

**MARKETING MIX STRATEGIES, FIRM CHARACTERISTICS,  
COMPETITIVE ENVIRONMENT AND PERFORMANCE OF TOUR FIRMS IN  
KENYA**

**NDEGWA, ROBERT MURIITHI**

**A THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR  
AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS  
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.**

**2021**

## DECLARATION

I declare that this thesis is my original work and it has not been submitted for a degree award in any other university, college or institution.



4<sup>th</sup> AUGUST, 2021

Signed..... Date .....

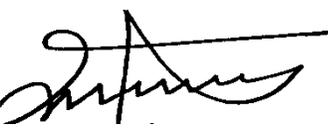
**Ndegwa, Robert Muriithi**

(D80/94067/2014)

This thesis has been submitted for examination with our approval as  
University Supervisors.

Signed   
**Prof. Francis N. Kibera, PhD.**  
Department of Business  
Administration University of  
Nairobi.

Date: 6th August 2021

Signed   
**Prof. Justus M. Munyoki,**  
**PhD.** Department of Business  
Administration University of  
Nairobi.

Date 9/8/2021

Signed   
**Prof. James M. Njihia, PhD.**  
Department of Business  
Administration University of  
Nairobi

Date 12th August

## **DEDICATION**

This thesis is dedicated to my dear loving wife, Anne Wanjiru, our children Ndegwa and Chaki for their relentless love and encouragement and to my late parents Mzee Ndegwa and Mama Chaki for inculcating a desire in me to seek knowledge at an early age and to my extended family for all the support that they have given me in my academic journey. I will forever be indebted.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CE</b>	Competitive Environment
<b>CET</b>	Competitive Environment Theory
<b>DMO</b>	Destination Marketing Organization
<b>EPZ</b>	Export Processing Zone
<b>FC</b>	Firm Characteristics
<b>FIT</b>	Free Independent Traveller
<b>FMCG</b>	Fast Moving Consumer Goods
<b>GDP</b>	Gross Domestic Product
<b>GNP</b>	Gross National Product
<b>GoK</b>	Government of Kenya
<b>ISO</b>	International Standards Organization
<b>KAHC</b>	Kenya Association of Hotel Keepers and Caterers
<b>KATO</b>	Kenya Association of Tour Operators
<b>KES</b>	Kenya Shilling
<b>KTB</b>	Kenya Tourism Board
<b>KTF</b>	Kenya Tourism Federation
<b>M</b>	Million
<b>MMS</b>	Marketing Mix Strategies
<b>MMST</b>	Marketing Mix Strategies Theory
<b>MRA</b>	Multiple Regression Analysis
<b>NSE</b>	Nairobi Securities Exchange
<b>OP</b>	Organizational Performance

<b>OTM</b>	Outbound Travel Market
<b>PLS</b>	Partial Least Square
<b>RBV</b>	Resource Based View
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>ROI</b>	Return on Investment
<b>SBU</b>	Strategic Business Unit
<b>SMEs</b>	Small & Medium Enterprises
<b>SMT</b>	Service Marketing Theory
<b>SPSS</b>	Statistical Package for Social Sciences
<b>UK</b>	United Kingdom
<b>UNWTO</b>	United Nations World Tourism Organization
<b>USA</b>	United States of America
<b>WOM</b>	Word of Mouth
<b>WTTC</b>	World Travel and Tourism Council

## ABSTRACT

The current study sought to determine the effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on tour firms' performance in the Kenyan context. Four specific objectives guided the study. These were to: establish the relationship between Organizational Performance and Marketing Mix Strategies of tour firms; determine the influence of Firm Characteristics on the relationship between Marketing Mix Strategies and Organizational Performance; assess the effect of Competitive Environment on the relationship between Marketing Mix Strategies and Organizational Performance; and determine the joint effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on Organizational Performance. Several theories including the Service Marketing Theory, on which the study was anchored, supported by the Marketing Mix Strategies Theory, the Resource-Based View and the Competitive Environment Theory, guided this study. The study adopted the positivist philosophy and a descriptive research design. The study's population encompassed 234 tour firms registered under the Kenya Association of Tour Operators (KATO) and surveyed through a semi-structured questionnaire with the help of key informants in these firms. Applying both descriptive statistics and inferential statistics to analyse the collected data, the researcher ran a series of regression analysis and Pearson's Product Moment Correlation for hypotheses and other statistical tests. The study found a positive and statistically significant relationship between Marketing Mix Strategies and Organizational Performance. Firm Characteristics and Competitive Environment were also found to positively and statistically moderate the relationship between Marketing Mix Strategies and Organizational Performance. Finally, the joint effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment was found to significantly influence performance. The study makes theoretical, policy, and managerial contribution to knowledge by reinforcing the Marketing Mix Strategies Theory that contends that Marketing Mix Strategies is one of the important factors in influencing competitive advantage. Further, there is a significant role of this study to policy makers as the insights learnt help them to develop tourism programmes and policies that encourage greater comparability of tour firms and knowledge sharing amongst different stakeholders to develop capacity and capabilities. Managers must take cognizance of the fact that their main duty revolves around isolating the exact needs of customers and deciding on the best Marketing Mix Strategies to adopt to deliver products and services that satisfy both current and potential customers. The study had some operational, methodological and technical limitations due to its scope, but these did not affect the overall design and outcome of the research. This study recommends that as tourism increasingly advances its profile in national economic planning, there is need to make sure that maximum attention is given to its long-term market expansion potential. Future research in other sectors was recommended with suggestion that a similar research be conducted based on other components of the travel trade, such as hoteliers and travel agencies as the unit of analysis. Such a study would enhance the empirical knowledge in the subject matter while also extending the generalizability of the study findings.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The Marketing Mix Strategies is the most fundamental marketing concept. According to Culliton (1948), the term, which was invented in the late 1940s, theorizes the marketer as an ingredients mixer who occasionally follows a recipe as they go along, adjusts the recipe to the readily available ingredients, and invents or experiments with ingredients that nobody else has tried. McCarthy (1960) first proposed the 4P's representing product, price, promotion, and place as the key ingredients of a Marketing Mix Strategies. Later Frey (1961) expanded the concept of Marketing Mix Strategies, categorizing its components into two groupings: the offering comprised of the product, packaging, and price; and the method or process, which includes elements like publicity, distribution channels advertising, promotion, sales, and new product development. All of these ingredients are precisely intended to generate demand for the service or product in question.

One area where the Marketing Mix Strategies is widely applied to drive Organizational Performance is the tourism industry. The tourism industry is one of the fast-developing service sectors for several world economies (Alberti & Giusti, 2012), after the financial services industry, with more than 260 million jobs, US\$ 6.61 trillion in global Gross Domestic Product (GDP), US\$ 760 billion in investments, and US\$1.2 trillion in exports (Jucan & Jucan, 2013). However, just like in other sectors, the tourism industry, is characterized by globalization and a highly complex and turbulent environment with more robust and ruthless competition.

The key aim of the Marketing Mix Strategies in the tourism industry is to produce and place products to match the dynamic needs of tourism products consumers. Consequently, tourism firms are obliged to find new strategies for achieving sustainable competitive advantage that drives performance. In realizing the increased marketing needs of the tourism sector, adopting the right Marketing Mix Strategies plays a crucial role in identifying and differentiating tourism products and adapting to environmental conditions, to help achieve their mission. This paper studied the effect of Marketing Mix Strategies, Firm Characteristics, and Competitive Environment on the performance of tour firms.

### **1.1.1 Marketing Mix Strategies**

Marketing Mix Strategies, is a set of marketing tools that a company uses to drive its marketing objectives in the target market (Kotler et al., 1999). Central to marketing is the concept of the marketing mix. Marketing in general comprises several activities and to start with, a company may choose which target customers to serve (Eavani & Nazari, 2012). After selecting the target customer, the product is subsequently placed in the market through delivery of a suitable product, promotional, price and distribution exertions. These activities, according to Eavani and Nazari (2012), are to be mixed or combined in the right proportion to realize the marketing goal. Such a mix of product, price, promotional and distribution efforts has been described by Eavani and Nazari (2012) as the marketing mix.

Marketing Mix Strategies as explained by Kotler and the American Marketing Association (AMA) refers to a set of controllable variables that can be utilized by a business to sway the response of the buyer (Kotler, 2003). It therefore, follows that Marketing Mix Strategies can be defined as a single strategy of controllable variables or plans that are anchored on

the 4P's or 7P's (in addition to the 4P's for services, namely; people, process management and physical evidence) that can be utilized by a business to sway the response of the buyer (McCarthy, 1960). Each firm endeavours to blend a composition of 4P's or 7P's that can yield the highest consumer satisfaction level and simultaneously its set objectives. Therefore, this mix is blended in consideration of the target customers' needs and it differs across different businesses subject to the marketing objectives and available resources.

Several activities are involved in the managerial process of marketing, including the establishment of an organisation's goals and objectives in marketing, formulation of marketing strategies and the preparation and implementation of plans (Kotler, 2003). On the other hand, strategies entail planning of the desired future and designing appropriate ways to achieve it (Tribe, 1997). These plans are necessary for the future success and development of the firm. The achievement of the goals and objectives of an organisation are determined by how effectively the marketing strategies have been planned and implemented, which help in the identification of its opportunities and their realisation. In his research on the relationship between organisational performance and effect of marketing strategies, Daniel (2018) notes that an effective and efficient marketing strategy ought to inform a company where it wants to be on a long-term basis. Marketing strategy is understood as the marketing logic that directs a business towards achieving its set marketing objectives. In any organisation, there exists no activity where the marketer must not make the right decision about the seven constituents of the marketing mix through the employment of marketing strategy (Daniel, 2018). These fundamental constituents should be synchronised and moved into an integrated, effective strategy if the product is to perform

well in the market. It entails specific strategies for marketing mix, marketing budget and target markets.

Marketing Mix Strategies relates to the recognition of the significance and contribution of the marketing mix components that demonstrate how these components can form a basis for competitive advantage. Chumaidiyah (2014) argues that Marketing Mix Strategies has a significant effect on the competitive edge while each marketing mix element contributes differently. Further, according to Dang (2014), differences usually arise when using Marketing Mix Strategies in different firms owing to erratic market conditions, resources availability and inconsistent customer needs and preferences regarding that firm. At any given time, the significance of some components within the marketing mix variables will be different. As a result, the impact of one part on another marketing mix ought to be carefully deliberated on when making strategic organisational decisions.

Marketing Mix Strategies in the context of the current study has been considered in relation to their influence on Kenyan based tour firms' performance. According to Chumaidiyah (2014), different elements of the marketing mix have different effects on the company's competitive advantage. Thus, based on the 7P's of marketing, the current study reviewed the Marketing Mix Strategies and each element was reviewed separately as a component of the Marketing Mix Strategies construct to determine the influence on tour firms' performance.

### **1.1.2 Firm Characteristics**

Firm Characteristics, as noted by Zou and Stan (1998), refer to the managerial and demographic variables that constitute part of the internal environment of an organisation.

Various studies define and conceptualise Firm Characteristics in different ways. However, most of the reviews have observed that a significant relationship exists between organisational objectives and Firm Characteristics and its resources (Golan et al., 2003). A study that was done by Mgeni (2012) characterised the firm's goals and resources as the organisation's structure, market and capital. He indicated that the formation of a firm is the size, ownership and age. The marketing variables of an organisation include the type of industry, environmental uncertainty and market environment, and its capital comprises capital intensity and liquidity. Kipesha (2013) argued that most of the previous studies had been founded on the structural aspects of an organisation than the rest of the factors as it is found to affect an organisation's performance. McMahon (2001) defined Firm Characteristics as the structure-related attributes to a firm, which mostly include size, age and ownership.

Firm Characteristics may be described as the managerial and demographic variables of a firm that subsequently and partially comprises its internal environment. Aaker (1988), posits that the capabilities and constraints of a firm influence its marketing strategy choices and abilities to accomplish choice strategies in firm-specific contexts. Firm traits, such as the ownership structure, the size of the firm in regard to the hired employees or level of turn-over, its age in terms of years the firm has operated, have been used (O'Sullivan & Abela, 2007). These variables can impact management decisions and subsequently affect the Marketing Mix Strategies that the firm employs.

The theory of Resource-Based View fundamentally clarifies the impact of Firm Characteristics on performance and strategies consequences within an industry. The main

dimensions of variances in strategy and organisational performances among competing firms within an industry are the presence of distinctive Firm Characteristics capable of generating core resources that are hard to imitate (Peteraf, 1993; Wernerfelt, 1984). These essential resources are made internally through continued investments in hard-to-copy characteristics and organisational dedication to specific strategic actions. These exclusive Firm Characteristics, combined with causal uncertainty, create segregating mechanisms that shield the competitive positions of companies against imitation (Okondo, 2017; Wernerfelt, 1984). This heterogeneity consecutively creates systematic variances in the performance of firms within the same industry.

The Resource-Based View studies have recognised the specific value of intangible resources, as they are the only type of properties possibly capable of realising the resource-based criteria of being costly, valuable and rare to imitate (Okondo, 2017). The current study hypothesized that the relationship between organisational performance and Marketing Mix Strategies is significantly moderated by Firm Characteristics (staff complement, age, ownership structure and scope of the tour firm).

### **1.1.3 Competitive Environment**

A Competitive Environment can be defined as the dynamic systems within which a business entity competes with other business entities (Hirschey, 1985). Sparks (2008) viewed competition as any substitute means of achieving the same benefit or benefits; that is, one where there are two or more substitute methods of attaining the same advantage or benefits. Wells (2013) views the Competitive Environment as an external system in which a firm operates and competes as being dynamic. Henderson and Mitchell (1997) posit that

environment shapes the performance and strategies of a firm through dealings at various degrees of analysis during interactions between strategy and performance, which nurture Competitive Environments and organizational capabilities.

Katsikeas et al. (2006) explain that a Competitive Environment is an essential determinant of the marketing decision strategy to implement or standardize goods and services in global markets in attaining customer satisfaction. When a competing firm standardizes its marketing techniques in the export market for increased efficiency and reduced costs to secure a competitive advantage in customer orientation, other firms are more likely to pursue the same strategy. Thus, the bigger the competitive strength and the need to be more customer-oriented, the more the supervisors are under pressure to realign the marketing strategies to match the local market environment.

The awareness that the level of competition shapes a company's capabilities and strategies is well recognized within ecological, economic and strategy traditions (Tirole, 1988). However, from a business world perspective, Arora and Gambardella (1997) argued that performance is significantly affected by the development of capabilities, which are influenced by Competitive Environments.

Porter (2008) added that the triumphs of business are established on the level of structural forces of the industry it operates in. Porter (2008) came up with the five-competitive-forces-model, which includes the threat of new entrants; bargaining power of buyers; threat of substitute goods/ services; bargaining power of suppliers and rivalry among firms. Porter (2008) introduced the five forces model to determine how a firm's environment, its structural characteristics and competitive strategy followed jointly assess its performance.

Porter's five forces model of the Competitive Environment were included in the current study and in addition technological turbulence as a moderating factor.

#### **1.1.4 Organizational Performance**

Organizational Performance (OP) refers to the ability of the organization to achieve its goals and objectives (Wade & Recardo, 2001). It is noted however, that there is no agreement in the extant literature on performance measures (Hofer, 1983; Laihonon, 2013). According to these management theorists, scholars conceptualize measurement parameters based on their study areas. Several definitions of Organizational Performance have therefore, been fronted over the years. Performance may be viewed as a total of accomplishments attained by a business or departments involved with a corporate goal within a period (Ling & Hung, 2010). Anthony and Bhattacharyya (2010) stated that the effectiveness in the management of a company, customer satisfaction levels and the stakeholders is what is termed as Organizational Performance. Conversely, Laihonon (2013) indicated that a firm's ability to attain its goals is what he termed as performance.

The Balanced Scorecard devised by Kaplan and Norton (1992) viewed company performance as a multidimensional construct that required a holistic approach from a customer, financial, internal business, innovation, and learning perspectives. On their part, Nikolaou and Tsalis (2013) posited that, in a sustainable Balanced Score Card, Organizational Performance is evaluated based on financial, customer/market, internal process, social environment and learning and development. Global innovation as a performance measurement variable, for instance, is an organization's capability to tap into new opportunities in world markets to deliver superior value to its customers (Ling, 2011).

Most organizations perceive their performance in terms of “effectiveness” in realizing their mission, goals or purpose. However, the Canadian International Development Resource Centre (IDRC) model, according to Lusthaus (2002), provides a more holistic approach to measure Organizational Performance. The tool goes beyond assessing the results of programmes, products and services of an organization. Focusing on organizational self-assessment, this model perceives an organization’s performance as a multidimensional idea that is, as the balance between an organization’s efficiency, effectiveness, relevance and its financial viability (Lusthaus, 2002). According to Lusthaus (2002), the model integrates these results with the formative assessment techniques, in which the assessment team is involved in assisting the organization to become more effective in realizing its goals.

