as well as rendering services. This had played a major role in innovation of appropriate strategic responses that match the technological advancements.

In social-cultural environment the key variables were increase in population which has led to encroachment of protected areas by domestic animals and pastoralists. This has led to increased human-wildlife conflict. The hunting culture has also impacted on tourism with some animals killed for game meat and wildlife trophies. Ecologically, climate change has led to unpredictable weather patterns and drought experienced in some areas has led to death of wildlife. The environment has also undergone significant degradation.

5.2.2 Strategic Responses by KTB to changes in the External Environment

To mitigate the above challenges and to ensure that the firm achieves sustainable competitive advantage, KTB management has acted proactively by putting in place strategic responses. These strategic responses are aimed at countering the environmental changes in order to ensure sustained competitive advantage.

The study established that KTB had adopted strategic responses such as product development, market development, diversification, innovations, strategic partnerships as well as market segmentation, adaptation and branding in order to counter external environment changes.

5.3 Conclusion

KTB has employed a mixture of strategic responses in various facets of its operations in order to ensure that it responds strategically to changes in the external environment. Though not clearly distinct the strategic responses adopted by KTB seem to be in line with the Pearce and Robinson's (1991) grand strategies of market development, product development, innovations, strategic partnerships as well as diversification strategy and Porter's (1980) generic strategy of Market segmentation.

KTB has also adopted the branding strategy to market Kenya as the preferred tourism destination both globally and regionally through the magical Kenya website and events. To some extent, adaptation has also been used by KTB. Adaptation intends to boost revenues and market shares by maximizing local relevance through national focus while exploiting economies of scale.

5.4 Recommendations

This study is valuable to the managers of KTB and other tourism stakeholders. The finding of the study shows that there are several strategic responses that KTB can adopt to counter the various challenges it is facing from changes occurring in the external environment.

At the moment the strategic responses are bearing fruit but more needs to be done in order to ensure that Kenya achieves sustainable competitive advantage over other countries. The board's strategic plan needs to be made clear to all stakeholder in the industry and their employees so as to make the implementation of strategies a feasible idea.

5.5 Limitations of the Study

The study was carried out in KTB only and therefore the strategic responses adopted there cannot be replicated in any other organization as strategies are sensitive to the environment in which they are being practiced. The study faced limitations of time especially in data collection. The duration available for the study was limited hence exhaustive and comprehensive research could not be carried out on strategic responses adopted towards changes in the external environment.

The senior managers also had busy schedules and they were out of the country most of the time thus making it difficult to reach them. Lastly this study focused on senior management while the organizations have quite a number of staff in middle and lower management level. The finding of this study is therefore limited to the views of senior managers.

5.6 Areas for Further Research

This was a case study on strategic response adopted by KTB to changes in the external environment. As a result the research findings cannot be used to make generalization of all the tourism industry players. To understand the strategic responses in place, a cross section survey covering the whole tourism industry both in the public as well as private sector could be undertaken.

The study concentrated on strategic responses adopted by KTB to changes in the external environment. One of the strategies adopted was the branding strategy. A lot of resources in terms of monetary value and physical resources have been put in place to promote this strategy. A research needs to be done to determine the impact of branding strategy on the overall performance of the tourism industry.

Lastly the environment is dynamic and keeps on changing over time. Tourism was identified as one of the economic pillars in Kenya's blueprint, Vision 2030. Therefore further studies could be carried out on KTB and other industry players such as KTF to identify how the organizations would alter their strategies to fit to the Kenya vision 2030 blueprint.

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APPENDICES

Appendix I: Introduction Letter

QUEENVEIL N. MABONGA,
UNIVERSITY OF NAIROBI,
P.O BOX 30197-00100,
NAIROBI.
TEL: - 0725 783 826/ 0772 399250
queenveil.mabonga@gmail.com
15TH SEPTEMBER, 2015.



THE MANAGING DIRECTOR,
KENYA TOURISM BOARD,
P.O BOX 30630-00100,
NAIROBI.

Dear Sir,

RE: DATA COLLECTION

I am a postgraduate student at the University of Nairobi undertaking a Master of Business Administration degree Programme majoring in Strategic Management. One of my academic outputs before graduating is a project and for this I am undertaking a study on **Strategic responses by Kenya Tourism Board to changes in the external environment.**

This is to kindly request you and your staff to assist me collect data by responding to a questionnaire which will be administered through an oral interview. The respondents will be the managing director, the director of marketing and the strategy and development manager.

The information you provide will be used strictly for academic purposes and will be treated with utmost confidence.

A copy of the final report will be available to you upon request. Your assistance will be highly appreciated.

Yours sincerely,

Queenveil N. Mabonga.

Appendix II: Interview Guide

INSTRUCTIONS:

Interview guide on **STRATEGIC RESPONSES BY KENYA TOURISM BOARD TO CHANGES IN THE EXTERNAL ENVIRONMENT.**

SECTION A: INTERVIEWEES PROFILE

Please state your position in the organization

.....
.....

Please indicate the working experience you have at KTB.

- a) 0-5 year []
- b) Over 6 years []

What are the major roles in your position?

SECTION B: KENYA'S TOURISM SECTOR

What are the key tourism forms of attraction in Kenya?

Which are the key source markets?

Which are the emerging markets?

How has the industry performance been like in the past 10 years?

SECTION C: CHANGES IN THE EXTERNAL ENVIRONMENT AFFECTING THE TOURISM SECTOR

What are the external environmental changes affecting the tourism sector that you have witnessed?

What challenges have these changes posed to KTB?

SECTION D: STRATEGIC RESPONSES

How has KTB responded to the external environmental changes?

