COMPETITIVE STRATEGIES AMONG TOUR OPERATORS IN KENYA

BY

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Declaration

I declare that this project is my original work and has not been submitted to any other Organization or College for Examination.

Signature:.! **Date:** **a o o < s**

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D61/P/8674/2004

This project has been submitted with my approval as the Supervisor

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Dedication

I dedicate this project to my late husband and children.

Acknowledgement

This research would not have been possible without the input of the following people to whom I am deeply indebted. First, I acknowledge my university supervisor Dr Ogutu who gave me focus and direction on how to go about the research.

I also thank my family and friends who helped me do this project.

Finally, I thank the almighty God for the life, strength and protection.

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Abstract

Although tourism industry in Kenya faces a myriad of challenges emanating from the external environment such as competition from other countries with tourist attraction sites such as South Africa, tour operators in Kenya are an important player in the tourism industry. Given their important role in ensuring that tourists have a good time while in Kenya, it is paramount that they devise strategies that ensure flow of tourists in the country. The strategies so devised need to ensure that in cases of low and high seasons, tourists flock the tourist destinations. This has seen some tour firms concentrate not only on the foreign market but also on the domestic market. This area of study has not received attention from scholars as it deserves.

The objectives of the study were to assess the extent to which flow of tourists is a challenge facing tour operators in Kenya, to identify the competitive strategies tour firms are using to maintain flow of tourists in the country and also to establish whether the flow of tourists among tour firms in Kenya is related to the competitive strategies.

The study used descriptive survey design. The researcher sampled 68 tour operators who are members of the Kenya Association of Tour Operators (KATO. The data was collected using a questionnaire that consisted mainly of closed-ended and open-ended questions. The data was analyzed using descriptive statistics. It was coded in the SPSS program for windows.

From the findings, the study found that the tourist firms in Kenya faced challenges in economic environment, but it adopted some strategies such as adpting to the new technology and reducing the operational staff to adopt to these challenges. The study also found that tour firms are also employing extensive technology and also maintaining.

CHAPTER ONE

INTRODUCTION

1.1 Background

1.1.1 Concept of Competitive Strategy

Mintzberg (1994) argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time. This pattern in decisions and actions defines what Mintzberg called "realized" or emergent strategy. Mintzberg's typology has support in the earlier writings of others concerned with strategy in the business world, most notably, Kenneth Andrews. Andrews (1980) defines corporate strategy as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities (pp. 18-19).

Porter (1996) argues that competitive strategy is "about being different." He adds, "It means deliberately choosing a different set of activities to deliver a unique mix of value." In short, Porter argues that strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors. In his earlier book, Porter defines competitive strategy as "a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there." Thus, Porter seems to embrace strategy as both plan and position.

Boseman and Phatak (1989) argue that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, consumers, suppliers, creditors and the government and how they impact on its operations success is dependent on productivity, customer satisfaction and competitor strength. Strategic marketing is crucial to an organization because it takes into consideration fundamental changes in the environment thus making firms proactive rather than reactive.

Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition Aaker (1992) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths.

A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus. These strategies are further discussed in chapter two.

1.1.2 Tour Firms in Kenya

The travel industry is one of the largest and expanding industries in the world because of an increase in the interaction between different- countries and the development of commerce and investments across borders (KATO Newsletter, 2006).

Information Technology has brought challenges to the tour firms in Kenya. The emergence of internet has made it possible for customers to make own bookings and pay with a credit card directly to the airline. This reduces the role of tour firms in making travel arrangements for their customers. A good percentage of airline customers also make direct sales further reducing tour firms' clientele and commissions to be earned.

Several professional tour operators operate in the region providing all necessary services to the visitors. These operators offer specialised services like air safaris, customised safaris, budget camping safaris, luxury camping safaries, coast safaris, golf safaries and incentive travel group services. Tourists can avail their services to make the most of their holidays in Kenya. Kenya

Association of Tour Operators (KATO) is the country's premier tourism association, which has some *250 experienced* professional tour operators as its members (KATO, 2008).

KATO exists to uphold the good reputation of Kenya as a tourist destination by ensuring that Kenya Tour Operators maintain the highest standards of service and value; give agents and individual clients alike the confidence of knowing that Kenya has mechanism designed to consider the possible redress of any wrongs which a client may have suffered; recommend certain standards which the Ministry of Tourism and Wildlife might consider in determining whether or not to grant or renew the licence of an operator; provide a means for the Association's members to seek protection or redress in any dispute either with another member or a non-member of the Association; and endeavour to instil a spirit of unity and loyalty to each other amongst members of the Association.

1.2 Statement of the Problem

The tourism industry in Kenya faces a myriad of challenges emanating from the external environment. One of the challenges is facing competition from other countries with tourist attraction sites such as South Africa. Thus, it becomes a noble course for all players in the industry to do all they can in order to ensure that they maintain a competitive edge over the rest of its competitors.

Tour operators in Kenya are an important player in the tourism industry. Given their important role in ensuring that tourists have a good time while in Kenya, it is paramount that they devise strategies that ensure flow of tourists in the country. The strategies so devised need to ensure that in cases of low and high seasons, tourists flock the tourist destinations. This has seen some tour firms concentrate not only on the foreign market but also on the domestic market. This area of study has not received attention from scholars as it deserves.