Mahoney and Weiner (1981) developed a theory on how profit levels, profitability and stock prices were related to Organizational Performance. The researchers measured performance through profitability as an asset related to profit. In addition, Richard et al. (2009) used market performance - sales, market share; shareholder return (added economic value, total returns) and financial performance - profits, return on assets (ROA), return on investment (ROI) to measure Organizational Performance. Besides, according to Goncharuk and Monat (2009), performance measures that are vital in a firm may include factors like growth in revenue, customer satisfaction index, and increase in profits, shipment percent on time, and a total or partial measure of productivity or introduction rate of a new product.

Subjective measures of performance are preferred partially owing to the difficulties in gathering reliable financial information. This is in line with past studies that applied

subjective measures of performance (Munyao, 2019). Furthermore, financial data have been heavily criticized by some scholars (Nwaolisa & Chijindu, 2016) for being unreliable and subject to managerial manipulation or even inconsistent accounting practices for motives like tax avoidance/evasion for both personal and corporate taxes. The operational, Organizational Performance for this study included a blend and balance of the above measurement indicators that comprised customer satisfaction, customer retention, employee attitude and a financial measure in terms of the reported annual gross turnover. These measurement indicators were preferred for use in this study as they capture different dimensions and are highly correlated with Organizational Performance (Berger, 2013).

#### **1.1.5 Tourism and Tour Firms in Kenya**

The tourism industry globally is a several billion-dollar-industry and is one of the leading global economic sectors and a leader in employment and wealth creation. In line with the WTTC (2017) statistics, in aggregate, Travel and Tourism yielded US dollars 7.2 trillion (that is, 9.8 percent of universal GDP). Additionally, 284 million jobs were backed that is, approximately 1 position in every 11 jobs created in the global economy.

In Kenya, tourism is the second leading contributor to GDP after agriculture, contributing about 10 percent. It is the largest source of foreign exchange (KNBS, 2016). Tourism was considered one among the six main sectors to be given prominence as the main growth drivers for the realization of the country's economic vision as outlined in the Vision 2030 Strategy, which is Kenya's development blueprint seeking to industrialize the state into middle-income status by the year 2030. The tourism industry benefits through multi-linkages with many industries such as airlines, hotels, tour firms and travel agencies. This

significantly makes the tourism sector to perform. Moreover, the tourism industry has strong linkages with other productive economic sectors for instance the entertainment industry, agriculture, manufacturing, among others.

It is noted that performance in the tourism industry is driven by both external and internal factors. External factors comprise: increases in disposable income; availability of time; advancement in technology; changes in the demographic composition of the society and increases in foreign arrivals coupled with population growth within the country (Omare, 2016). While on the other hand internal factors are based on individual needs like health, education, business and physical factors. As a result, these factors relate very closely to the purpose of travelling which includes: high and rising incomes; increased leisure time; good education and advancement/improved forms of transport (Matsuno et al., 2002).

In the tourism industry, tour firms play a crucial role as they occupy a strategic position in the value chain as service providers responsible for preparing and organizing holiday tours. The tour firms generally purchase the individual components of travel packages and tourism products and services in wholesale from suppliers such as lodges, hotels, airlines, cruise lines and others. Successively, they create bespoke holiday packages to suit singles, couples, families and so on, which they then resell either directly to the consumer or in collaboration with agents at a profit (Budeanu, 2009). Miller (1987) posits that firms operate in environments, which affect their strategic orientation. Consequently, due to the Competitive Environment, there is need for tour firms to be unique through their internal operations, marketing practices and the tourism destinations' advantages to add value to their products and boost their returns (Ritchie & Crouch, 2003). With increased awareness

of various destinations, coupled with technological advancements, consumers are increasingly opting to search the internet and book vacations on their own and travel as, “Free Independent Travelers,” (FIT). This phenomenon is challenging in terms of the perpetuity of the tour firms.

Kenya provides numerous natural, historical, geographical, and cultural assets that attract tourists. Specifically coastal beaches, wildlife, and other types of sports-related activities like hiking, mountain-climbing, golf, and cruise tourism. Several tour operators operate in the country, offering essential services to the visitors like customized wildlife safaris, air safaris, camping safaris, golf safaris, and other services. The Kenya Association of Tour Operators (KATO) is the custodian of the conduct and operations of tour firms. Nevertheless, the tourism industry in Kenya faces innumerable challenges originating from the external environment, especially related to extensive competition from other countries with similar tourist attractions like South Africa. Therefore, it necessitates all players in the industry to devise the best Marketing Mix Strategies to sustain a competitive edge over their competitors, to ensure that tourists continue to visit the country in all seasons. This has forced some of the tour firms in Kenya to rethink and strategize on their business models in the wake of increased competition.

## **1.2 Research Problem**

The Marketing Mix Strategies paradigm, according to Grönroos (1994), has dominated marketing thought, research and practice. Empirically, Kurtz and Boone (2011) studied how the effectiveness of Marketing Mix Strategies affects the level of application of policies that influence the performance of USA firms. The results indicated that the level

of implementation of strategy, which affects a firm's performance, is affected by effective marketing strategies. Regardless of the findings, the study by Kurtz and Boone (2011) did not address possible moderation or mediation effects of some variables like the characteristics associated with the firm and the environment to which a firm operates on the interaction of the dependent and independent variables which are likely to give further understanding of the interconnectedness and the direction of the relationship with respect to Organizational Performance.

In his study on the effects of marketing mix instruments on the student's satisfaction and image of higher education institutions, Brkanlić (2019) sampled 896 respondents from Spain (193; 21.5%) and Republic of Serbia (703; 78.5%). The study established that a significant relationship existed between the image of higher education institutions, the student's satisfaction and marketing mix instruments. Like the research by Kutz and Boone (2011), Brkanlić (2019) study explored the effect of Marketing Mix Strategies on Organizational Performance (the dependent variable). However, similar to Kutz and Boone (2011) research, these studies failed to consider the moderating effects of Firm Characteristics and Competitive Environment on the relationship between Marketing Mix Strategies and Organizational Performance, which would give a different theoretical and empirical perspective on how Marketing Mix Strategies and Organizational Performance relate especially in the context of tourism firms.

In addition, O'Cass and Julian (2003) studied the impact of Firm Characteristics and environmental effects on export performance of Australian exporters and export Marketing Mix Strategies. The study concluded that competitive willpower results in a more

significant adaptation that is key in achieving the varying needs of the customer, thus enhancing customer performance in host markets by exporting firms. The study however was grounded on export performance as influenced by export marketing mix at international environmental conditions which could be different in the study context of the local tourism industry considering the Competitive Environment and the Marketing Mix Strategies, they experience at firm level and how these interactions lead to performance.

Akimova (2000), who conducted a study on 221 Ukrainian firms, offered further credence into the positive contribution of Marketing Mix Strategies on Organizational Performance. The researcher established that managers who emphasized more on marketing undertakings, for example, positioning, product and promotion strategies excelled on competitive lead compared to those that gave focus to selling or production activities. Furthermore, companies applying marketing practices relished better return on investments, more sales, and higher profits. As a result, the study found that firms should have well-crafted marketing processes and strategies to perform the market orientation to drive higher performance. The study gave comprehensive conclusions without considering how other factors like Firm Characteristics and Competitive Environment could influence the relationship. Thus, if such variables for instance are conceptualized as moderating variables, they might have a greater influence on how performance and Marketing Mix Strategies relate in tour firms' context.

In the Asian context, Ali and Mubarak (2017) studied the effects of Marketing Mix Strategies on tourist hotels' performance in Sri Lanka. The scholars concluded that all the seven marketing mix elements (product, promotion, price, physical evidence, place and

people and process management) impacted significantly on the marketing performance of tourist hotels. Nevertheless, the study by Ali and Mubarak (2017) was conducted in a different market set-up to Kenya's, hence the results may not be generalizable as tour firms in Kenya experience different Competitive Environment and further the characteristics posed by tour firms in Kenya are based on the industry structure, which is different from Sri Lanka's.

Shin (2012) studied the relationship between the decomposed market orientation approach and marketing mix capability and Korean firms' performance. The study sampled 285 Korean organizations and concluded that without market orientation, marketing mix capabilities measured by inter-functional coordination dimension, customer orientation, or competitor orientation did not directly result in better firm performance. This would give different conclusions if a different concept like Marketing Mix Strategies, unlike market orientation in Kenyan context, is considered. In addition, Al Badi (2018) whose study in Oman on the relationship between the competitive advantage and marketing mix of the SME sector in the Al Buraimi Governorate, randomly sampled 100 SMEs and 75 questionnaires were used for analysis. The results of the study revealed that the four marketing mix elements (place, product, promotion and price) significantly impacted the competitive advantage of the sampled SMEs from Al Buraimi. The study would give more insight on how Marketing Mix Strategies and performance relate, if other firms apart from SMEs like tour firms are considered and also if there was consideration on the effect of Competitive Environment on their operation.

Regionally, Suherly et al. (2016) researched on the relationship between marketing performance and Marketing Mix Strategies (7P's) of the tourism industry in Egypt with the moderation of market attractiveness and the company's resources. The results established that the effect of market attractiveness and resources as part of the marketing mix (7P's) are significant in improving the marketing performance of tour firms. The study findings would have been different especially if apart from market attractiveness and the company's resources other characteristics in the firm like age, size and possibly ownership structure were also considered in the relationship.

Additionally, Mac-Kingsley and Pokubo (2019), examined the impact of Marketing Mix Strategies on the performance of 210 SME firms in Nigeria's Rivers State. The research established that a significant relationship existed between SMEs' performance and Marketing Mix Strategies. Also, Oyedijo et al. (2012) studied 160 small business enterprises in Lagos, Nigeria, while investigating the relationship between marketing practices and firm performance. The scholars noted a robust positive relationship between the marketing practices and Organizational Performance as guided by customer satisfaction and retention. Similar to Al Badi (2018) study, Mac-Kingsley and Pokubo (2019) and Oyedijo et al. (2012) studies focused on SMEs with special focus on marketing strategies geared towards customer satisfaction and retention in Nigeria's context. The results could be different if other Marketing Mix Strategies focussing on such aspects like product and promotion are considered in the Kenyan context and specifically in the tourism industry.

In Kenya, several studies have been conducted on the constructs but contextualized on different variables and settings. However, there are limited studies that focus on the

relationship between Organizational Performance and Marketing Mix Strategies in the tourism industry, which incorporate other structural roles of Firm Characteristics such as age, number of employees, ownership structure and the scope of operation. Gituma (2017) examined the effects of marketing mix on sales performance in Unga Feeds Company in the context of Kenya and concluded that sales performance and Marketing Mix Strategies have a positive significant relationship. Riwo-Abudho et al. (2013) researched on the effects of organizational characteristics on sustainable competitive advantage during a strategic change in airlines in Kenya. The research focused on a few organizational features, such as corporate culture, structure, and processes. The study established that these factors are vital in fashioning a competitive advantage of a business in the airline industry. The studies by Gituma (2017) and Riwo-Abudho et al. (2013) could have been different if the interactions of other factors like Competitive Environment and Firm Characteristics could have been considered in the relationship and contextualized in different settings like tour firms.

Njeru (2013) studied the interaction of marketing practices, Firm Characteristics, market orientation, external environment, and tour firms' performance in Kenya. The study concluded that external environmental factors and market orientation moderate the interaction of market orientation and performance and directly influence performance. Also, the findings established that the relationship between market orientation and performance is partially mediated by marketing practices. Besides, the study established that Organizational Performance is not influenced by Firm Characteristics which also do not moderate the interaction between marketing practices and market orientation. Whereas Njeru (2013) viewed Firm Characteristics and external environment to moderate how

marketing practices influence performance, the marketing mix in totality like product, promotion, people, pricing, place, physical evidence and process management if interacted in a Marketing Mix Strategies framework would give different outcomes regarding tour firms in Kenya.

The above analysis of existing studies signified the existence of conceptual gaps in the sense that in most of the previous studies, the scholars focused on the effects of Marketing Mix Strategies on Organizational Performance, and only a few studies examined the moderating effect of any other variable on the interaction between the critical study variables (Akimova, 2000; Brkanlić, 2019; Gituma, 2017; Kurtz & Boone, 2011; among others). There also exists contextual gaps from the previous empirical studies as the different studies had been contextualized in other sectors and different settings such as SME and manufacturing sectors and in various countries including USA, Malaysia & Nigeria (Badi, 2018; Oyedijo et al., 2012; Riwo-Abudho et al., 2013; Shin, 2012; Suherly et al., 2016). This thus warranted a study in a similar line to be carried out on tour firms in Kenya. In terms of the methodological gaps, most of the analysed empirical literature applied descriptive cross-sectional survey (Badi, 2018; Mac-Kingsley & Pokubo, 2019; Njeru, 2013), while others used purposive, convenience & voluntary sampling methods (Adeleke, 2019; Ali & Mubarak, 2017; Brkanlic, 2019; Peyman et al., 2013). The highlighted gaps thus warranted the need for this study which aimed to contribute empirically through studying how Firm Characteristics and Competitive Environment moderate the relationship between Marketing Mix Strategies and tour firms' performance. The study addressed the research question: To what extent do Competitive Environment,

Firm Characteristics, and Marketing Mix Strategies impact the performance of Kenyan based tour firms.

### **1.3 Research Objectives**

The main objective of this study was to examine the effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on the performance of tour firms in Kenya.

The specific objectives were to:

- i. Establish the relationship between Marketing Mix Strategies and Organizational Performance of tour firms.
- ii. Determine the influence of Firm Characteristics on the relationship between Marketing Mix Strategies and Organizational Performance.
- iii. Assess the effect of Competitive Environment on the relationship between Marketing Mix Strategies and Organizational Performance.
- iv. Determine the joint effect of Firm Characteristics, Marketing Mix Strategies, and Competitive Environment on Organizational Performance.

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

The findings of the study are expected to contribute theoretically and extend the frontiers of knowledge by linking Marketing Mix Strategies, Firm Characteristics and Competitive Environment with Organizational Performance. In addition, the study is expected to offer practitioners and scholars a requisite comprehension of evidence-based integrated framework linking Service Marketing Theory, Marketing Mix Strategies Theory, Resource-Based View and the Competitive Environment Theory. Firms will also

understand the components of the concepts and their relationship to achieve superior performance. The study findings empirically contribute to knowledge in the subject and open further frontiers of research about the relationships between the pertinent concepts.

The results of the study are also expected to equip policymakers, firm owners and managers with strategic marketing expertise and its application in driving performance of tourism entities. The study also extends generalization of the study's findings in evaluating the relationship between the performance of tour firms and the Marketing Mix Strategies, which they employ. It gives credence on the importance of applying the right Marketing Mix Strategies for superior performance of tour firms. The results may be used by government alongside stakeholders such as Kenya Tourism Board (KTB), whose mandate as a Destination Management Organization (DMO), is to grow tourist arrivals and to spur an increase in their duration of stay, in policy formulation and implementation.

For tourism marketing practitioners, an understanding of the study concepts and their influence on tourism performance is advantageous in making strategic and effective marketing decisions. Thus, the results of the study are expected to drive the superior performance of tour firms through emphasizing the development of suitable Marketing Mix Strategies, thereby contributing to improved tourism performance at the macro-level. The study also adds evidence on the limited existing literature on the association between Marketing Mix Strategies adopted and the tour firms' Organizational Performance.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section outlines an appraisal of pertinent empirical and theoretical aspects guiding the current study. Theoretical underpinnings of the research with a discussion on the specific theories, knowledge gaps and designs are also detailed in this chapter. It also reviews empirical studies on the Firm Characteristics and Competitive Environment and how they moderate the association between Marketing Mix Strategies and Organizational Performance. The chapter ends with the presentation of the conceptual framework showing the linkages among the study variables and the research hypotheses.

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

The study was anchored on the Service Marketing Theory (SMT) supported by Marketing Mix Strategies Theory (MMST), Resource-Based View (RBV) and Competitive Environment Theory (CET). The combination of the above theories stems from arguments such as Gronroos (1996), who posits that the traditional marketing actions of consumer products marketing theory can only be partially applied to a service firm's total marketing function, instead another form of marketing effort, the interactive marketing action turns out to be vital hence the essence of anchoring the study on the Service Marketing Theory. The theories on which the study was anchored are broadly discussed in the next sections.

##### **2.2.1 Service Marketing Theory**

The service marketing theory was firstly published by Rathmell in 1974 according to Gronroos (1996). The model is underpinned on a thorough understanding of an

organization's customer's needs and then offering services that make an organization be more successful. Gronroos (1996), posits that the traditional marketing actions of consumer products marketing theory can only be partially applied to a service firm's total marketing function. The significant challenges faced by service marketers arise from its very nature and characteristics such as intangibility, inseparability, heterogeneity and perishability. For example, intangibility creates challenges in display and communication of services. This makes service positioning more challenging than the positioning of a physical product due to the challenges of communicating intangible benefits. Intangibility also leads to the challenge in inventorying and patenting the service (Jan, 2012). Further, due to intangibility, it is challenging to communicate service quality which cannot be observed directly, and consumers may take employees' conduct as a substitute for service quality. Perishability of services may result in challenges in the storage of certain types of services, like tourism and therefore factors like fluctuations in demand are often problematic to manage. Thus, service businesses like tourism often find it challenging to synchronize supply-demand conditions due to high and low seasonality trends.

The inseparability of services means that customers are a vital factor of production. Owing to the synchronized production-consumption nature, during manufacture, errors in service specification are noticed and this may make quality control in services difficult (Hartline & Ferrel, 1996). Heterogeneity poses a challenge especially in labour-intensive services like tourism. The problem of consistency of behaviour may arise when many different workers are in contact with a specific customer(s). A difference in service performance from the same individual may result due to endogenous factors as performance fluctuates

with time and the prevailing situation. These factors pose challenges to service providers as quality checks are difficult in businesses where satisfaction of customers is influenced on real time basis.

In the past, some consideration has been given to theoretical inconsistencies in product versus service retailers. This resulted into a pivotal framework founding the basis for various service marketing theories nowadays, which according to Reardon et al. (1996), suggested that the basic differences in the characteristics of a product can be applied to clarify differences in strategies employed in marketing. Extant literature on marketing reveals a substantial prominence on workers as marketing gears and on the dealings between customers and employees as crucial elements of marketing success. Consequently, according to Bitner (1990) the traditional 4P's of the marketing mix are so often expanded in the services marketing field, to encompass three more: process management (flow of activities and procedures); physical evidence (tangible cues and physical environment) and people (the human actors in the service encounter).

The exclusivity of service marketing theory has been challenged by several authors (Lovelock & Gummesson, 2004; Vargo & Lusch, 2004) especially in regard to technological advancements. A lot of concerns in service marketing originate from the fundamental physiognomies of services such as inseparability, intangibility, perishability and heterogeneity. These distinctive characteristics of services pose challenges in customer assessment resulting in more considerable inconsistency in operational inputs and outputs and accentuate the significance of time factor. White and Schneider (2000) argued that since the 1980s, the fundamental model in services marketing has held that goods vary

from services. Fisk et al. (1993) supported this assertion by establishing that services feature that is, inseparability, intangibility, perishability and heterogeneity offered the foundations for the case that goods marketing field is different from services marketing. Shostack (1977) also offered motivation to the divergence that services marketing is exceptional. Berry (1980), Gummesson (1979) and Lovelock (1981) postulate that a diverse management style is necessary for services marketing exertions.

This theory was found relevant to anchor the study on as it links Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance.

### **2.2.2 Marketing Mix Strategies Theory**

The Marketing Mix Strategies theory is directly derived from the definition of marketing mix and it explains the manageable variables that a company can coordinate to meet the demands of the target market (McCarthy, 1960). It is a single strategy; a key strategic tool used in developing a marketing strategy. The Marketing Mix Strategies theory can be thought to be directly derived from the definition of marketing mix (Borden, 1964; McCarthy, 1960), which essentially refers to the product, pricing, place (distribution channels) and promotion approaches to yield and perform exchanges and satisfy target markets. According to Pruskus (2015), the theory of Marketing Mix Strategies proposes combining a set of pertinent elements and solutions that permit clients to satisfy (national) needs and attain the company's objectives. In addition, according to Singh (2012), marketing is a multifaceted assortment of marketing mix solution components that are employed in the firm in the quest of selling their products and services. Services marketing according to Henderson and Mitchell (1997), is founded on having great insights into the

wants of the buyers and subsequently supplying services according to the consumer's needs to build success.

The Marketing Mix Strategies Theory, according to McCarthy (1960), explains the manageable variables that a company can coordinate to meet the demands of the target market. Chumaidiyah (2014) argues that Marketing Mix Strategies is one of the significant aspects in influencing competitive advantage. Each element of the marketing mix comprising of product, price, place, promotion, people, process management and physical evidence have different effect on competitive advantage.

Nonetheless, the Marketing Mix Strategies theory has its apparent weaknesses in terms of application in the marketing of industrial products and management of relationships. The concept of 4P's and 7P's has been critiqued for being a production-oriented but not a customer-oriented definition of marketing (Jain 2013; Singh, 2013). It is regarded as a marketing management perspective. As argued by Goi (2009), each of these components ought to also be understood from the perspective of a customer. This transformation is attained by transforming product into customer solution, price into a fee to the customer, promotion into communication, and place into convenience, or the 4C's. Möller (2006) underlined significant criticisms against the Marketing Mix framework (Eavani & Nazari, 2012). According to the scholar, the Marketing Mix Strategies theory does not reflect on customer behaviour but rather, it is internally oriented. Möller (2006) also argued that the theory is void of theoretical details as it works mainly as a simple tool focusing the attention of management. Finally, Eavani and Nazari (2012) assert that the marketing mix model does not provide for the personification of marketing undertakings.

The Marketing Mix Strategies Theory, was found suitable for this study as it explains why some firms can develop, defend or maintain a more competitive position than others in the same industry. Further, the theory was found relevant as it links Organizational Performance with the Marketing Mix Strategies implemented.

### **2.2.3 Resource-Based View**

The Resource-Based View (RBV) is attributed to Wernerfelt, 1984. The RBV measures performance and success of its marketing through its capabilities and through the products and services it provides to the market (Johansson, 2009). Several studies (Peteraf, 1993; Wenerfelt, 1984) have been conducted based on this theory. However, the fundamentals on which the current study was hinged on were that variances in Marketing Mix Strategies and Organizational Performance levels among rival firms within an industry are due to the presence of distinctive Firm Characteristics capable of generating core resources that are hard to imitate. The superior performance of firms or businesses is gained by organizations that are ready to provide economic value effectively and to offer: limited commercial value; goods that are not imitable; goods that are not substitutable and provide products that are not easily obtainable from the factor markets (Barney, 1991).

A firm's capability is measured through knowledge where knowledge is determined by the level of employees' skills, know-how and experiences not by the quality of the products they provide (Wernerfelt, 1984). RBV is all about a firm's technological capabilities, its know-how and products and services it offers. This leads to the organization laying a foundation on what factors to consider in developing its competitive advantage.

According to Mckeown (2016), a strategist should focus on various factors which involve the resources available, collect and utilize the skills, knowledge, tangible and intangible property at his disposal and create opportunities using these factors. Baker and Sinkula (2005) support the RBV and posit that performance is influenced by the capabilities and resources that the organization possesses. Competitive advantage in an organization is gained through effective management, knowledge and training which eventually results in superior performance (Day, 1994). Morgan et al. (2004) also support the RBV by indicating that competitive advantage is achieved through management experience, training, judgment, own manager insight and other resources in the firm which result to superior performance.

Given its straightforwardness and its instant face legitimacy, the underlying message of RBV is alluring, quickly understood, and effortlessly imparted. However, many scholars have widely critiqued RBV for a number of weaknesses. Priem and Butler (2001) assert that RBV is devoid of ‘operational validity’, that is, considerable managerial inferences. McGuinness and Morgan (2000) also add that the RBV raises the ‘delusion of full control,’ trivializing the property-rights matters, overstating the magnitude that managers can control resources or forecast their future value. The RVB is also critiqued on the grounds of generalizability. Gibbert (2006) contends that the concept of resource exclusivity – the blending of immobility and heterogeneity refutes any potential for generalization. Finally, RBV emphasizes on its axiomatic descriptions, particularly that of a resource. These, according to Priem and Butler (2001), are noticeably excessively inclusive. While Barney (2001) proposes the all-inclusiveness is one of the leading RBV’s strengths, it is an apparent weakness provided that it pushes the theory towards tautology.

Overall, the RBV was found relevant to this study in that Firm Characteristics are viewed as resources that an organization can utilize to gain competitive advantage.

#### **2.2.4 Competitive Environment Theory**

The Competitive Environment Theory as proposed by Porter suggests that states and businesses should pursue policies that create high-quality goods to sell at high prices in the market (Porter, 1990). The military and economic origins of literature on strategy have given rise to the prominent role played by competitive advantage (Whittington, 1993). Superior performance is substantially influenced by the firm's competitive advantage according to Porter (1979). In addition, the operations of a firm are heavily determined by its structure and competitive dynamics which govern its profitability and performance (Schendel, 1994).

Henderson and Mitchell (1997) posit that the performance and strategies of a firm are shaped by its environment through its interactions at multiple levels of analysis while organizational capabilities and Competitive Environments are shaped by strategy and performance. The results from a firm's activities together with firm strategies are influenced by the market environment which also affects the performance of the business. Organizational capabilities are shaped by the environmental changes through information received from the changes in the environment (Ingram & Baum, 1997). This theory was found to suit the research study as it explains how the environment helps to shape strategies that define the organization's performance.

Although management scholars hailed Porter's Competitive Environment Theory, some scholars have postulated various critiques on the approach. Barney (1991) claims that cost

and differentiation cannot be regarded as leaders towards competitiveness. For instance, as Barney (1991) contended, governmental, near-monopoly firms may enjoy high profit without either of Porter's strategy because the state continually sustains them. Likewise, McGrath (2013) argued that competitive edge ought to be transient instead of sustainable. According to the author, sustainable competitiveness is not merely ineffective; it is entirely counterproductive. Denning (2010) adds that thinking about competition within a particular industry as a considerable threat is a very precarious discernment as no pure inside industry competition exists these days; business models nowadays compete with each other, product lines, and industries as well. Klein (2001) argues that the way Porter described the road towards competitive advantage was quite prescriptive. Klein (2001) further discredits Porter's theory based on tautology as well, contending that he repeats the term competitive advantage in over 500 pages without appropriately explaining what it is, further that a firm must have it.

The researcher deemed the Competitive Environment Theory relevant to this study in that Competitive Environment factors are viewed to play a significant role in influencing the interaction between Organizational Performance and Marketing Mix Strategies.

### **2.3 Marketing Mix Strategies and Organizational Performance**

Several studies exist on the interaction between Marketing Mix Strategies (MMS) and Organizational Performance (OP). However, there are mixed results/findings on the impact of Marketing Mix Strategies on Organizational Performance. A study conducted in USA by Kurtz and Boone (2011) concluded that effective Marketing Mix Strategies influence level of strategies application, which affects performance of companies. Conversely, other

studies by diverse scholars show that individual marketing mix variables have a significant effect on profitability and market share (MacMillan & Day, 1987; Tsai et al., 1991).

Further, a study by Ali and Mubarak (2017), on the relationship between performance and Marketing Mix Strategies of tourist hotels in Sri Lanka concluded that the marketing mix factors such as product, price, people, promotion, place, physical evidence and process have significant impact on marketing performance of tourist hotels. In another study that was conducted on marketing practices and their effects on the performance of firms by Ghouri et al. (2011) in Iran, the scholars established that firms that have adopted effective marketing strategies are capable of increasing their market share, competitive advantage and achieve increased sales performances. Conversely, Robinson (1990) while studying product innovation and start-up business market share performance concluded that marketing had no significant effect on corporate venture performance.

Ng'ang'a (2018) examined the relationship between marketing strategies and sales performance of multinational fast-moving consumer goods (FMCG) manufacturers in Kenya. The study established that a significant relationship existed between Organizational Performance and Marketing Mix Strategies. Further, Gituma (2017) studied the relationship between sales performance and marketing mix in Unga Feeds Company in Kenya and concluded that there is a positive effect of Marketing Mix Strategies on sales performance.

The positive contribution of Marketing Mix Strategies on Organizational Performance has however been criticized by other scholars (Gruca, 2015; Dowling & McGee, 1994). Gruca (2015) notes that in these previous studies, their operationalization of marketing was

inconsistent with the very definition of the marketing mix as well as previous research on the marketing strategies of mature firms. Further, Dowling and McGee (1994) contend that these results of the marketing strategies on performance must be considered in combination not separately as in previous work on corporate ventures and current research on other types of new businesses. The researcher therefore, observed that there existed a knowledge gap and there was need to more rigorously establish the association between these two compound variables and especially in the context of service marketing.

#### **2.4 Marketing Mix Strategies, Firm Characteristics and Organizational Performance**

The relationship between Organizational Performance, Marketing Mix Strategies and Firm Characteristics has been researched extensively. According to Geroski (1995) the age and the probability of the firm's survival are positively correlated. Further, the scholar observed that compared to their younger counterparts, older firms are less likely to fail. This is what is referred to in the industrial organisation literature as the liability of newness. In line with industrial evolution theories, older firms are supposed to have acquired the needed experience of the market and its challenges. However, there is mixed empirical evidence on the relationship between the age of a firm and its survival. According to Pérez et al. (2004), there is evidence of the liability of adolescence in existence. The liability of adolescence proposes that older firms, are normally overtaken by new players in the market who are more flexible and innovative. Gibrat's law posits that smaller, younger organizations are expected to grow faster than larger, older organizations, as measured by number of employees and sales (Lotti et al., 2003). Thus, being an older firm in itself cannot be an assurance for survival.

In other empirical studies, Coad et al. (2013) included age and size variables in their study on the impact of Firm Characteristics on Organizational Performance of Spanish manufacturing firms operating between 1998 and 2006. The findings of this study evidenced that the health of a firm improves with age, as elderly companies are seen to have progressively increasing higher profit margins, productivity, larger size, higher equity ratios and lower debt ratios. Still, older businesses are well placed to transform sales growth into consequent productivity and profit growths. Nonetheless, Coad et al. (2013) also found evidence that the firm's performance declines with increase in age. Older companies have lower expected growth rates of sales, productivity and profits.

Majumdar (1997) sampled 1,020 Indian firms in his study on whether size and age impacted on firm-level performance. The findings of the research revealed that larger firms were more profitable and less productive, whereas older firms were less profitable and more productive. Pittiglio et al. (2014) conducted a study on the firm's performance during the economic crisis of Italian capital-owned firms and sampled 58,211 manufacturing and service firms. The researchers found evidence that with reference to profitability, firms performed relatively better if they were younger, had a size between 50 and 249 employees and had a greater existing liquidity.

Furthermore, Peyman et al. (2013) conducted a descriptive study whereupon they examined the relationships between the export performance of disposable medical products and marketing strategies and Firm Characteristics in Malaysia. Data was collected from 22 firms (out of a possible population of 89 firms) using research questionnaire and a reliability of 0.85 was realised. The hypotheses of the study were tested by running

statistical Chi-Square test for independence via SPSS. The results indicated that various internal factors such as market research and knowledge, innovation, commitment and international experience, among the examined factors, affected the selection, implementation or standardisation of marketing strategies which broadly incorporates Marketing Mix Strategies. That is, firms that are stronger in these features more often rely on adaptation strategies. Moreover, the study established that a significant relationship existed between export performance and marketing strategies; broadly meaning that an adaptation of strategies brings about better performance. The study concluded that Firm Characteristics could influence export performance indirectly and through marketing strategies. A notable limitation in this study was the failure to compare both indirect and direct effects of the characteristics of a firm on export performance. Research has also shown that a well-designed product offers both functional and aesthetic benefits to consumers, which could become a valuable source of differentiation (Kotler & Keller, 2011). In addition, Bhayani (2010) investigated the determinant of profitability in the Indian cement industry. The researcher established that the age of the firm, combined with other external and internal variables (inflation rate, interest rate, operating profit ratio and liquidity) played a critical role in determining profitability of firms in the cement industry of India.

In divergence to the studies that attested a positive relationship existed between Organizational Performance and Firm Characteristics, Gaur (2010) studied the financial performance measures of 57 business group firms in India. The results of the study by Gaur (2010) established that the effect of age variable on operating profit and return on net worth, did not prove to be statistically significant. In addition, Njeru (2013) conducted a

study in Kenya on market orientation, marketing practices, Firm Characteristics, external environment and tour firms' performance whereupon the population of the study comprised 104 tour firms. The study posited that there was no statistically significant moderating effect of Firm Characteristics (age and size) on marketing practices and market orientation. The study's results established and concluded that Firm Characteristics (age and size) do not impact the marketing practices and market orientation relationship and therefore do not impact the tour firms' performance.

From the findings illustrated in the aforementioned empirical studies, it is evident that the studies on the relationship between Organizational Performance and Firm Characteristics remain controversial. Even though researches have been conducted on the impact of Firm Characteristics variables like age on performance (Coad et al., 2013), opportunities still remain on improving the empirical understanding on the impact of Firm Characteristics on Organizational Performance. The current research therefore considered that there was value in conducting a research study that sought to establish the effect of Marketing Mix Strategies on Organizational Performance and whether the relationship was significantly moderated by Firm Characteristics. Further the researcher considered a broader perspective on Firm Characteristics to include factors like number of employees; age of firm; ownership structure and geographical scope of the tour firm.

## **2.5 Marketing Mix Strategies, Competitive Environment and Organizational Performance**

A census survey on all travel agencies in Taiwan was conducted by Lin (2011) with the aim of determining how the environment affects travel agency performance. After analysing data using moderated regression analysis (MRA)/stepwise regression analysis,

the researcher concluded that financial performance is not directly influenced by market orientation. Further the researcher indicated that the Competitive Environment is the moderating determinant of the relationship that exists between the two variables. However, the study was conducted in Taiwan's context and thus the current study examined the effect of Competitive Environment factors in a different environment.

On their part, Lonial and Raju (2001) studied the impact of market orientation on performance of the hospital sector in the USA using structural equations modelling and factor analysis. Accordingly, the two researchers established that market orientation and the performance of the hospital sector in the USA were significantly related, but this relationship is influenced by environmental uncertainties. The study's limitation was that it used a subjective measure of performance meaning that a study utilizing both subjective and objective criteria of Marketing Mix Strategies and Competitive Environment and their effect on Organizational Performance was deemed by the current researcher to be of value.