Mibei (2007) is the only study that focuses on competitive strategies in the tourism industry. The study however focuses on travel agents and not on tour operators in Kenya. Studies on tour operators have however focussed on different aspects other than competitive strategies (Mbuvi, 2000; Korir, 2005; Mbii, 2007; Mwangi, 2007). It can therefore be observed that there is a gap in literature as far as competitive strategy is concerned on tour operators in Kenya. This study fills in the gap by seeking an answer to the following research question:

what competitive strategies do tour firms in Kenya employ in order to maintain the flow of tourists?

1.3 Objectives of the Study

This study is designed to fulfil the following objectives:

i. To assess the extent to which flow of tourists is a challenge facing tour operators in Kenya.

ii. To identify the competitive strategies tour firms are using to maintain flow of tourists in the country.

iii. To establish whether the flow of tourists among tour firms in Kenya is related to the competitive strategies.

1.4 Importance of the Study

The study will add on to the growing body knowledge of strategic management in the tourism industry in Kenya. The study will be specifically important to various stakeholders.

The tour operators in Kenya will benefit from the study by understanding the common challenges they face in the industry in terms of maintaining the flow of tourists is concerned. This will enable them understand the need to carry out common plans for the sector's growth and sustainability.

The management of tour firms will also benefit from the study as the findings will show what competitive strategies are applied in order to maintain the flow of tourists. The recommendations will show whether there is anything else the tour firms need to do in order to maintain a competitive advantage as the best tourist operators in the world.

Scholars and academics interested in studying on tour operators, tourism industry or on the concept of competitive strategies will find this study an invaluable source of material.

CHAPTER TWO

LITERATURE REVIEW

2.1 History of Strategic Management

Strategic management as a discipline originated in the 1950s and 1960s. Although there were numerous early contributors to the literature, the most influential pioneers were Alfred Chandler, Philip Selznick, Igor Ansoff, and Peter Drucker. Chandler (1962) recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Interactions between functions or between departments were typically handled by a boundary position, that is, there were one or two managers that relayed information back and forth between two departments. He also stressed the importance of taking a future looking long term perspective. In his groundbreaking work, Chandler (1962) showed that a long term coordinated strategy was necessary to give a company structure, direction, and focus. He says it concisely, "structure follows strategy".

Selznick (1957) introduced the idea of matching the organization's internal factors with external environmental circumstances. This core idea was developed into what we now call SWOT analysis by Learned, Andrews, and others at the Harvard Business School General Management Group. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment.

Ansoff (1980) built on Chandler's work by adding a range of strategic concepts and inventing a whole new vocabulary. He developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges. He developed the "gap analysis" still used today in which we must understand the gap between where we are currently and where we would like to be, then develop what he called "gap reducing actions".

Peter Drucker was a prolific strategy theorist, author of dozens of management books, with a career spanning five decades. His contributions to strategic management were many but two are most important. Firstly, he stressed the importance of objectives. An organization without clear objectives is like a ship without a rudder. As early as 1954 he was developing a theory of management based on objectives. This evolved into his theory of management by objectives (MBO). According to Drucker (1954), the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His other seminal contribution was in predicting the importance of what today we would call intellectual capital. He predicted the rise of what he called the "knowledge worker" and explained the consequences of this for management. He said that knowledge work is non-hierarchical. Work would be carried out in teams with the person most knowledgeable in the task at hand being the temporary leader.

2.2 The Concept of Strategy

The concept of strategy has been borrowed from the military and adapted for use in business. A review of what noted writers about business strategy have to say suggests that adopting the concept was easy because the adaptation required has been modest. In business, as in the military, strategy bridges the gap between policy and tactics. Together, strategy and tactics bridge the gap between ends and means. This paper reviews various definitions of strategy for the purpose of clarifying the concept and placing it in context. The author's aim is to make the concepts of policy, strategy, tactics, ends, and means more useful to those who concern themselves with these matters.

Strategy is a term that comes from the Greek strategia, meaning "generalship." In the military, strategy often refers to manoeuvring troops into position before the enemy is actually engaged. In this sense, strategy refers to the deployment of troops. Once the enemy has been engaged, attention shifts to tactics. Here, the employment of troops is central. Substitute "resources" for troops and the transfer of the concept to the business world begins to take form.

Strategy also refers to the means by which policy is effected, accounting for Clauswitz' famous statement that war is the continuation of political relations via other means. Given the centuries-old military origins of strategy, it seems sensible to begin our examination of strategy with the military view. For that, there is no better source than B. H. Liddell Hart.

Hart (1967) examines wars and battles from the time of the ancient Greeks through World War II. He concludes that Clausewitz' definition of strategy as "the art of the employment of battles as a means to gain the object of war" is seriously flawed in that this view of strategy intrudes upon policy and makes battle the only means of achieving strategic ends. He observes that Clausewitz later acknowledged these flaws and then points to what he views as a wiser definition of strategy set forth by Moltke: "the practical adaptation of the means placed at a general's disposal to the attainment of the object in view." In Moltke's formulation, military strategy is clearly a means to political ends.