Daniel (2018) in his study on the relationship between Organizational Performance and marketing strategies established that with the current globalization and internationalization of business, customers are now well informed. According to Daniel (2018), businesses first ought to comprehend and placate the changing customers' needs, and that is where marketing strategy begins. Daniel's findings also correlate with the research by O'Cass and Julian (2003) on the relationship between export performance and Marketing Mix Strategies of Australian exporters. Their research findings established that competitive willpower results in a more significant adaptation that is utmost in achieving the varying needs of the customer, thus enhancing customer performance in host markets by exporting firms.

Katsikeas et al. (2006) also established that a Competitive Environment is an essential determinant of the marketing decision strategy to implement or standardize goods and services in global markets in attaining customer satisfaction. When a competing firm standardizes its marketing techniques in the export market for increased efficiency and reduces costs to secure a competitive advantage in customer orientation, other firms are more likely to pursue the same strategy. Thus, the bigger the competitive strength and the need to be more customer-oriented, the more the local supervisors are under pressure to realign the marketing strategies to match the local market environment.

Kosure (2015) analysed the performance of firms, organizational characteristics, perceived value of investment promotion incentives, and macro-marketing environment in export processing zones in Kenya. The researcher established that the prevalence of political stability in a country, conducive social environment, significant economic policies and technological advancement could be alluring to investors. In addition, Njeru (2013) conducted a descriptive cross-sectional survey on marketing practices, external environment, Firm Characteristics, market orientation, and the performance of Kenya's tour firms. The study concluded that market orientation affects performance and external environmental factors moderate the relationship between market orientation and performance and directly influence performance. However, there is a limitation to the generalizability of the results because of the testing of market orientation as a single concept. The current study therefore considered that there was value in conducting a study that sought to establish if the Competitive Environment in which the tour firm operates significantly moderates the relationship between Marketing Mix Strategies and Organizational Performance.

## **2.6 Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance**

Extant literature consists of diverse scholars who have studied the relationship between Organizational Performance, Marketing Mix Strategies, Firm Characteristics and Competitive Environment in different contexts and with divergent results. Two scholars, O’Cass and Julian (2003), studied the impact of Marketing Mix Strategies, specific environmental characteristics and Firm Characteristics on the market performance of exports in Australia. The study established that the adaptation of Marketing Mix Strategies by exporting firms and overall performance are impacted on significantly by the environmental characteristics and Firm Characteristics. Nonetheless, standardization versus Marketing Mix Strategies adaptation was not linked with marketing performance.

Mohsenzadeh and Ahmadi (2015) examined the mediating role of competitive strategies in impacting a firm’s competencies and sampled 150 top export firms in Iran. The scholars, established that the relationship between production capability and export performance is mediated by competitive strategies. Nevertheless, the study established that the interaction between export performance and marketing competency is not mediated by competitive strategies. The study considered internal marketing and sales capabilities of the firm but did not view Marketing Mix Strategies in the broad context of the 7P’s.

Nationally, Njeru (2013) conducted a descriptive cross-sectional survey on marketing practices, external environment, Firm Characteristics, market orientation, and four firms’ performance in Kenya. The study concluded that performance is affected by market orientation and is directly impacted by external environmental factors which also moderate

the relationship between performance and market orientation. But there is a limitation to generalizability of the results due to testing of market orientation as a single concept. The current study evaluates the joint influence of Firm Characteristics, Competitive Environment and Marketing Mix Strategies on Organizational Performance of tour firms in Kenya.

## **2.7 Summary of Knowledge Gaps**

The knowledge gaps in the previous studies are summarized in Table 2.1 by highlighting their findings, the methodology adopted and the identified knowledge gaps regarding contextual, conceptual and methodological gaps. The Table also summarizes how the current research study addressed the identified gaps.

**Table 2.1: Summary of Knowledge Gaps**

<b>Study by</b>	<b>Focus of Study</b>	<b>Research Methodology</b>	<b>Identified Knowledge gaps</b>	<b>Focus of current Study</b>
Adeleke (2019)	The study investigated marketing strategies (product, price, place and promotion) of successful coffee shop owners in Arkansas (Southern, USA)	The study adopted a qualitative multiple case study research design. Purposive sampling design was applied.	The sample size was very small (only 5 firms were surveyed).  Qualitative data is not a statistically representative form of data collection.	The current study surveyed 234 tour firms using a census approach.  The study utilized both quantitative and qualitative data.
Brkanlić (2019)	The study assessed the elements of marketing mix as drivers of students' satisfaction and enhancement of image of higher education institutions in Serbia and Spain.	The general approach to the study was quantitative and data was obtained through questionnaires.	The study was contextualized in a school set up. The sample of the study may likely have consisted of strongly opinionated people since the researcher had no control over the makeup of the sample by employing voluntary sampling method.	The study focused on other dimensions, the 7P's of service marketing with tour firms as the unit of analysis.  The research used a census approach to collect data hence reducing probability of biasness.
Mac-Kingsley & Pokubo (2019)	The study examined the relationship between Marketing Mix Strategies and SMEs performance in Nigeria's Rivers State.	A descriptive survey and exploration design method was adopted	210 SMEs were simple randomly sampled; This increased possibility of biasness during data collection.	Data was collected from 234 tour firms selected through a census technique.
Al Badi (2018)	This study explored the role of marketing mix on achieving the competitive advantage of SMEs in Oman.	A descriptive research approach was used.	The study was anchored on the 4P's of marketing mix (product, price, place, and promotion) only.	This study focused on the 7P's of service marketing strategy: - product, pricing, place (distribution channels), promotion, people, process management

<b>Study by</b>	<b>Focus of Study</b>	<b>Research Methodology</b>	<b>Identified Knowledge gaps</b>	<b>Focus of current Study</b>
				and physical evidence).
Ali, and Mubarak (2017)	The study examined how Marketing Mix Strategies influence performance of tourist hotels in Sri Lanka's Eastern Province	The study used convenience sampling technique to sample 100 respondents; Population was unknown.	The main focus of the study was the relationship between performance and Marketing Mix Strategies. The study disregarded other variables like Competitive Environment and Firm Characteristics and how they can influence the relationship between Marketing Mix Strategies and Performance.	This study focused beyond Marketing Mix Strategies and considered other possible moderating variables such as Competitive Environment and Firm Characteristics on the relationship.
Suherly et al. (2016)	The study examined the impact of Marketing Mix Strategies (7P's) with the moderation of market attraction and company's resources on marketing performance of tourism industry in Egypt.	The study randomly sampled 230 firms in the tourism industry in Egypt and adopted a descriptive research design.	The study focused on the impact of Marketing Mix Strategies (7P's) with the moderation of market attraction and company's resources on marketing performance of tourism and left other variables like Firm Characteristics and Competitive Environment.	The current study factored in Firm Characteristics and Competitive Environment and analysed their moderating effects on the interaction between Marketing Mix Strategies and Organizational Performance.
Kosure (2015)	The study explored the effect of organizational characteristics, macro-marketing environment and perceived value of investment promotion	The study adopted descriptive cross-sectional survey. All the 86 firms operating under EPZs in Kenya as at March 2014 were	The manufacturing sector in EPZs in Kenya formed the study's population. The population of the study was also relatively small at 86 firms.	The current study was contextualized in the tourism industry. The population of the study was 260 KATO registered firms with 234 firms participating in the study.

<b>Study by</b>	<b>Focus of Study</b>	<b>Research Methodology</b>	<b>Identified Knowledge gaps</b>	<b>Focus of current Study</b>
	incentives on performance of firms in EPZs in Kenya.	surveyed using census approach.		
Mohsenzadeh and Ahmadi (2015)	The study examined how the relationship between the firm's competencies and export performance are mediated by competitive strategies in Iran.	Purposive sampling was used on the 150 top export firms in Iran	The study was contextualized in a developing country in Asia. The study took a narrow marketing view - internal marketing and sales capabilities of the firm.	The present study was contextualized in a developing economy in Africa – Kenya. The study sought to address marketing strategy from a more holistic service marketing mix (7P's) approach.
Peyman et al. (2013)	The study examined the relationship between Firm Characteristics, marketing strategies, and the firm's performance.	Convenience sampling was conducted on 89 export firms in Malaysia.	The study did not attain a statistically significant response rate - Out of the 89 firms targeted for the study, only 22 responded giving a response rate of only 24.7%.	The study attained a statistically significant sample size of 131 responses out of the targeted 234 firms (56% response rate) calculated at 95 % confidence level.
Njeru (2013)	The study examined the impact of market orientation, marketing practices, external environment and Firm Characteristics on the performance of tour firms in Kenya.	Descriptive cross-sectional survey study was undertaken in Kenya on 104 tour firms.	The study's focus was on market orientation of tour firms. Market orientation was tested in the study as a single concept. The measurement of tour firm Organizational Performance was mainly subjective comprising customer retention, employee satisfaction, customer satisfaction, relevance, efficiency,	The current study examined how Firm Characteristics and Competitive Environment jointly moderate the relationship between Marketing Mix Strategies and performance of tour firms. The study reviewed Organizational Performance of the tour firms and added financial performance as a measure.

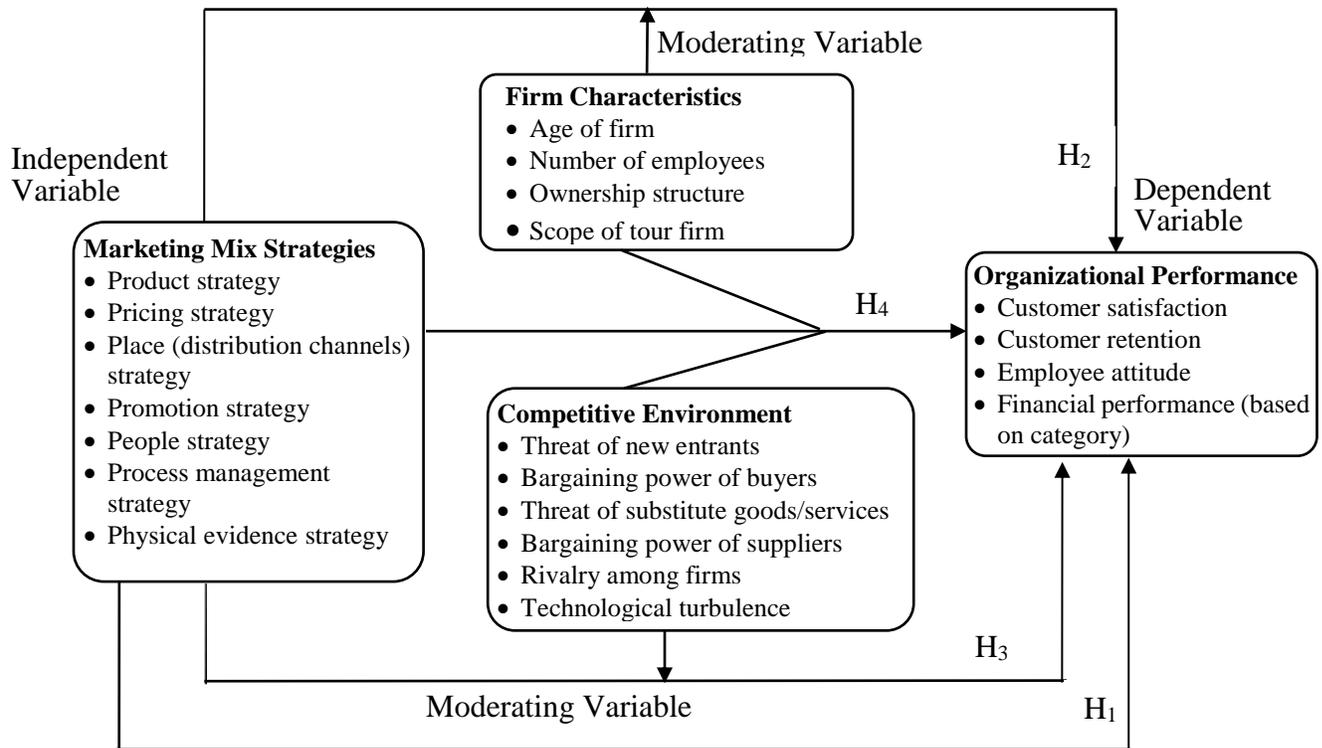
<b>Study by</b>	<b>Focus of Study</b>	<b>Research Methodology</b>	<b>Identified Knowledge gaps</b>	<b>Focus of current Study</b>
			effectiveness, and financial viability.	
Ghouri et al. (2011)	The study targeted SMEs specializing in catering and restaurants in Karachi, Pakistan and sought to establish the relationship between Marketing practices and performance of the sampled firms.	Random sampling method was applied to arrive at the 124 sampled firms.	The study focused on the hospitality industry. The study was subjective having employed a random sampling technique to collect the required data; only information from certain firms was gathered and used for the survey.	The current study was focused on tourism industry and employed a census approach to gather information about every member of the population that is, the tour firms.
Moghaddam and Foroughi (2012)	The study examined the relationship between marketing strategy components and the firm's market share in Iran.	The study involved a census survey of all polymer sheets manufacturing firms in Iran.	The study was conducted in the polymer sheets manufacturing sector. The study used market share as the measure of performance, yet this may be affected by other variables.	The current study was conducted in service marketing and included other performance measures for instance; employee attitude, customer retention, customer satisfaction, & financial performance.
Soteriades (2012)	The study was conducted on tourism destination marketing in Greece on approaches towards improving effectiveness and efficiency.	A desktop research analysis technique was applied to analyse existing literature and prevalent theories/ models.	The study considered tourism marketing strategy of the destination as a stand-alone factor for improving effectiveness and efficiency in destination performance, yet this may be affected by other variables.	This study surveyed firms registered and operating in Kenya, under KATO. The study surveyed how Firm Characteristics and Competitive Environment moderate the interaction between Marketing Mix Strategies and

<b>Study by</b>	<b>Focus of Study</b>	<b>Research Methodology</b>	<b>Identified Knowledge gaps</b>	<b>Focus of current Study</b>
				performance of tour firms.
Kurtz and Boone (2011)	The scholars studied the effectiveness of Marketing Mix Strategies on the level of application of strategies that influence firm performance.	The study used a random sampling method of firms for the study in the USA	The study was general and not done in any specific industry. The study utilized a random sampling technique for data collection.	The current study was specific and targeted firms operating in the tourism industry in Kenya that is, tour firms.
Lin (2011)	The study examined how the environment impacts the performance of travel agencies in Taiwan.	A census survey of all Travel agencies in Taiwan was conducted.	The study identified the role some environmental variables play in financial performance. The study was contextualized in a developed economy, Taiwan.	The current study assessed the moderating role of Firm Characteristics in the interaction between Organizational Performance and Marketing Mix Strategies. The study was conducted in Kenya, a developing nation.

Source: Current Researcher

## 2.8 Conceptual Framework

The conceptual framework of the current study is presented based on the relationship between tour Organizational Performance and Marketing Mix Strategies as moderated by Firm Characteristics and the Competitive Environment as illustrated by Figure 2.1.



**Figure 2.1: Conceptual Model**

Source: Current Researcher

From Figure 2.1 it is hypothesized that Marketing Mix Strategies (MMS) is the main driver of Organizational Performance (OP), which is the dependent variable of the study. It is further assumed that Firm Characteristics (FC) and Competitive Environment (CE) individually moderate the interaction between Marketing Mix Strategies (MMS) and Organizational Performance (OP) and are the moderating variables of the study. Consequently, it is further hypothesized that there is a joint influence of Firm Characteristics and Competitive Environment on the correlation between Marketing Mix Strategies, the independent variable of the study and Organisational Performance, the dependent variable.

## **2.9 Study Hypotheses**

From the perspective of the literature reviewed, the study objectives and the conceptual model established, the following hypotheses have been advanced to test the relationships between the variables; Organizational Performance and Marketing Mix Strategies moderated by Competitive Environment and Firm Characteristics:

H<sub>1</sub>: There is no significant relationship between Marketing Mix Strategies and Organizational Performance.

H<sub>2</sub>: The relationship between Marketing Mix Strategies and organisational performance is not significantly moderated by Firm Characteristics.

H<sub>3</sub>: The relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by the Competitive Environment.

H<sub>4</sub>: The joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance is not statistically significant.

## **2.10 Summary of the Chapter**

This Chapter presented the theoretical underpinning of the study by reviewing the Service Marketing Theory, Marketing Mix Strategies Theory, Resource-Based View, and Competitive Environment Theory. The Service Marketing Theory was considered relevant to anchor this study on, as it offers strategies to aid businesses in promoting service offerings. The Marketing Mix Strategies Theory was in turn deemed relevant to this study as it helped to understand how different elements of the Marketing Mix Strategies blend to affect Organizational Performance. The Resource-Based View (RBV) has turned out to be one of the most cited and influential theories in the history of management theories. In the current study, RBV helped to elucidate how a firms' internal resources sustained and are

central to Organizational Performance. Finally, the Competitive Environment Theory was also regarded as an essential theory to this study as it helped to relate the operations of tour firms with real-life competitive scenarios. The empirical review of the key constructs of the study were are also presented in this chapter based on the variables as well as the summary of the knowledge gaps. The chapter also includes the study's conceptual framework that was advanced and the corresponding research hypotheses. The next Chapter covers the research methodology that was used in the current study.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The current Chapter discusses the research philosophy that extensively guided this study; research design, the study's population, sampling technique and sample size, method of data collection, tests of reliability and validity, the study variables operationalization and the applied data analysis techniques. The key indicators' summary that was applied by the researcher to evaluate the study variables and the analytical model concludes the Chapter.

#### **3.2 Philosophical Orientation**

Siguaw et al. (2006) define a research philosophy as a conviction about the manner in which the data of a particular phenomenon ought to be collected, examined and utilized. Various philosophies of research approaches contain the term epistemology and interpret it to mean what is known to be true contrary to doxology which is explained to mean what is believed to be true (Holstein & Gubrium, 1994). Several worldviews such as pragmatism, realism, rationalism and functionalism among others exist. However, there are two major research philosophies used in social sciences namely positivism (scientific) and phenomenology (interpretivism). Phenomenology is concerned with theory building and adopts the view that only through personal intervention in and interpretation of reality can reality be wholly understood. The study of phenomena in their natural setting is vital to interpretive philosophy. However, Blaxter et al. (2006) acknowledge that though there may be different interpretations of reality, such descriptions are in themselves a fragment of scientific insights they are pursuing.

Positivism on the other hand is concerned with theory (hypotheses) testing and adopts the view that reality is firm, and it can be studied from a perspective that is objective without impeding with the phenomenon under study. The positivists further assert that the phenomenon ought to be isolated and make consistent observations (Levin, 1988). Positivism has had a primarily popular connection with physical and natural sciences. It is founded on the values of validity, reason and truth and focusses on facts that are obtained through observation practice and empirically evaluated using quantitative methods and statistical analysis. Positivists deduce and formulate research via definitions, hypotheses and variables of operations based on theories that exist. Marczyk et al. (2005), pointed out that there is intrinsically no single research methodology superior to others.

The current study was anchored on the positivist philosophy whereby the researcher sought to ascertain the nature of existing affiliations that underlie the variables, test the formulated hypotheses and apply deduction techniques to generalize the findings of the study. A conceptual framework to guide the study was developed from extant marketing literature and the formulated empirical hypotheses objectively tested to predict the phenomena. Hypothesis testing was carried out with the objective of rejecting or failing to reject the null hypothesis. The researcher adopted the positivist approach as this research philosophy embraces the characteristics of independence, value freedom, causality and hypothetical-deductive method that involves quantitative operationalization of concepts (Saunders et al., 2007), which suited the current study.

### **3.3 Research Design**

The current study adopted a descriptive research design with data collection largely being executed using a survey approach. At data analysis section, both inferential research and descriptive cross-sectional research designs were adopted to examine the presence of relationships between Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance of tour firms. A descriptive cross-sectional study as explained by Cooper and Schindler (2006), takes a population snapshot at a specific period while tolerating deductions about the study topic across an extensive population that is to be drawn.

The adopted research design was largely preferred for the current study as it permitted data collection from the tour firms and the description of the variables of external and internal environment together with Organizational Performance under review. According to Namada (2013), this design permits the researcher to collect data at a given time with minimal impact on the variable. Moreover, a descriptive study is characterized by a research problem statement that is clear, hypothesis that is specific and information needs that are detailed (Cooper & Schindler, 2006). The current study utilized survey-based research method which was structured in line with hypotheses that were clearly stated and questions that were investigative. A cross-sectional design was also applied in the current study since the required information was to be collected only once from any given sample of population.

One type of investigation that is evident in this research is a causal study as opposed to a correlational study which entails establishing the relationships of the variables under study in the descriptive research process which is a subset of descriptive research (Cooper &

Schindler, 2006). The required data on the various cross-section variables of interest was collected during an identical period. For inferential statistics, the researcher employed statistical relationship analysis and applied multivariate and regression measures. Previous studies have used this type of research design (Bahari, 2010; Narver & Slater, 1990; Noree et al., 2016), which are comparable in context with the current study.

### **3.4 Population of the Study**

The study's population comprised all tour firms, both locally and foreign registered, operating under the Kenya Association of Tour Operators (KATO). As at September, 2019, there were 260 registered tour firms in Kenya (Reference Appendix 3). To be eligible for registration in KATO, it is mandatory for the firm to meet a one-year membership condition and one year of operation as a Tour Operator licensed by the Ministry of Tourism. The membership roster is often updated and details posted on the KATO website ([www.KATOKENYA.org/apply-for-membership](http://www.KATOKENYA.org/apply-for-membership)) for public use. In addition, the organization publishes annually a guide book for use in marketing activities and for public consumption. From the KATO listing, most of the tour firms are based in Nairobi, comprising about 84% while the rest are located in Mombasa and a few others in other towns in the country.

The researcher used a census approach to survey all the 260 KATO registered tour firms. This method was considered appropriate since the population was fairly small. Survey questionnaires were self-administered to these firms through drop-and-pick-up later and electronic mail technique for collection of data about tour firms' demographics, Marketing

Mix Strategies adopted, Competitive Environment and Organizational Performance. Table 3.1 summarizes the composition of the studied tour firms.

**Table 3.1: KATO Categorization of Registered Tour Firms**

<b>Category</b>	<b>Number of Firms</b>	<b>Gross annual turnover in KES Millions</b>
A	31	Less than 10
B	7	10 - 40
C	14	41 - 80
D	36	81 - 120
E	172	Above 120
<b>Total</b>	<b>260</b>	

Source: Kenya Association of Tour Operators (KATO) Guide Book, 2018-2019.

Table 3.1 presented above shows that 31 tour firms were listed under category A, 7 under category B, 14 under category C, 36 under category D and 172 under category E of the 260 tour firms registered in the KATO Guidebook, 2018-2019.

### **3.5 Data Collection**

The current study utilized both primary and secondary data. Primary data was obtained from all 234 KATO registered tour firms through a semi-structured questionnaire with the help of key informants in these firms. The data collection process involved collecting data from target respondents; ideally senior officials of the tour firms (owner/CEO or marketing/sales manager) as they were considered to have explicit knowledge of the company in strategic initiatives and they also shape the destiny of a firm as similarly done by Namada (2013).

Before embarking on the data collection exercise, requisite approvals were obtained. The researcher firstly prepared a letter of self-introduction referenced (Appendix I). A letter of approval from the University was obtained which further introduced the researcher to the

management of the tour firms (Appendix II). The CEO of KATO consequently issued a letter introducing the researcher to the tour firms (Appendix III) to allow access and collection of data.

The questionnaire was developed based on the objectives of the study and divided into four sections to capture data on the key study variables. A Likert-type rating scale of 1 to 5 was used while developing the questionnaire to reflect the intensity of the precise judgment involved (Nachmias & Nachmias, 2008). Scale 1 signified (not at all) the lowest intensity and 5 signified (to a very large extent) which presented the strongest/ highest intensity of preference (Fraj-Andres et al., 2009; Vigoda, 2000). The target respondents for the study were the senior officials of the tour firms that is, marketing/sales managers, other departmental managers and owner/chief executive officers of the firm. The research instrument was self-administered to the respondents through drop-and-pick-up later and electronic mail method to the target tour firms. Secondary data on the respective tour firms was drawn from published sources like company websites, annual performance reports, magazines, newspapers, brochures, and other available sources.

The questionnaire was pre-tested on five (5) tour firms drawn from each of the five KATO categories, which were not included in the final research, and necessary changes effected in the data collection instrument based on the pilot study results. The final instrument was distributed to the respondents in the months of May to September, 2019, using drop-and-pick-up later and electronic mail method. Data collection was done through the help of research assistants who had been inducted on the purpose and study objectives. The assistants were also inducted on how to engage with target respondents prior to commencing the study.

### **3.6 Reliability and Validity Tests**

#### **3.6.1 Reliability Tests**

Reliability as defined by Sekaran (2003) in the context of research is the consistency and stability level with which the applied research tool measures the model and assists to evaluate the effectiveness of a measure. The current study espoused measures from existent researches that had been earlier tested and established to be reliable. Minor changes were made on some questions to reflect the thematic context and objectives of the current study.

Using Cronbach's alpha ( $\alpha$ ) that ranged from 0 to 1 (Tavakol & Dennick, 2011), a reliability test was conducted to assess relationships among the study variables. According to Tavakol and Dennick (2011), the level of internal consistency is higher when Cronbach's  $\alpha$  is closer to 1. The sub-indices are independent if no correlation exists and Cronbach's  $\alpha$  is 0. Researchers have generally agreed that a Cronbach  $\alpha$  cut-off of 0.7 and above is to be taken as a reliable measure of reliability. Krieger et al. (2005) postulates that the association between test length and reliability may influence the acceptable level of consistency coefficient and thus suggests that there is no alpha level ( $\alpha$ ) that is acceptable or unacceptable. Cronbach's with an alpha ( $\alpha$ ) value of 0.70, according to Gliem and Gliem (2003) is desirable but the scholars also indicate that 0.60 can be considered a lower limit. Iacobucci and Duhachek (2003) assert that the alpha is primarily affected by sample size and observe that it is not yet agreed on the exact value of alpha that is most desirable.

The current study set a reliability cut-off point of coefficient at 0.6. A pilot study was conducted on five tour firms, one each from the five KATO categories, to establish reliability of the instrument and test the instrument for internal consistency. The data were obtained from marketing or sales managers and chief executive officers of these firms.

### **3.6.2 Validity Tests**

Saunders et al. (2007) define validity as the extent to which a research tool measures what it is supposed to measure. It seeks to establish whether the research findings are about what they intend to measure. To test the goodness of measure, several types of validity tests are used. Moreover, writers use different terms to represent them. These are broadly categorized into: criterion-related validity, construct validity and content validity.

The validity of data for the current study was enhanced by running both content validity and criterion-related validity tests of the study tools. Content validity test for this study was built on the careful selection of the questions in the tool. Items were chosen with the intention of complying with the specification test that was drawn up through a thorough analysis of the topical area. The researcher applied principal component analysis under factor analysis to determine the construct validity of the study variables that is, Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance. Use of factor analysis to assess validity of the study instrument has been validated by previous studies (Rattray & Jones, 2007; Sin et al., 2005).

### **3.7 Diagnostics Tests**

Data diagnostics for the current study involved testing for outliers and testing the assumption of regression analysis. Preliminary screening of the collected data was conducted to identify missed or wrong entries of responses in the survey instrument (questionnaire) in line with Kannan and Manoj (2015) for screening outliers. In addition to the screening of the collected data, the researcher ran Cook's Distance and Z-score tests to identify outliers in the data using SPSS. The researcher computed these residual statistics through regression analysis and descriptive statistics. The assumptions of regression were

tested by testing the normality, linearity, multicollinearity, and homoscedasticity of the collected data.

The Shapiro-Wilk test was used to test normality of data. According to Oztuna et al. (2006), when the Shapiro-Wilk p-value is less than the critical value of 0.05, a deviation from normality is experienced. Multicollinearity was tested using Pearson Correlation coefficients, and Tolerance and variance of inflation (VIF) approaches. Multicollinearity is defined as a situation in which the predictor/independent variables are highly correlated. According to Hair et al. (2007), a high degree of correlation between independent variables illustrates the multicollinearity of variables. A relationship between independent variables of greater than 0.7 shows the existence of multicollinearity, which is not ideal. Taking the most common statistical approach, Multicollinearity is measured using Tolerance and Variance of inflation (VIF) approaches. According to Ho (2006), Variance of Inflation (VIF) values need to be less than 10 and tolerance values higher than 0.1. A value of less than 1 for Tolerance or greater than 10 for VIF is indicative of the existence of multicollinearity among the pair of variables, which is a violation of the multicollinearity assumption of regression.

Linearity was also conducted as one of the diagnostic tests. The linearity of data is one of the assumptions of regression where values of variable outcome for each variable of prediction increment lie along a straight line. One of the premises of regression analysis is that the dependent (outcome variable) and the independent variable (predictor/response variable) have a linear relationship.

While testing for heteroscedasticity, the researcher used scatter plots and Breusch-pagan statistical test (Halunga et al., 2017). Heteroscedasticity occurs when the independent variable variance of the error (that is the noise or random disturbance in the relationship between the dependent and independent variables) is not the same across the data (Berry & Feldman, 1985). The opposite of heteroscedasticity is homoscedasticity, which usually indicates that the error term is the same across all variables. While testing for heteroscedasticity, often the standardized residuals are plotted on the y-axis while the standardized predicted values are plotted on the x-axis. Typically, the rectangular pattern of dots indicates the presence of heteroscedasticity, which implies that the variance in the study variables can be said to be roughly equal as points towards the left and right of the scatter plot appear to be uniformly spread out). Statistically, heteroscedasticity is tested using Breusch-Pagan (Halunga et al., 2017).

The concept of the Breusch-Pagan test is generally built on the assumption of homoscedasticity that with increasing values of independent variables the residual values do not increase. This means that the independent variables do not affect the residual values (Zaman, 2000). In other words, with increasing values of the independent variable, the dependent variable does not change drastically; it remains more or less constant. The null hypothesis of the Breusch-Pagan test, while testing for heteroscedasticity/homoscedasticity, is usually stated as the data is homoscedastic while the alternative hypothesis is stated as the data is heteroscedastic (Halunga et al., 2017). According to Zaman (2000), we fail to reject the null hypothesis when the p-value is higher than the standard p-value (0.05), and reject the null hypothesis if otherwise.

### 3.8 Operationalization of the Study Variables

The operationalization of the study variables was based on methods and recommendations applied in past similar studies (Coad et al., 2018; Kosure, 2015; Njeru, 2013; Sychrová, 2013). Variables with attitudinal items (Marketing Mix Strategies, Competitive Environment and Organizational Performance) were measured using an interval scale of 1 to 5 denoting not at all and to a very large extent respectively. After measurement of items of different variables, composite scores were computed for more analysis. This was consistent with previous studies (Gbolagade & Oyewale, 2013; Njuguna, 2013; Saif, 2015; Sychrová, 2013), who used a scale rating of 1 to 5 to represent different levels of respondents' agreement to various statements about different study variables. Items with numeric items were measured using direct measures. This was consistent with other previous studies that used the same method to measure organizational characteristics, age of a firm and scope of operation (Akben-Selcuk, 2016; Coad et al., 2018; Njeru, 2013; Tabetando, 2013).

The computation of composite variables involved the calculation of the averages of the sub-variables under each study variable that was also computed by calculating the averages of items under each sub-variable. The basic formula for the computation of averages (sub-variables/items) was the Sum (weighted means of items) that is,

$$(N*1+N*2+N*3+N*4+N*5)/5$$

Where N is the frequency of respondents supporting a particular option.

The derived composite scores were later used to run subsequent analyses, especially with regards to hypothesis testing. Table 3.2 summarizes the variables of the study, indicants of the variables, rating scale, the corresponding questions in the questionnaire and the supporting literature.

**Table 3.2: Operationalization of the Study Variables**

Variable	Type of variable	Indicators	Measurement	Scale	Supporting literature	Questionnaire items
Marketing Mix Strategies (MMS)	Independent Variable	MMS adopted; <ul style="list-style-type: none"> <li>• Product strategy; Pricing strategy; Place (distribution channels) strategy; Promotion strategy; People strategy; Process Management strategy and Physical evidence strategy.</li> </ul>	<b>Rating Scale:</b> 1. Not at all 2. Small extent 3. Moderate extent 4. Large extent 5. Very large extent.	Interval	Kosure (2015); Njuguna (2013); Saif (2015); Sychrová, (2013).	• SECTION B: Question No. 11 (a) to 11 (g)
Firm Characteristics	Moderating Variable	<ul style="list-style-type: none"> <li>• Firm's ownership structure</li> <li>• Age of firm (years of existence);</li> <li>• Firm's size measured by- number of employees;</li> <li>• Annual gross turn-over (KATO category)</li> <li>• Category of firm's tour business</li> <li>• Scope of firm (geographical)</li> </ul>	Direct measure	Direct measure	Akben-Selcuk (2016); Coad et al. (2018); Njeru (2013); Tabetando (2013).	• SECTION A: Question No. 5 to 10
Competitive Environment factors	Moderating Variable	<ul style="list-style-type: none"> <li>• Porter's five competitive forces: -               <ul style="list-style-type: none"> <li>➢ Threat of new entrants</li> <li>➢ Bargaining power of buyers</li> <li>➢ Threat of substitute goods/ services</li> <li>➢ Bargaining power of suppliers</li> <li>➢ Rivalry among firms</li> </ul> </li> <li>• Technological turbulence.</li> </ul>	<b>Rating Scale:</b> 1. Not at all 2. Small extent 3. Moderate extent 4. Large extent 5. Very large extent.	Interval	Owino (2014); Länsiluoto, (2004); Tabetando (2013); Wangechi (2015).	• SECTION C: Question No. 12 (a) to 12 (f).
Organizational Performance of Tour Firm	Dependent Variable	Performance measures: <ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Customer retention</li> <li>• Employee attitude</li> </ul>	<b>Rating Scale:</b> 1. Not at all 2. Small extent 3. Moderate extent 4. Large extent 5. Very large extent.	Interval	Gbolagade & Oyewale (2013); Kosure (2015); Munyoki (2007)	• SECTION D: Question No.13 (a) to 13 (c).