Concluding his review of wars, policy, strategy and tactics, Liddell Hart arrives at this short definition of strategy: "the art of distributing and applying military means to fulfil the ends of policy." Deleting the word "military" from Liddell Hart's definition makes it easy to export the concept of strategy to the business world. That brings us to one of the people considered by many to be the father of strategic planning in the business world: George Steiner.

Steiner (1979) book is close to being a bible on the subject. Yet, he does not bother to define strategy except in the notes at the end of his book. There, he notes that strategy entered the management literature as a way of referring to what one did to counter a competitor's actual or predicted moves. He also points out in his notes that there is very little agreement as to the meaning of strategy in the business world. Some of the definitions in use to which he pointed include the following: strategy is that which top management does that is of great importance to the organization; strategy refers to basic directional decisions, that is, to purposes and missions; strategy consists of the important actions necessary to realize these directions; strategy answers the question: What should the organization be doing?; and strategy answers the question: What are the ends we seek and how should we achieve them? Steiner (1979) was writing at roughly the mid-point of the rise of strategic planning. Perhaps the confusion surrounding strategy contributed to the demise of strategic planning in the late 1980s. The rise and subsequent fall of strategic planning brings us to Henry Mintzberg.

Tregoe and Zimmerman (1980) define strategy as "the framework which guides those choices that determine the nature and direction of an organization." Ultimately, this boils down to selecting products (or services) to offer and the markets in which to offer them. They urge executives to base these decisions on a single "driving force" of the business. Although there are nine possible driving forces, only one can serve as the basis for strategy for a given business. The nine possibilities are products offered, market needs, technology, production capability, method of sale, method of distribution, natural resources, size/growth, and return/profit. It seems Tregoe and Zimmerman (1980) take the position that strategy is essentially a matter of perspective.

Robert (1993) takes a similar view of strategy where he argues that the real issues are "strategic management" and "thinking strategically." For him, this boils down to decisions pertaining to four factors: products and services, customers, market segments, and geographical areas. Like Tregoe and Zimmerman (1980) he claims that decisions about which products and services to offer, the customers to be served, the market segments in which to operate, and the geographic areas of operations should be made on the basis of a single "driving force." Again, like Tregoe and Zimmerman (1980), he claims that several possible driving forces exist but only one can be the basis for strategy. The 10 driving forces cited by Robert (1993) are: product-service, user-customer, market type, production capacity-capability, technology, sales-marketing method, distribution method, natural resources, size/growth, and return/profit.

The notion of restricting the basis on which strategy might be formulated has been carried one step farther by Treacy and Wiersema (1994). Treacy and Wiersema (1993) assert that companies achieve leadership positions by narrowing, not broadening their business focus. They identify three "value-disciplines" that can serve as the basis for strategy: operational excellence, customer intimacy, and product leadership. As with driving forces, only one of these value disciplines can serve as the basis for strategy. Their three value disciplines are briefly defined below:

Table 1: Three Value Disciplines

	Value	Definition
1	Operational Excellence	Strategy is predicated on the production and delivery of products and services. The objective is to lead the industry in terms of price and convenience.
2	Customer Intimacy	Strategy is predicated on tailoring and shaping products and services to fit an increasingly fine definition of the customer. The objective is long-term customer loyalty and long-term customer profitability
3	Product Leadership	Strategy is predicated on producing a continuous stream of state-of-the-art products and services. The objective is the quick commercialization of new ideas.

Source: Treacy and Wiersema (1993)

Each of the three value disciplines suggests different requirements. Operational Excellence implies world-class marketing, manufacturing, and distribution processes. Customer Intimacy suggests staying close to the customer and entails long-term relationships. Product Leadership clearly hinges on market-focused R&D as well as organizational nimbleness and agility.

2.3 Porters' Generic Competitive Strategies

If the primary determinant of a firm's profitability is the attractiveness of the industry in which it operates, an important secondary determinant is its position within that industry. Even though an industry may have below-average profitability, a firm that is optimally positioned can generate superior returns.

A firm positions itself by leveraging its strengths. Porter (1996) has argued that a firm's strengths ultimately fall into one of two headings: cost advantage and differentiation. By applying these strengths in either a broad or narrow scope, three generic strategies result: cost leadership, differentiation, and focus. These strategies are applied at the business unit level. They are called generic strategies because they are not firm or industry dependent. The following table illustrates Porter's (1986) generic strategies:

Table 2: Porter's Generic Strategies

Target scope	Advantage	
	Low cost	Product uniqueness
Broad (Industry Wide)	Cost leadership strategy	Differentiation strategy
Narrow (Market Segment)	Focus strategy (Low Cost)	Focus Strategy (Differentiation)

Source: Porter (1986)

2.3.1 Cost Leadership Strategy

This generic strategy calls for being the low cost producer in an industry for a given level of quality (Porter, 1996). The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market.

Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership (Porter, 1996).

Firms that succeed in cost leadership often have the following internal strengths (Porter, 1996): access to the capital required to make a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome, skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process, high level of expertise in manufacturing process engineering, and efficient distribution channels.

Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share.

2.3.2 Differentiation Strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition (Porter, 1986). The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Firms that succeed in a differentiation strategy often have the following internal strengths (Porter, 1996): access to leading scientific research, highly skilled and creative product development team, strong sales team with the ability to successfully communicate the perceived strengths of the product, corporate reputation for quality and innovation.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

2.3.3 Focus Strategy

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation (Porter, 1986). The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist (Porter, 1986).

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well (Porter, 1986).

Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

2.3.4 A Combination of Generic Strategies

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the firm would risk projecting a confusing image. For this reason, Porter (1986) argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be "stuck in the middle" and will not achieve a competitive advantage.

Porter (1986) argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a corporation is less likely to become "stuck in the middle."

However, there exists a viewpoint that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

2.4 Generic Strategies and Industry Forces

These generic strategies each have attributes that can serve to defend against competitive forces. The following table compares some characteristics of the generic strategies in the context of the Porter's (1996) five forces.

Table 3: Generic Strategies and Industry Forces

Industry Force	Generic strategies		
	Cost leadership	Differentiation	Focus
Entry barriers	Ability to cut price in retaliation deters potential entrants	Customer loyalty can discourage potential entrants.	Focusing develops core competencies that can act as an entry barrier.
Buyer power	Ability to offer lower price to powerful buyers.	Large buyers have less power to negotiate because of few close alternatives.	Large buyers have less power to negotiate because of few alternatives.
Supplier power	Better insulated from powerful suppliers.	Better able to pass on supplier price increases to customers.	Suppliers have power because of low volumes, but a differentiation-focused firm is better able to pass on supplier price increases.
Threat of substitutes	Can use low price to defend against substitutes.	Customer's become attached to differentiating attributes, reducing threat of substitutes	Specialized products & core competency protect against substitutes.
Rivalry	Better able to compete on price.	Brand loyalty to keep customers from rivals.	Rivals cannot meet differentiation-focused customer needs

Source: Porter (1996)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This research problem can best be studied through the use of a descriptive survey. Descriptive research portrays an accurate profile of persons, events, or situations (Robson, 2002). Surveys allow the collection of large amount of data from a sizable population in a highly economical way. It allows one to collect quantitative data which can be analysed quantitatively using descriptive and inferential statistics (Saunders et al., 2007). Therefore, the descriptive survey is deemed the best strategy to fulfill the objectives of this study.

3.2 Population of Study

The target population was all the 250 tour operators who are members of the Kenya Association of Tour Operators (KATO). These members are usually categorised into 7 categories namely A, B, C, D, E, associates, and affiliates.

3.3 Sample And Sampling Technique

The sampling technique that was used to select the sample is the stratified random sampling method. This method involves dividing the population into two or more relevant and significant strata based on one or a number of attributes. Dividing the population into a series of relevant strata means that the sample is more likely to be representative (Saunders et al., 2007). The tour operators were divided based on their category of membership. Five categories A, B, C, D, and E were used for the study. The associates were left out since they were new members who were yet to complete one full year in membership and as such they may not have sufficient information on tour industry in Kenya. The affiliates were not considered in the sample because they are members whose activities are affiliated to tourism but they do not have a Tour Operator's licence i.e. they would not have been able to offer any tours or safaris but have operations that KATO can benefit from. A sample of 30% was then picked randomly from each stratum as shown in the table below. This brings the total sample to 68 firms.

Table 4: Population Sample

Description	Population	Sample
Category A	28	8
Category B	13	4
Category C	15	5
Category D	50	15
Category E	119	36
Total	225	68

3.4 Data Collection Methods

In this study, emphasis was given to primary data. The primary data was collected using questionnaires. The questionnaires were semi-structured with both open as well as closed questions. This facilitated the collection of both qualitative and quantitative data. The questionnaire was structured in three sections named Section A, B and Section C. Section A of the questionnaire sought responses to the attributes of the respondents and the organisation. Section B sought responses as to the extent to which the flow of tourists is a challenge to tour operators in Kenya. Section C delved into the real issues of competitive strategies used by the tour operators in Kenya. The respondents were managers of the selected tour firms.

A pilot testing was done first. This was done in order to ensure reliability of the data collection tool. The pretest was done on a sample of 10 respondents from the population but not on the ones that finally filled the questionnaires. After the pretest, the questionnaires were appropriately amended. The amended questionnaires were then administered to the respondents using the drop and pick method. To ensure high response rate, the questionnaires were accompanied by cover letters explaining the fact that the information shall be strictly confidential and that it is solely for purposes of research and not for any other reason.

3.5 Data Analysis

Data collected was analyzed based on descriptive statistics. The descriptive statistics that was used here include the mean and the standard deviations. The extent to which flow of tourists is a challenge was shown by mean scores above 3. Any factor that scored less than 3 was not considered to be an important challenge. For the competitive strategies used by tour operators, mean scores were used to rank the competitive strategies in order of use. Those strategies which had a mean score of 3 or above were considered significant and therefore used by tour operators. The results were then presented using tables and charts. The Statistical Package for Social Sciences (SPSS) aided in the analysis.

CHAPTER FOUR

RESEARCH FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis of the data collected through the semi-structured questionnaires. This chapter is structured as follows. First, the analysis of the general information on the respondents and the tourism firms under consideration followed by the analysis of challenges experienced by the firms and competitive strategy drawn toward mitigating them. The data was analyzed using the **SPSS** and presented in form of tables, bar graphs and pie charts. Other information was interpreted using a Likert - Scale where mean and standard deviation were used. The explanation of the results is provided under each section and the results presented in form of tables and charts. Out of 68 respondents selected for the study, only 50 responded for the study which makes a response rate of 73.5%.