Source: Current Researcher

### **3.9 Data Analysis**

The dependent variable of the current study was the Organizational Performance of tour firms, the independent variable was Marketing Mix Strategies, and the moderating variables were Firm Characteristics and Competitive Environment. The researcher used both inferential statistics and descriptive statistics to analyse the collected data. According to Bickel and Lehmann (2012), descriptive statistics are typically used to give the demographic details of an organization with critical statistical measures including dispersion (interquartile range; range) and measures of central tendency (mean; median and mode). For the current study, descriptive statistics captured information about respondent characteristics (job title or position in the firm, length of service in the stated position in the firm, and the highest level of education attained). Also, descriptive statistics were used to summarize information about Firm Characteristics including age of the tour firm expressed as the number of years of operation of the firm in Kenya; the tour firm's size, expressed in terms of the staff complement; the scope of operation (geographical) and the ownership structure of the tour firm.

The next step involved inferential statistics using simple and multiple regression before which some diagnostic tests were run. The assumptions of regression were tested by testing the normality, linearity, multicollinearity, and homoscedasticity of the gathered data. Shapiro-Wilk test was used to test normality of data whereas Multicollinearity was tested using Pearson Correlation coefficients, and Tolerance and variance of inflation (VIF) approaches. Further linearity was also conducted as one of the diagnostic tests using linear equations scatter plots which stipulates that one of the premises of regression analysis is that the independent variable (predictor/response variable) and the dependent (outcome

variable) have a linear relationship. The researcher used scatter plots and Breusch-pagan statistical test while testing for heteroscedasticity. Often the standardized residuals are plotted on the y-axis while the standardized predicted values are plotted on the x-axis (Halunga et al., 2017).

The researcher used Pearson's Product Moment Correlation and regression analysis for statistical tests. The current study regarded regression analysis important since the researcher sought to examine the relationship between the dependent (Organizational Performance of tour firms) and the independent variable (Marketing Mix Strategies) with both their interaction moderated by other variables (Firm Characteristics and Competitive Environment). Composite scores were differently computed as multiple sub-variables constituted the study variables and different regression analyses were ran to test the study's hypotheses.

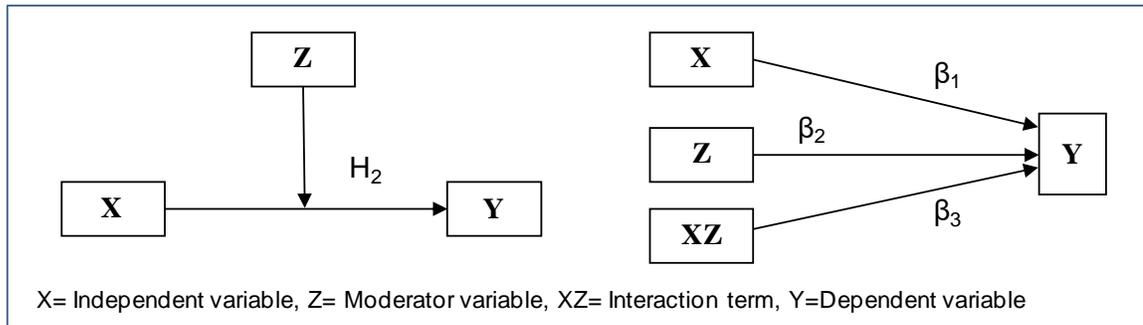
The first hypothesis of the study was tested by running a simple linear regression analysis. For the subsequent Hypotheses (2, 3 and 4), Baron and Kenny (1986) and Hayes (2009) methods were employed to test the moderation effects. The subsequent sections provide more details on different moderation models that were used in this study to examine the moderation effects of Firm Characteristics and Competitive Environment on the interaction between Organizational Performance of tour firms and Marketing Mix Strategies.

### **3.9.1 Moderation and Hypotheses Testing**

Moderation is a hypothesized causal chain where one variable influences a second variable that consecutively influences a third variable (Zhao et al., 2010). The moderator (Z) is the moderating variable. It "moderates" the relationship between a dependent (outcome) Y and

an independent (predictor) variable X. Figure 3.1 graphically illustrates a moderation reaction.

**Figure 3.1: Simple Moderation Effect**



Source: Baron and Kenny (1986).

Moderation tests were conducted using hierarchical multiple regression analysis to test for an interaction term. In the first and second step, the moderating variable and the independent variable were analysed. In the third step, the interaction term (obtained from the moderator and the standardized independent variables) was factored. Moderation was recognized if the additional variance above that explained by either the moderator or predictor variable was proved to be significant. As demonstrated in Figure 3.1, the regression coefficient relating to the independent variable X to Y when Z=0 was represented by  $\beta_1$ ; the coefficient relating to the moderator variable Z to Y when X=0 was represented by  $\beta_2$ ; and the coefficient for the interaction term which if statistically different from zero then it was determined that Z moderates the relationship between X and Y was represented by  $\beta_3$ . The moderation was stated as here below:

$$Y = \beta_0 + \beta_1X + \beta_2Z + \beta_3XZ + \varepsilon, \text{ where } \beta_0 \text{ is the intercept and } \varepsilon \text{ is the error term}$$

### 3.9.2 Baron and Kenny Approach to Moderation

The Baron and Kenny (1986) approach is an analysis strategy for moderation hypotheses testing (MacKinnon et al., 2012). In this approach, moderation is tested through the following three regressions:

- i) A simple regression analysis with the predictor (X) variable predicting the outcome variable (Y) to test for path c alone,  $Y = \beta_0 + \beta_1 X_1 + e$
- ii) A simple regression analysis with the predictor variable (X) predicting the moderator (M) to test for path a,  $M = \beta_0 + \beta_1 Z_1 + e$
- iii) Hierarchical multiple regression analysis with both the predictor variable (X) and moderator (M) predicting the outcome variable (Y),

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 X.Z + e$$

The essence of steps 1-3 is to examine the existence of zero-order relationships among the variables. According to Baron and Kenny (1986), the following conditions ought to be met for the outcomes to support moderation:

- i) The predictor variable, X, is confirmed to significantly impact the outcome variable in the first regression equation.
- ii) The predictor variable is proved to significantly impact the moderator in the second regression equation.
- iii) Both the predictor variable and moderator are confirmed to significantly influence the outcome variable.

If any or more of these relationships are not significant, it is usually deduced that moderation is not likely or possible, even though this is not true at all times (MacKinnon

et al., 2012). If significant relationships exist from steps (i) through (ii), one proceeds to step (iii). In the step (iii) model, moderation is supported if the influence of X.Z remains significant (that is, both X and Z significantly predict Y), the results support full moderation.

### **3.9.3 Andrew F. Hayes Method to Moderation**

Though Baron and Kenny (1986) was originally proposed for testing moderation, this approach has been faulted by many researchers for two key reasons. One problem is that it does not really test the significance of the indirect pathway, that is X affecting Y through the compound pathway of a and b. A second problem of Baron and Kenny (1986) approach is that the issues of zero-order relationship indicating statistical significance as a requirement is not always true because there are situations where essentially a zero-order relationship can exist between the independent and dependent variables and still have evidence of moderation (MacKinnon et al., 2012).

An alternate and preferable approach, is to compute the indirect effect and test it for significance. Hayes (2009) method is a more modern approach to Baron and Kenny (1986) to moderation. Hayes (2009) argued that while testing for moderation, it is not just enough to test the individual paths within the model or the individual direct effects for statistical significance. This approach makes use of process macros in SPSS to test the indirect effects and the results are normally interpreted using boot strap sample estimates standard error. At 95 percent confidence level, if the indirect effect falls between the lower and upper bound, the null hypothesis is maintained that infers that indirect effect is zero within the

population. If zero falls outside the bound, then it is inferred that indirect effect is significantly different from zero within the population

Nevertheless, it is worth noting that the p-value of individual Coefficients under direct effects in Hayes (2009) results table provide similar inferences to those generated using Baron and Kenny (1986) four step approach to moderation. In spite of this, Hayes (2009) approach to moderation borrows from Baron and Kenny four step approach to moderation (modern version) with an addition of boot strap estimates that test the indirect effect of individual variables (MacKinnon et al., 2012).

The summary of analytical models is shown in Table 3.3.

**Table 3.3: Research Objectives, Hypotheses and Data Analytical Models**

Objective	Hypotheses	Analysis Method	Model Estimation	Analysis Method and Interpretation
Objective (i): To establish the relationship between Marketing Mix Strategies (MMS) and Organizational Performance of tour firms	H <sub>1</sub> : There is no significant relationship between Marketing Mix Strategies and Organizational Performance.	Simple Regression Analysis.	Tour Organizational Performance=f (MMS and FC). $Y = \alpha_1 + \beta_1 X_1 + e$ Where: Y=Composite score of tour firm performance $\alpha$ = Regression constant (intercept) $X_1$ = Composite score of MMS $\beta_1$ = Regression coefficient; $e$ - is the error term	Examining the significance of the whole model (ANOVA) and Beta coefficients; P – Value < 0.05.
Objective (ii) To determine the influence of Firm Characteristics (FC) on the relationship between MMS and Organizational Performance of tour firms in Kenya.	H <sub>2</sub> : The relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by Firm Characteristics.	Testing moderation using Hierarchical Linear Regression through; i) Baron and Kenny (1986) approach for moderation ii) Andrew F. Hayes (2009) Process Macro approach for moderation	Tour Organizational Performance=f (MMS and FC). Step 1: $Y = \alpha_1 + \beta_1 X_1 + e$ Step 2: $Y = \alpha_2 + \beta_2 X_2 + e$ Step 3: $Y = \alpha_3 + \beta_1 X_1 + \beta_2 X_2 + e$ Where: $X_2$ = Composite score of Firm Characteristics $\beta_1$ --- $\beta_2$ - Regression coefficients; $\alpha_1$ ---- $\alpha_3$ - Regression constants; $e$ - the error terms	Examining the direct and indirect effects of variables to determine the significance of the whole model and Beta coefficients; P – Value < 0.05
Objective (iii) To assess the moderating effect of Competitive Environment (CE) on the	H <sub>3</sub> : The relationship between Marketing Mix Strategies and Organizational Performance is	Testing moderation using Hierarchical Linear Regression through; i) Baron and Kenny (1986)	Tour Organizational Performance=f (MMS and CE). Step 1: $Y = \alpha_1 + \beta_1 X_1 + e$	Examining the direct and indirect effects of variables to determine the significance of the whole model and

Objective	Hypotheses	Analysis Method	Model Estimation	Analysis Method and Interpretation
relationship between (MMS) and Organizational Performance of tour firms in Kenya.	not significantly moderated by the Competitive Environment.	approach for moderation ii) Andrew F. Hayes Process Macro approach for moderation	Step 2: $Y = \alpha_4 + \beta_3 X_3 + e$ Step 3: $Y = \alpha_5 + \beta_1 X_1 + \beta_3 X_3 + e$ Where: $X_3 =$ Composite score of Competitive Environment $\alpha_1$ --- $\alpha_5$ - Regression constants; $\beta_1$ --- $\beta_5$ - Regression coefficients; $e$ - Error term	Beta coefficients; P - Value < 0.05
Objective (iv) To determine the joint effect of Marketing Mix Strategies (MMS), Firm Characteristics (FC) and Competitive Environment (CE) on Organizational Performance of tour firms in Kenya.	H <sub>4</sub> : The joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance is not statistically significant.	Testing moderation using Hierarchical Linear Regression through; i) Baron and Kenny (1986) approach for moderation ii) Andrew F. Hayes (2009) Process Macro approach for moderation	Tour Organizational Performance=f (MMS, FC and CE). $Y = \alpha_6 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$ Where: Y=Composite score of tour firm performance $X_1 =$ Composite score of MMS $X_2 =$ Composite score of Firm Characteristics $X_3 =$ Composite score of Competitive Environment $\alpha_6$ - Regression constant; $\beta_6$ - Regression coefficient; $e$ - Error term	Examining the direct and indirect effects of variables to determine the significance of the whole model and Beta coefficients; P - Value < 0.05

Source: Current Researcher

### **3.10 Summary of the Chapter**

This chapter detailed the research methodology and design that was used to generate the findings of the current study. It also presented the philosophical orientation of the study, the population of the study, data collection method, reliability and validity tests, operationalization of the study variables and data analysis models. The chapter ends with Table 3.3 that gives the summary of research objectives, hypotheses that were tested and the data analytical models used in the study. The next chapter presents data analysis, findings and discussion on the results of the study.

## **CHAPTER FOUR**

### **DATA ANALYSIS, FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents the details of the data analysis, findings and a detailed discussion of the results. The results are presented in the form of both descriptive and inferential statistics. In addition, there is a detailed discussion, interpretation of the results and conclusions based on the hypotheses testing.

#### **4.2 Response Rate**

The primary objective of this study was to determine the effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on the Organizational Performance of tour firms in Kenya. The population of the study comprised the tour firms registered under the umbrella organization, Kenya Association of Tour Operators (KATO), as at September 2019. The study adopted a descriptive cross-sectional survey method. For this study, a total of 234 tour firms were surveyed since 26 of them were not available to be surveyed during the exercise and any attempts to reach out to these firms for data collection through electronic mail and drop-and-pick-up later method was futile; this study made an assumption that they were non-existent since their offices could not be located based on the details given in the KATO Guide book 2018/2019. As a result, these firms were omitted from the study as their inclusion would skew the results. Table 4.1 shows the composition of tour firms that were surveyed.

**Table 4.1: Surveyed KATO Registered Tour Firms by Category**

<b>Category</b>	<b>Number of Firms</b>	<b>Percent (%)</b>
A	28	12
B	7	3
C	13	6
D	32	14
E	154	66
<b>Total</b>	<b>234</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.1 reveal that category E of the tour firms produced the highest number of participants in the survey (66%), followed by Categories D (14%) and A (12%) respectively. On the other hand, Category B had the least representation in the survey at 3%.

Out of the 234 KATO registered tour firms that were surveyed, a total of 131 responded with ten questionnaires being returned as incomplete and therefore not used in the analysis. This implied that 51.7% of the collected and complete responses formed the representative sample size of the surveyed firms for further analysis.

The response rate of 51.7% is consistent with other previous studies. For instance, Munyoki (2007) whose study was on the impact of technology transfer on Organizational Performance in manufacturing firms in Kenya had a response rate of 51%. Njeru (2013) whose study was in the tourism sector with a focus on the tour firms conducting business in Kenya had a response rate of 60%. In Australia, O’Cass and Julian (2003) who conducted a study to examine the effect of environmental and Firm Characteristics and Marketing Mix Strategies on export performance had a response rate of 25.8%. While

Peyman et al. (2013) whose study was on the relationship between marketing strategies, Firm Characteristics and the firm's performance in Malaysia had a response rate of 60.9%.

### **4.3 Testing for Outliers**

The study also tested for outliers. An outlier is an extreme case that distorts the true relationship between variables, either by creating a correlation that should not exist or suppressing a correlation that should exist (Cousineau & Chartier, 2010). The measurements that are incorrect like errors in data entry and also data from different population as a result of sampling error cause outliers. Outliers therefore cause error variance increase and also reduce statistical tests power. Further, the assumption of normality and other regression assumptions are altered when outliers are present. Therefore, the study removed outliers to increase predictability of the data and also increase the accuracy of the statistical method. Outliers in this study was tested using Cook's Distance and Z-score Tests for Outliers (Kannan & Manoj, 2015). The results are presented in Table 4.2.

**Table 4.2: Results of Cook's Distance and Z-score Tests for Outliers**

<b>MMS and OP</b>					
<b>Residuals Statistics</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>SD</b>
Cook's Distance	121	0.042	0.008	0.011	0.013
Zscore: MMS	121	-2.50955	2.14383	0	1
Zscore: OP	121	-2.43145	2.45217	0	1
<b>MMS, FC and OP</b>					
<b>Residuals Statistics</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>SD</b>
Cook's Distance	121	0	0.066	0.009	0.013
Zscore: MMS	121	-2.50955	2.14383	0	1
Zscore: FC	121	-1.89954	2.20482	0	1
Zscore: OP	121	-2.43145	2.45217	0	1
<b>MMS, CE and OP</b>					
<b>Residuals Statistics</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>SD</b>
Cook's Distance	121	0	0.056	0.009	0.011
Zscore: MMS	121	-2.50955	2.14383	0	1
Zscore: CE	121	-2.75827	2.1075	0	1
Zscore: OP	121	-2.43145	2.45217	0	1
<b>MMS, FC, CE and OP</b>					
<b>Residuals Statistics</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>SD</b>
Cook's Distance	121	0	0.113	0.009	0.015
Zscore: MMS	121	-2.50955	2.14383	0	1
Zscore: FC	121	-1.89954	2.20482	0	1
Zscore: CE	121	-2.75827	2.1075	0	1
Zscore: OP	121	-2.43145	2.45217	0	1

*Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment, OP=Organizational Performance*

Source: Primary Data, 2019

The first screening was ran to detect the possibilities of outliers in the interaction between Marketing Mix Strategies and Organizational Performance. The results that were drawn from the test showed that there was non-existence of outliers with the maximum value of Cook's Distance at 0.008 which is way less than the cut-off mark of 1.00. Values below the cut-off mark of 1.00 show nonexistence of outliers in the data and vice versa (Cousineau & Chartier, 2010). The Z-scores residuals also fell within the recommended limits for minimum and maximum values, that is, -3 and +3, and within a standard deviation of 1.00. This reinforced the results in regard to the non-existence of extreme values within the data.