4.2 General Information

Table 5: Gender of the Respondents

	Frequency	Percent
Male	33	66.0
Female	17	34.0
Total	50	100.0

The findings in the above table show the gender of the respondents. From the study, the majority of the respondents were males as shown by 66% of the respondents, while 34% of the respondents were females.

Table 6: Age of the Respondents

	Frequency	Percent
Below 25 years	2	4.0
25-35 years	20	40. 0
36-45 years	18	36.0
Above 45 years	10	20.0
Total	50	100.0

On the age of the respondents, the study revealed that the majority of the respondents were aged between 25-35 years as shown by 40%, followed by 36% of the respondents who were aged between 36-45 years, 20% of the respondents were above 45 years old, while 4% of the respondents reported that they were below 25 years old.

Table 7: Respondents Highest Academic Qualification

	Frequency	Percent
A' Level	4	8.0
Graduate	26	52.0
Masters	15	30.0
O' Level	5	10.0
Total	50	100.0

The study also sought to find out the respondents highest academic qualification. According to the study, the majority of the respondents were graduates as shown by 52% of the respondents, 30% of the respondents had a masters degree, 10% of the respondents were O' Levels, while 8% of the respondents were A' Levels.

4.3 Challenges Of Flow Of Tourists And Competitive Strategies Adopted

4.3.1 Challenges From Economic Environment and the Strategies Adopted

From the study, the researcher found that tour companies had faced some major challenges in the economic environment. These challenges were; fluctuation of the Kenya shilling e.g. to the US dollar, government regulations e.g. banning of some activities e.g. prostitution, economic sanctions which is a situation where some countries e.g. US restrict their citizens from entering another country like Kenya in case of insecurity issues e.g. post election violence and also high taxation, competition from other African countries and also low hotel occupancies.

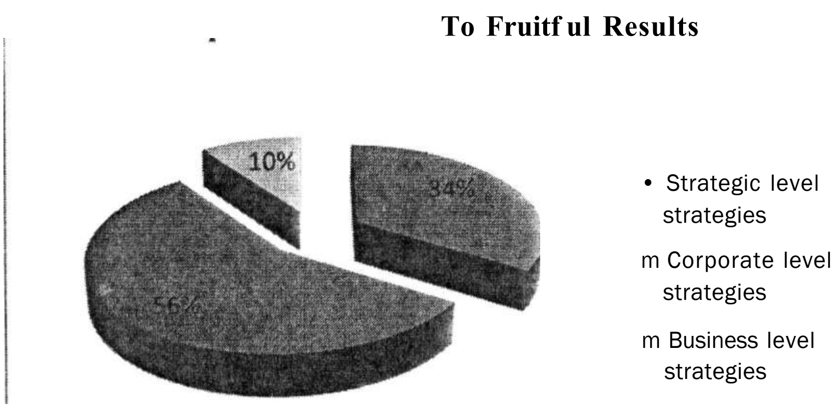
In order to adopt to these challenges, there were arrangements to mitigate the consequences of these and the strategies adopted were that tour companies really encouraged domestic tourism, reduction of the operating staff so as to avoid unnecessary salaries; training of the staff so that they can have the skills and knowledge required by the tour firms so that they can remain competitive in the market, expansion of the hotels so that they can occupy more tourists and the companies also adopted the latest technology so as to ensure they cope up with the changing technology and hence remain competitive in the market.

Table 8: Responses That Led To Fruitful Results

	Frequency	Percent
Strategic level strategies	17	34. 0
Corporate level strategies	28	56.0
Business level strategies	5	10.0
Total	50	100.0

The findings in the above table show the responses that led to fruitful results. From the findings, the majority of the respondents reported that corporate level strategies led to fruitful results as shown by 56% of the respondents, 34% said strategic level strategies, while 10% of the respondents said that the responses that led to fruitful responses were the business level strategies. The figure below was also used to show this information.

Figure 1: Responses That Led To Fruitful Results



Changes in Regulation Policies That Have Affected the Operations

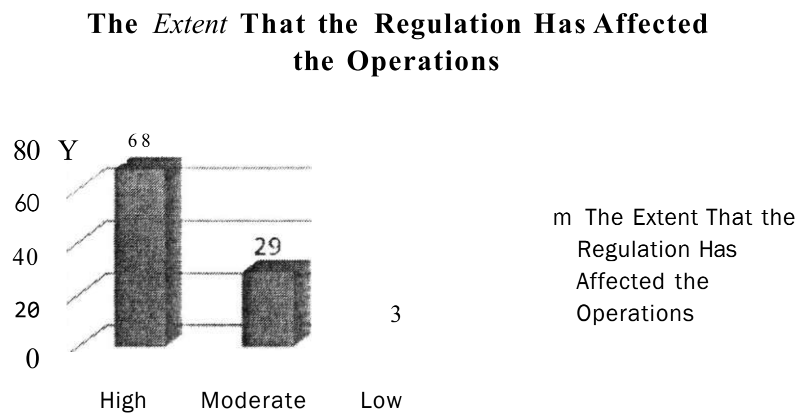
The study also found from all the respondents that there were regulation policies that had affected the operations.

Table 9: The Extent That the Regulation Has Affected the Operations

	Frequency	Percent
High	34	68.0
Moderate	15	30.0
Low	1	2.0
Total	50	100.0

From the study, the researcher found that the regulations affected the operations to a high extent as shown by 68% of the respondents, 29% of the respondents said to a moderate extent, while 2% of the respondents said that the regulations affected the operations to a low extent.

Figure 2: Extent That The Regulation Has Affected The Operations



4.3.2 Challenges From political Climate and the Strategies Adopted

From the response obtained, the researcher found that the tour operators also faced some challenges due to political climate. The respondents highlighted such issues as deportation of some wildlife to other region due to political influence has been affecting the industry, at times the company had to suffer when the country was in anarchy like in the beginning of 2008 when tourist feared to enter the country due to politically triggered 'post election violence'.

According to the respondents the latter has seen the industry blooming due to publicity attached to the issue in the international scene. The industry has at times such acute mismanagement of funds due to political manipulation whereby those loyal to the government are awarded top position at the expense of professionals.

4.3.3 Technological Changes That Have Affected the Organisation and the Strategies Adopted

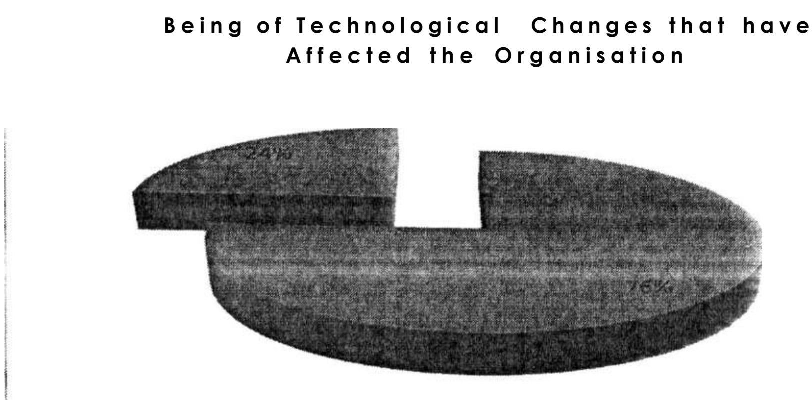
Whether there are technological changes that have affected the organisation was investigated by the study and the data findings presented in the table below.

Table 10: Technological Changes That Have Affected the Organisation

	Frequency	Percent
Yes	38	76.0
No	12	24.0
Total	50	144.9

From table 10, the majority of respondents as shown by 76% attested to there being technological changes that have affected the organization while the rest thought otherwise. This signifies the importance of technology in a sector whereby the right mix of technology or modernity and traditionalism forms a very important package of success. The same is shown in the pie chart below.

Figure 3: Technological Changes That Have Affected the Organisation



The respondents that attested to technology affecting the sector's operations mentioned areas like marketing, travel, accommodation and security as areas in which technology affects. This would be deduced to be so since technology has to be used in marketing tourism in Kenya, to meet security and logistics needed by the tourism, tour operators must adopt technological changes in transportation and accommodation.

According to the response obtained, in order to respond in tandem with technology: extensive research in tourism has been established, employment of technology expatriates has been adapted, liaison with marketing boards in marketing tourism, purchase of technology oriented equipment and vehicle and beefing up of security in places where tourism takes place.

Table 11: Improvement of Performance Owing To Technology Adoption

	Frequency	Percent
Yes	35	70.0
No	15	30.0
Total	50	100.0

From the table above, the respondent wanted to establish whether adoption of technology has had any improvement on performance of the tourism operators. 70% of the respondents felt that adoption of technology has improved performance of tour operators. This further depicts on importance of technology in a dynamic competitive market as tourism. The same is is the case in the pie chart shown below.