The second screening was conducted to identify outliers in the interaction among Marketing Mix Strategies, Firm Characteristics and Organizational Performance. The derived results revealed non-existence of outliers with the maximum value of Cook's Distance at 0.066 which is below the recommended cut-off mark of 1.00. In addition, the computed Z-scores residuals of the composite values of Marketing Mix Strategies, Firm Characteristics and Organizational Performance was found to be within the recommended limits for minimum and maximum values, that is, -3 and +3, and within a standard deviation of 1.00.

The third screening was completed to identify outliers in the interaction among Marketing Mix Strategies, Competitive Environment and Organizational Performance. Similar to the analysis involving the other variables, the results of the test proved non-existence of outliers, returning a maximum Cook's Distance score of 0.056 that is well below the cut-off mark of 1.00. Equally, the computed Z-scores for the composite scores for all the variables fell within the ordinary limits of minimum and maximum that is, -3 to +3 with a standard deviation of 1.00 in each case.

The final screening of the possibility of outliers in the data was conducted for Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance. Similar to the preceding analysis, the results revealed non-existence of outliers, returning a maximum Cook's Distance value of 0.113 which is less than 1.00. The computed Z – residual scores for the composite scores for each variable fell within the standard limits of -3 for minimum and +3 for maximum with a standard deviation of 1.00.

#### 4.4 Reliability Test

A pilot study was conducted on five selected tour firms, one from each of the categories (A, B, C, D, and E) to enhance the reliability and validity levels of the data collection instrument. The researcher computed Cronbach's  $\alpha$  to determine the instrument's consistency and obtained a value of 0.74 and thus concluded that the tool was reliable for the full-scale research. From the results of the pilot study, the data collection tool was marginally revised and used in collecting the survey data for the study. Table 4.3 gives a summary of the results of the reliability tests for the full-scale study.

**Table 4.3: Summary of Cronbach's Alpha Reliability Coefficients**

<b>Variable (Composite scores)</b>	<b>N</b>	<b>No. of Items</b>	<b>Cronbach's Alpha Coefficient</b>
Marketing Mix Strategies	121	37	0.88
Firm Characteristics	121	4	0.58
Competitive Environment	121	29	0.89
Organizational Performance	121	16	0.62
<b>Overall</b>			<b>0.74</b>

Source: Primary Data, 2019

This research applied the Likert Scale Method of summated ratings for measurement. It consisted of statements which necessitated the respondents to indicate their degree of agreement or disagreement on a five- point scale where: 1 denoted – Not at all; 2 denoted – To a small extent; 3 denoted – To a moderate extent; 4 denoted – To a large extent and 5 denoted – To a very large extent. From Table 4.3 above, Competitive Environment and Marketing Mix Strategies registered the highest and nearly equal Cronbach's Alpha coefficients at 0.89 (with 29 items) and 0.88 (with 37 items) respectively. Organizational

Performance had a Cronbach's Alpha coefficient of 0.62 (with 16 items) while Firm Characteristics had a Cronbach's Alpha coefficient of 0.58 (with 4 items). The overall reliability was 0.74 (74%) which exceeded the recommended cut-off point of Cronbach's Alpha coefficient of reliability of 0.6 (Drost, 2011; Gliem & Gliem, 2003; Schmitt, 1996). The researcher thus considered the instrument to be adequately reliable.

#### 4.5 Validity Test

Factor analysis was performed by use of KMO and Bartlett's Test for sampling adequacy to test various types of validity including construct, discriminant and convergent validity. Further, Varimax methods and also principal component analysis was applied to extract those factors that clearly measure the variables under investigations; Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance variables. This was enabled by the use of Eigen values that are normally greater or equal to 0.5 where those which showed equal to or greater than 0.5 were retained and those with Eigen values more than (1) were extracted. Previous studies have validated use of factor analysis to assess validity of the study instrument (Rattray & Jones, 2007). The study results are presented in Table 4.4

**Table 4.4: Summary of KMO and Bartlett's Test**

Variable	KMO	Bartlett's Test of Sphericity		
		Chi-square ( $\chi$ )	Df	Sig. Level
Marketing Mix Strategies	.721	603.410	121	.000
Firm Characteristics	.773	643.146	121	.000
Competitive Environment	.765	563.351	121	.000
Organizational Performance	.737	204.262	121	.000

Source: Primary Data, 2019

The results indicate that the sampling adequacy for all the variables under study showed adequacy in the respective samples. Marketing Mix Strategies (KMO=.721, Chi-square ( $\chi$ )= 603.410, df=121 and sig. level=0.000); Firm Characteristics (KMO=.773, Chi-square ( $\chi$ )= 643.146, df=121 and sig. level=0.000); Competitive Environment (KMO=.765, Chi-square ( $\chi$ )= 563.351, df=121 and sig. level=0.000) and Organizational Performance (KMO=.737, Chi-square ( $\chi$ )= 204.262, df=121 and sig. level=0.000). All the variables had KMO greater than 0.5 minimum threshold and also showed varied factor loadings therefore implying that they closely measured the dependent variable.

#### **4.6 Tests for Statistical Assumptions**

There are different assumptions for classical linear regression models that must be satisfied before the developed model can be used for predictions (Nimon et al., 2012). The study performed the test of regression assumptions of normality, linearity, heteroscedasticity and multicollinearity. For regression results of the study in classical linear regression model to be robust and valid, it was deemed fit to satisfy basic assumptions of classical linear regression model.

Prior to performing the descriptive and inferential analyses, statistical assumptions were tested to establish whether the data met the specific thresholds on each test. It was on the basis of these results, that the measures of central tendency, dispersion, tests of significance, tests of associations and prediction were performed.

Barr et al. (2013) noted that all data is considered to have been included in the model if the basic assumptions are met. Otherwise, information will have been left on violation of these assumptions. Assumptions were tested after which the model was applied to analyse results of the regression and significance testing of the slopes. The objective of the regression

analysis was to predict the strength and direction of the relationship between the study variables.

#### 4.6.1 Normality Test

The Data needs to meet the criteria in normality test options before procedures involving statistics in inferential steps are adopted. Ghasemi and Zahedias (2012) describe normality as an assumption requiring clear test and check since validity is attached to it. This test thus gives a good indication as to whether data accords normal distribution. The measure applied is the test of Shapiro-Wilk that clearly measures validity. In this test therefore, kurtosis or rather skewness is detected and the measure is in the range of 0-1 where values greater or higher than 0.05 give an indication of normality in data (Razali & Wah, 2011). The results are presented in Table 4.5.

**Table 4.5: Test of Normality**

	Tests of Normality					
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MMS	.174	121	.424	.914	121	.810
FC	.129	121	.071	.958	121	.091
CE	.242	121	.224	.883	121	.305
OP	.114	121	.134	.946	121	.087

a. Lilliefors Significance Correction

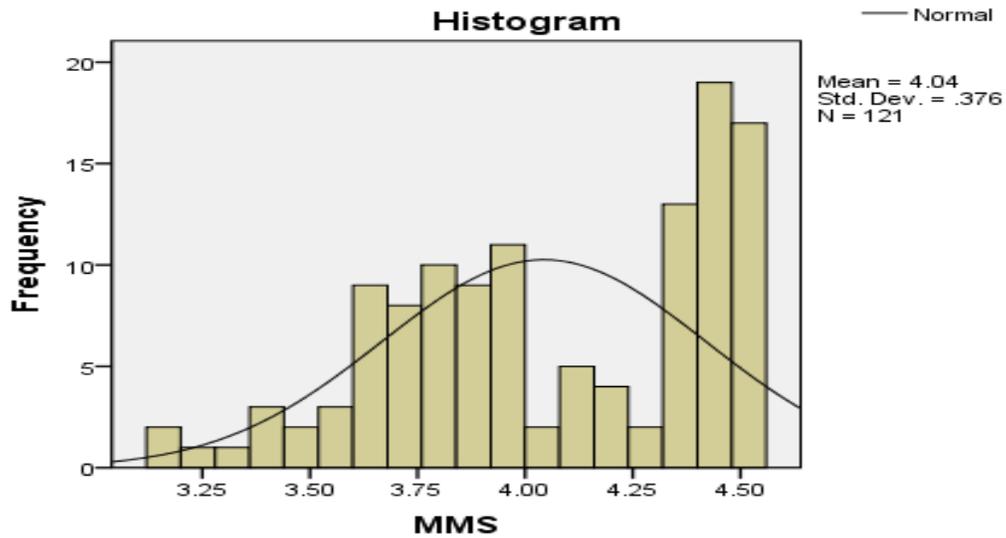
Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment, OP=Organizational Performance

Source: Primary Data, 2019

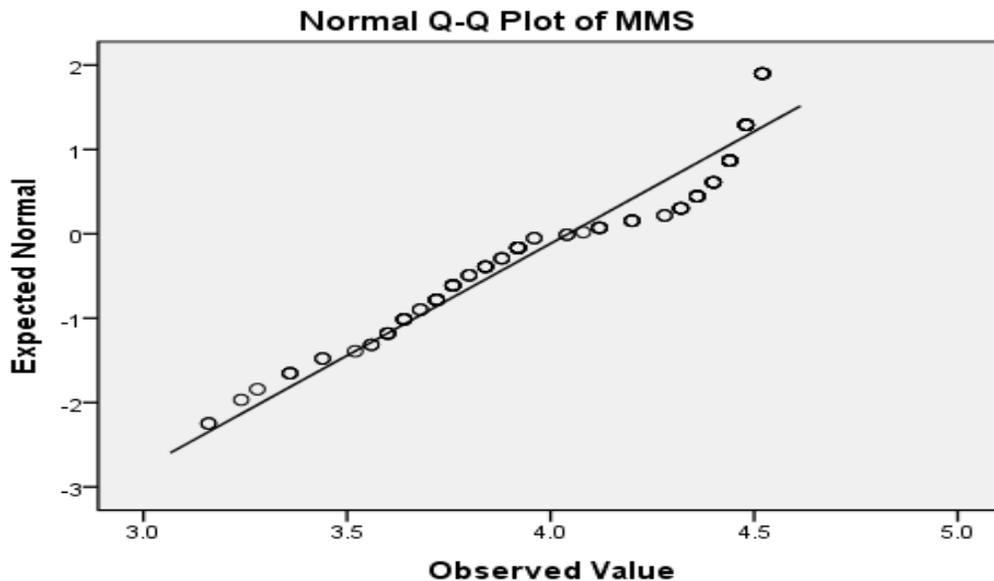
Normality assumes that the distribution of the mean especially in the sample is normal. As shown in Table 4.5, p-values for the Shapiro-Wilk tests were 0.810 for Marketing Mix Strategies, 0.091 for Firm Characteristics, 0.305 for Competitive Environment and 0.087 for Organizational Performance. Normality which was tested using the Shapiro-Wilk test showed that all the variables were above 0.05 (p-value > 0.05) hence confirming that the data fitted well on normal distribution. The p-values were interpreted to be above or higher

than a figure of 0.05 thus in conformity that the sample used came from normally distributed population. Data normality was also demonstrated by the plotted Quantile-Quantile plot (Q-Q plot) and normal histograms. Q-Q plots are as presented in Figures 4.1(a, b); 4.2(a, b); 4.3 (a, b) and 4.4 (a, b). The normal distribution had a good fit for the study variables.

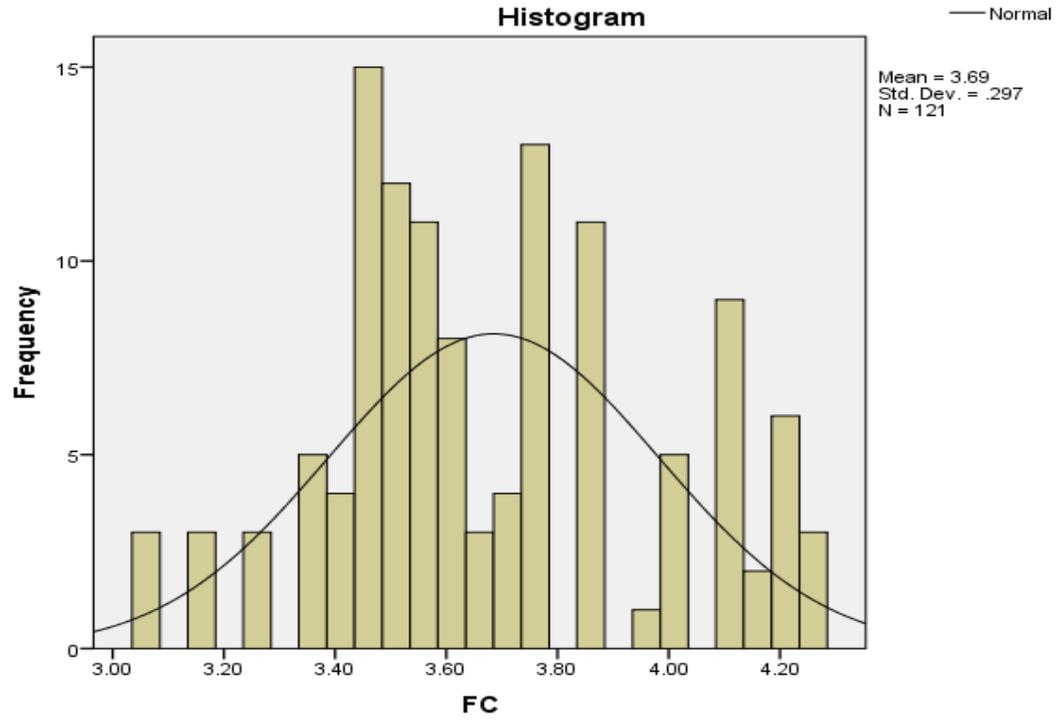
**Figure 4.1 (a): Normal Histogram Plot of Data on Marketing Mix Strategies**