Figure 4: Improvement of Performance Owing To Technology Adoption

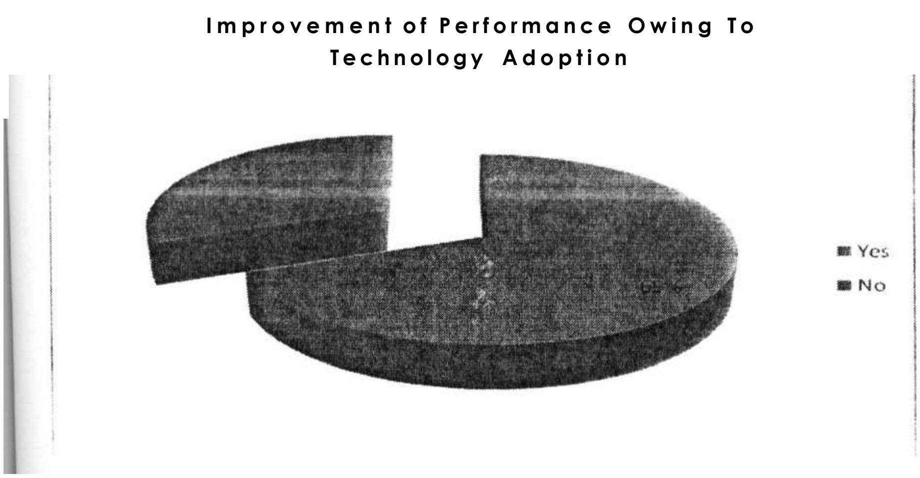


Table 12: Involvement in Formulation of Competitive Strategies

	Frequency	Percent
Yes	29	58.0
No	21	42.0
Total	50	100.0

The researcher wanted to find out if the respondents had been involved in strategy formulation and the data obtained was presented in table 12. Out of 100 respondents who answered the questionnaires, 58% attested to being involved in the strategies formulation while the rest responded otherwise. This depicts the level in which employees' involvement in strategy formulation is not utilised fully. The same is shown in the pie chart below.

Figure 5: Involvement in Formulation of Competitive Strategies

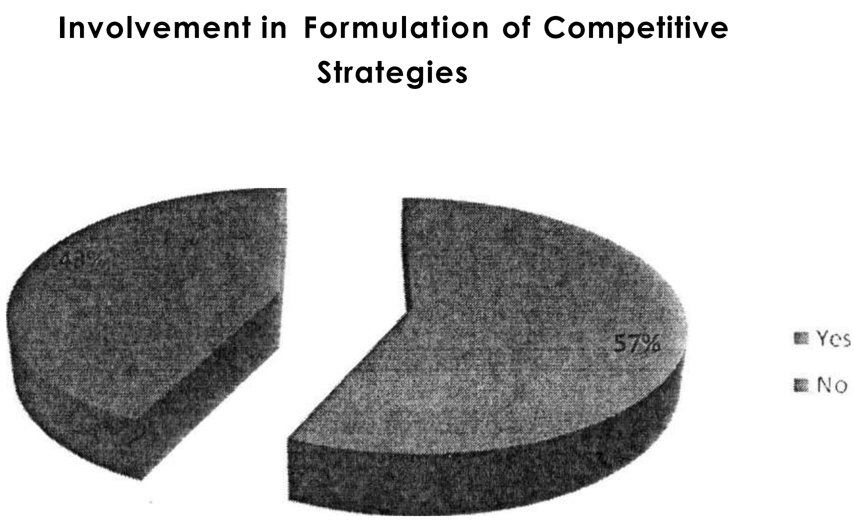
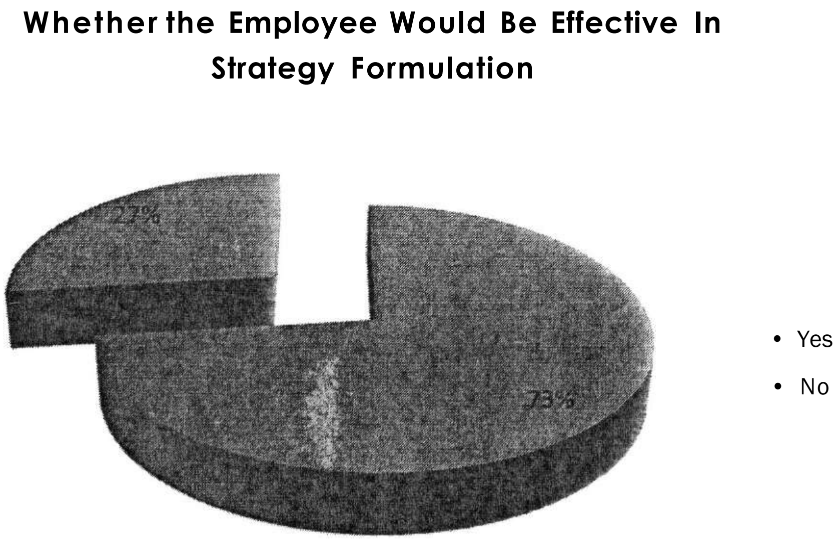


Table 13: Whether the Employee Would Be Effective In Strategy Formulation

	Frequency	Percent
Yes	16	32.0
No	5	10.0
Total	21	42.0

The table above is a presentation of effectiveness the respondents had, had they been involved in strategy formulation. The study found out that 32% of the respondents thought that they would be effective in strategy formulation should they be involved. From the finding, tourism operations would blossom should employees be involved in strategy formulation. The pie chart shown below is aclear presentation of the same.

Figure 6: Whether the Employee Would Be Effective In Strategy Formulation



CHAPTER FIVE

SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 Summary, Discussions And Conclusions

The objective of the study was to establish and analyze competitive strategies that tour firms in Kenya employ in order to maintain the flow of tourists.

From the study, the researcher found that the tourism industry faced major challenges in the economic environment. These challenges were e.g. fluctuations in the Kenya shilling, government regulations e.g. banning of some practices in the tourism sector e.g. prostitution, economic sanctions, high taxation, competition from other African countries, and low hotel occupancies. In order to adopt to this, the tour companies had made arrangements to mitigate the consequences of the challenges such as encouraging domestic tourism, adopting the new technology, reducing the number of operating staff so as to avoid unnecessary salaries, expansion of the hotels to accommodate more tourists and also extensive training of the staff so that they can have the necessary knowledge and skills and also so that they can be able to adopt to the changes in the technology and hence remain competitive in the market. The study also revealed that there were changes in regulation policies that had affected the operations to a high extent.

On the political climate, the researcher found that political issues such as deportation of some wildlife to other region due to political influence has been affecting the industry, at times the company had to suffer when the country was in anarchy like in the beginning of 2008 when tourist feared to enter the country due to politically triggered 'post election violence'. The industry also had to at times suffer from issues such as acute mismanagement of funds due to political manipulation whereby those loyal to the government are awarded top position at the expense of professionals. The politics in Kenya has a role in the tourism industry. For instance, politics at times dictates on who controls the sector which on such cases favors an amateur at the expense of a professional, tourism declines in the country during political upheaval and some wild animals are moved from one region to another for political expedience. These factors highlighted above have a negative effect on tourism. However at times politics promotes tourism like after 2008, political upheaval, there was growth of the sector due to publicity made on the nation owing to the circumstance.

The study also found that technological changes affected the organizations performance since technology is required in the industry in such areas as marketing, accommodation, travel, and security. According to the findings, the areas mentioned are adversely affected by technological changes. In order to be relevant to technology of the day, the study found that extensive research, employment of professionals, liaison with marketing agency/boards, purchase of modern facilities and beefing up of security are the order of the day in tour operations firms . Majority of the respondents agreed that adoption of technology had increased performance of tour operators majority of the respondents were also involved in formulation of such strategy. The findings show that tourism industry would be very productive should more employees be involved in strategy formulation. The study also concluded that in particular productivity emergent from technology which plays a major role in the industry would materialise to enormous height should its formulation and implementation be increased. It was also concluded that though tourism industry is on growth, it can be a very productive industry in Kenya's macro and micro economy should competitive strategy be beefed up.

5.2 Limitations Of The Study

The first limitation was that the researcher had to continually remind the respondents to fill in the questionnaire because most of the times they were away on meetings, and also their busy schedules but eventually, most of them filled and returned the questionnaire.

The researcher also faced a challenge of finances and time. This is because she had to travel to 50 tourist firms with limited funds and time.

Another limitation was that every organization has its codes of conduct that restricts the employees even the senior employees to divulge confidential information to the public (secrecy of the company).

5.3 Recommendations For Further Research

The researcher suggests that for effective conclusive study on competitive strategies that tour operators employ in order to mainatin the flow of tourist; a replicate study be carried out using the in-depth interview method to get a deep insight on the area., the response rate should also be broadened so as to cover more respondents and hence have better result to make conclusions from.

The researcher also suggested that further research should be done in other industries such as banking industries to find out the competitive strategies they adopt to remain competitive in the market.

5.4 Implications For Policy And Practice

Just as Tregoe and Zimmerman (1980) puts it that although there are nine (products offered, market needs, technology, production capability, method of sale, method of distribution, natural resources, size/growth, and return/profit)possible driving forces for an organisation success as a competitive startegy, only one can serve as the basis for strategy for a given business. Tour operators in this case should base their decisions on a single "driving force" of the business which according to this study is technology, the study thus recommends that management should hence allow for employes to participate on the startegy implementation of the tour operators.

The study also recommends that the tour firms should ensure that they employ qualified and skilled staff, they should ensure that they adopt to the new technology and also the government should support the tourism industry and reduce the amount of tax to this industry.

The study recommends that politics should at its best not play a role in tourism operations due to its volatility and as a result it is very unpredictable and as a result can lead to the detriment of the sector. The sector should thus dealinate itself from politics.

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APPENDICES

Appendix: Questionnaire to the Management Team

Part A: **General Information**

1. What is your gender?

Male [ ]

Female [ ]

2. What is your age?

Below 25 [ ]

25-35 [ ]

36-45 [ ]

Above 45 [ ]

3. What is your highest academic qualification?

A' Level \ ]

Graduate [ ]

Masters [ ]

O' Level [ ]

Primary level [ ]

Part B: Challenges and Competitive Strategies

4. Have you faced major challenges in the economic environment?

YES ( )

NO ( )

5. List the challenges that have had major impact on your operations from the economic environment.

6. Did you make any arrangements to mitigate the consequences of these challenges?

YES ( )

NO ( )

7. If yes above, indicate the strategies that were adopted to respond to the challenges? Briefly explain.

8. Which responses led to fruitful results? Indicate briefly why.

Strategic level strategies ( )

Corporate level strategies ( )

Business level strategies ( )

9. Has there been any changes in regulation policies that have affected your operations?

Yes ( )

No ( )

10. Rate the extent to which the regulation has affected your operations.

High ( )

Moderate ( )

Low ( )

11. Indicate any changes that have taken place in your industry due to political climate.

12. Has there been any technological changes that have affected your operations?

Yes ( )

No ( )

13. If yes above, briefly indicate the areas in which technology has taken toll?

14. To respond the above technological changes, what strategies have been put in place to achieve the appropriate changes?

15. Has there been any improvements in performance owing to this technology adoption?

Yes ( )

No ( )

16. Are you involved in the formulation of any of the response strategies highlighted in any of above questions?

Yes ( )

No ( )

17. If your answer is No in the above question, would you be more effective in the implementation of such response strategies?

Yes ( )

No ( )

Thank you for your time.