**Figure 4.1 (b): Normal Q-Q Plot of Data on Marketing Mix Strategies**



**Figure 4.2 (a): Normal Histogram Plot of Data on Firm Characteristics**



**Figure 4.2 (b): Normal Q-Q Plot of Data on Firm Characteristics**

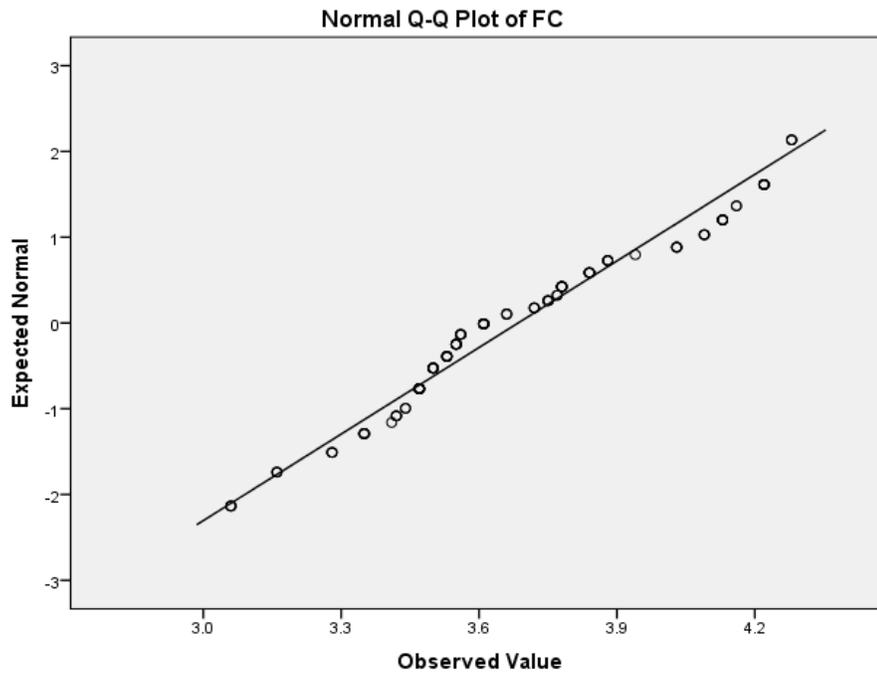


Figure 4.3 (a): Normal Histogram Plot of Competitive Environment

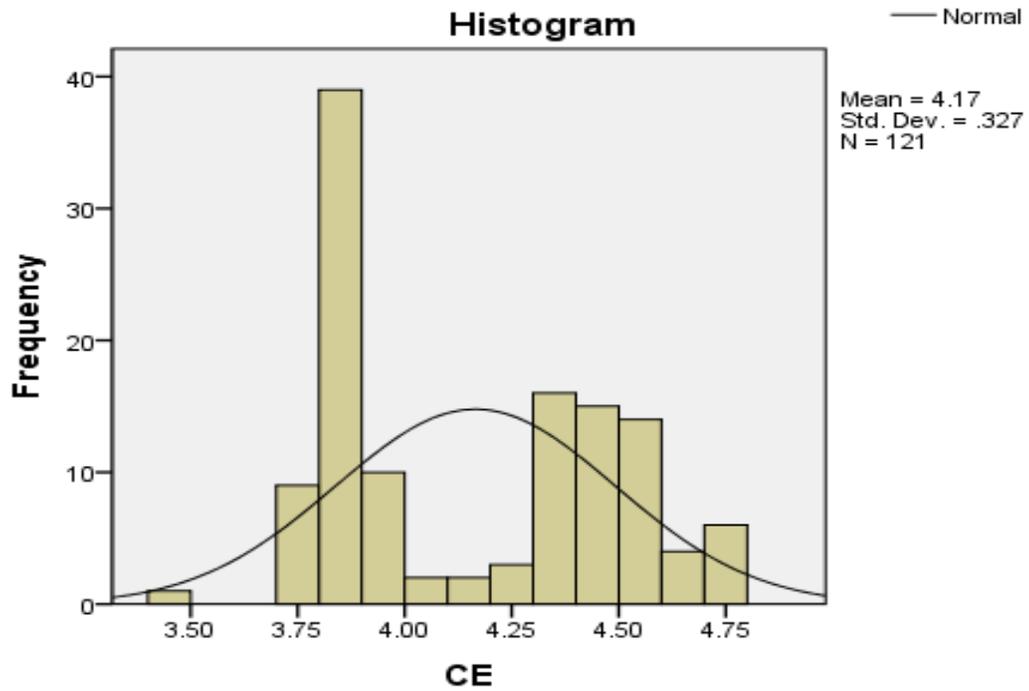
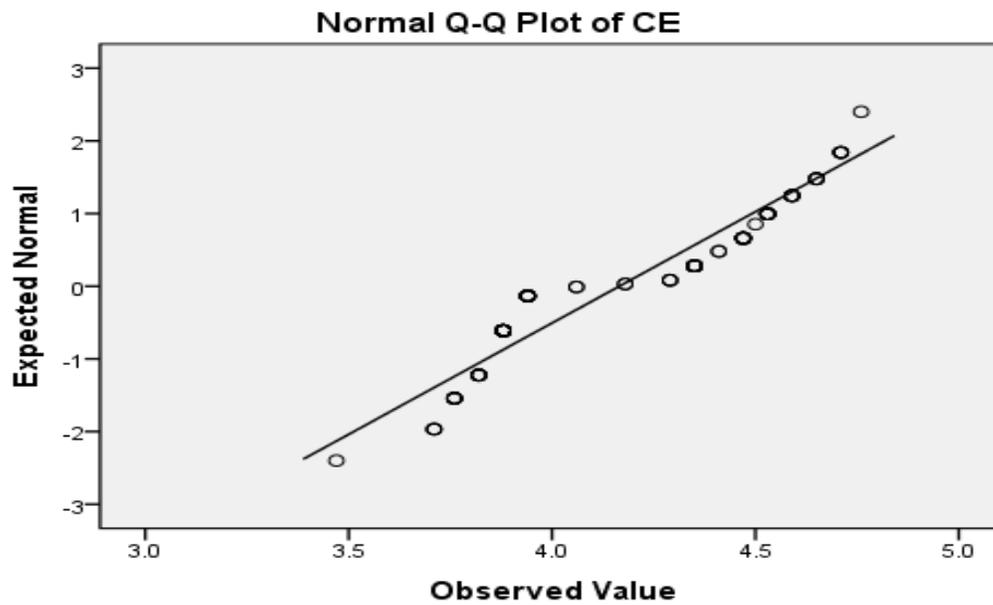
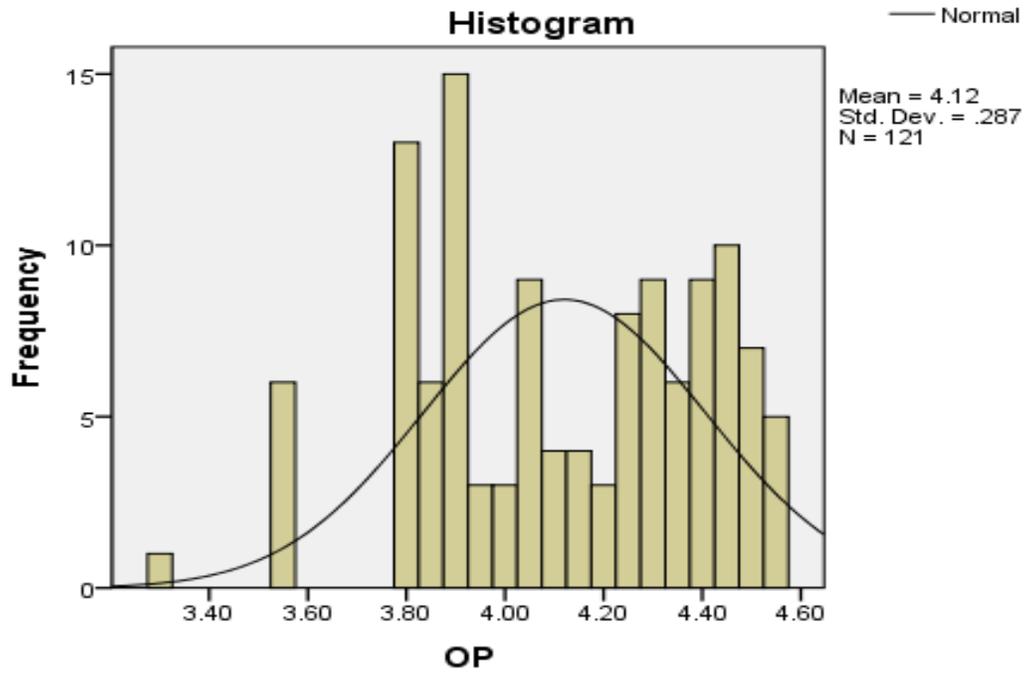


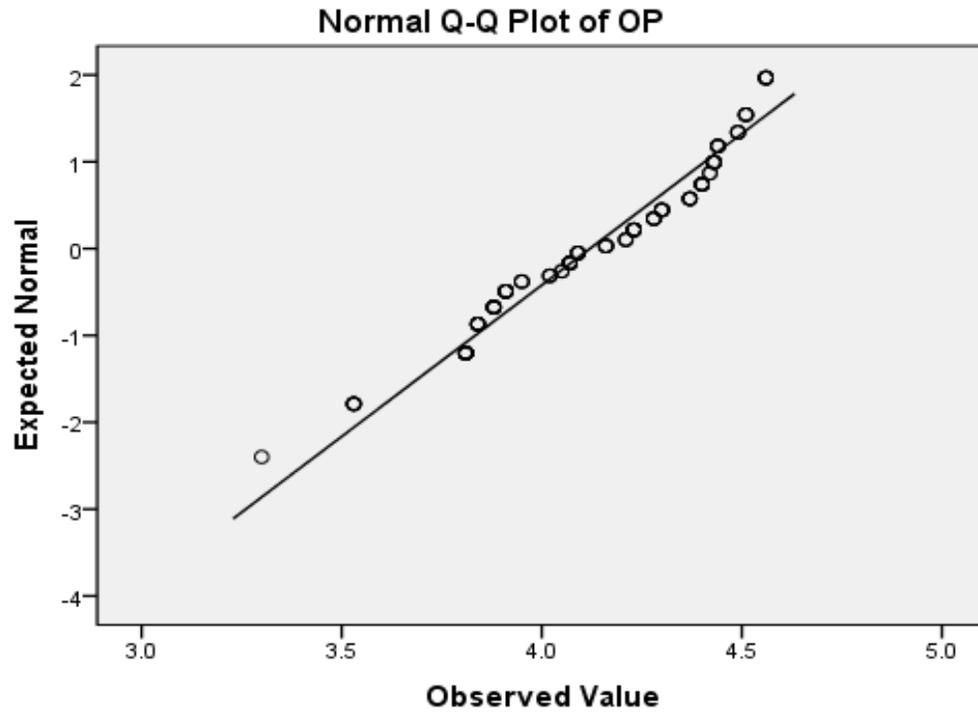
Figure 4.3 (b): Normal Q-Q Plot of Data on Competitive Environment



**Figure 4.4 (a): Normal Histogram Plot of Organizational Performance**



**Figure 4.4 (b): Normal Q-Q Plot of Data on Organizational Performance**



The findings in Figure 4.2 (a) to Figure 4.4 (b) demonstrate a good fit and therefore normal data on Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance. This is shown by a normal distribution curve that is not highly skewed either to the right or to the left implying that data came from a normal population and therefore it is fit for further analytical procedures.

The findings in Figure 4.2 (b) show that data was normal since most of the cases were observed to cleave along the best line of fit. The few cases of the observed values that cleaved away from the straight line can be taken care of by the large sample ( $n \geq 30$ ). This demonstrates a good fit and therefore normal data on Marketing Mix Strategies variable. According to Mordkoff (2012), the assumption of normality turns out to be relatively uncontroversial, at least when large samples are used, such as  $N \geq 30$ .

#### **4.6.2 Multicollinearity Test**

The subject of Multicollinearity is when variables or sub variables or any other statements relating to the study are correlated highly and may result or lead to coefficients in regression estimates being highly unreliable. This thus gives false results that may not explain how the variables inter relate or the direction the variables relate to each other. Such false results give a wrong indication and if such results are used in decision making, they may bring harmful tendencies in the firms (Creswell, 2014). Multicollinearity results to such bad consequences like error of estimates being increased more than the standard one, thus no reliability is detected and therefore the results may not be used with finality. Therefore, multicollinearity test was done in testing the correlations in terms of variables in the study before proceeding to modelling in a regression format.

The use of Variable Inflation Factor (VIF) was desirable as it measures how the level of correlation manifests between and among the variables under predictability and the variances inflated as a linear dependence with other variables that are inflammatory. The measure relied on as the rule of thumb or threshold is at VIFs > 10 or more levels being regarded as severe effects indicating multicollinearity is present (Newbert, 2008). Further when threshold of a tolerance registers below 0.1, it means presence of multi-collinearity (Menard, 2000). Table 4.6 presents the result of tests for multicollinearity.

**Table 4.6: Multicollinearity Test**

Model	Collinearity Statistics		Comment
	Tolerance	VIF	
1 (Constant)			
MMS	.458	2.186	No multicollinearity
FC	.714	1.401	No multicollinearity
CE	.407	2.460	No multicollinearity

*Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment*

Source: Primary Data, 2019

As shown in Table 4.6 the results revealed that there was no presence of multicollinearity. The variables of the study indicated VIF values of between 1.401 and 2.460 which is less than the VIFs value of 10. Therefore, the data set investigated displayed no presence of multicollinearity.

#### **4.6.3 Test of Homoscedasticity**

Homoscedasticity was measured by Levene's test. This test examines whether or not the variance between independent and dependent variables is equal. If the Levene's Test for Equality of Variances is statistically significant  $\alpha = 0.05$  this indicates that the group variances are unequal. It is a check as to whether the spread of the scores in the variables are approximately the same.

**Table 4.7: Tests for Homogeneity of Variances**

<b>Test of Homogeneity of Variances</b>					
	Levene Statistic	df1	df2	Sig.	Comment
MMS	8.945	22	97	.11	p>0.05 hence equal variance
FC	53.071	22	97	.10	p>0.05 hence equal variance
CE	16.814	22	97	.17	p>0.05 hence equal variance

*Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment*

Source: Primary Data, 2019

The significant values for the Levene's test were 0.11 for Marketing Mix Strategies, 0.10 for Firm Characteristics and 0.17 for Competitive Environment. From the results, P-values of Levene's test for homogeneity of variances were all greater than 0.05. The test therefore was not significant at  $\alpha = 0.05$  confirming homogeneity.

#### **4.6.4 Test of Linearity**

To test for linearity, the ANOVA test was applied to compute both the linear and nonlinear components of a pair of variables. According to Zhang (2015), linearity is significant if significance value for the linear component is above 0.05. Testing for the significance of deviation from linearity implied testing the null hypothesis that deviation from linearity is not significant. The decision is to reject null hypothesis whenever p-value is less than .05.

**Table 4.8: Linearity (ANOVA test)**

	Sig. of deviation from linearity	Comment
MMS	.233	Linear relationship
FC	.123	Linear relationship
CE	.321	Linear relationship

*Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment*

Source: Primary Data, 2019

From Table 4.8, the results of the ANOVA test of linearity showed all significance values were greater than 0.05 hence confirming linear relationships (constant slope) between the predictor variables and the dependent variable.

#### **4.7 Respondent Characteristics**

Descriptive statistics were used to analyse characteristics of the respondents in terms of their position or job title in the firm, length of service in the stated position and the highest level of education attained. The respondents were chief executive officers/managing directors, managers and other officers who constitute top management in the tour firms operating in Kenya. Descriptive statistics were also used to analyse Firm Characteristics in terms of tour firm demographics based on aspects comprising: ownership structure; age of firm in terms of period of existence; number of employees; the firms' annual gross turnover based on KATO categorization; category of business specialization and the firm's scope of operation (geographical). The relevant results are presented in the subsequent sections.

##### **4.7.1 Position in the Firm**

The position occupied in the tour firm under review was a significant parameter to this study. The main positions were Chief Executive Officer (CEO)/Managing Director (MD), Manager and Officers/Administration Assistants. Table 4.9 illustrates the results of the assessment of the distribution of the respondents by position held at the workplace.

**Table 4.9: Distribution of Respondents by Position in the Firm**

<b>Position in the Firm</b>	<b>Frequency</b>	<b>Percent (%)</b>
CEO/MD	29	24.0
Manager	54	44.6
Officer/ Admin Assistant	38	31.4
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.9 reveal that most of the respondents held managerial position at 44.6% while 31.4% held Officer/Admin position and 24% held CEO/MD position in their current workplaces. This shows that majority of the respondents at 68.6% were holding senior positions, from Managers and above at the tour firms. This further implies that the majority of the respondents are involved in strategic decision making at the company.

#### **4.7.2 Duration of Service in the Position**

The research also assessed the length that the respondents had served in their respective positions in the current workplaces. Assessing this study parameter was regarded a crucial factor in determining the knowledgeability of the respondent in answering questions regarding Marketing Mix Strategies decisions made by the firm and if they affect Organizational Performance. Duration of service is often considered an important factor in determining ascendancy to top managerial positions in a firm. It is also often equated with expertise and competencies accumulated overtime. Therefore, the length of service was one of the key demographic variables measured in the study. Table 4.10 gives a summary of the results obtained from this assessment.

**Table 4.10: Distribution of Respondents by Duration of Service**

<b>Years of Service</b>	<b>Frequency</b>	<b>Percent (%)</b>
Up to 5 Years	32	26.4
6-10 Years	35	28.9
11-15 years	18	14.9
16-20 years	15	12.4
Over 20 Years	21	17.4
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.10 indicate that the highest proportion of the respondents; 55.3% had served in their respective positions for up to 10 years. The remaining proportion was constituted by the respondents who had served in their respective firms for 11 years plus who constituted 44.7% of the 121 responses that were analysed. The respondent's length of service is associated with the knowledge, experience and familiarity with the market, which has been acquired over time and this, especially in the tour business may lead to superior performance of the firm.

#### **4.7.3 Highest Level of Education Attained**

The study also assessed the respondents' highest level of education as a key variable to establish the qualification level of the top management and their related expertise. Table 4.11 presents the distribution of the respondents by the highest level of education achieved.

**Table 4.11: Distribution of Respondents by Highest Level of Education**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent (%)</b>
Primary	0	0
Secondary	2	1.7
Diploma	47	38.8
Bachelor's Degree	47	38.8
Master's Degree	24	19.8
Doctorate Degree	1	0.8
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

The results captured in Table 4.11 indicate that 77.6% of the respondents had either a Bachelor's Degree or a Diploma qualification and 19.8% had a Master's Degree. There was no respondent with a Primary School qualification. In total 59.4% of the respondents had a qualification ranging from a degree to a postgraduate qualification. This clearly shows that the majority of the respondents had the relevant knowledge in their areas of operations within the tour firms. The level of education plays a crucial role in the success of a firm in strategic decision making especially during times of market turbulence and in gaining competitive advantage.

#### **4.7.4 Respondents' Position in the Firm and Level of Education**

The study required the respondents to give information on the position they currently held in the firm and the highest level of education attained. Based on the gathered data, a cross-tabulation was ran to assist in giving details of the spread of educational levels across the current position held. Table 4.12 gives a summary of the results of the cross tabulation analysis.

**Table 4.12: Distribution of Respondents by Position in the Firm and Level of Education**

		Highest level of education (%)					Total	
		n	Secondary	Diploma	Bachelor's Degree	Master's Degree		Doctorate Degree
<b>Position in the firm</b>	Officer/ Admin Assistant	38	0	50.0	36.8	13.2	0	100
	Manager	54	1.9	40.7	33.3	22.2	1.9	100
	CEO/MD	29	3.4	20.7	51.7	24.1	0	100
<b>Total</b>		<b>121</b>	<b>1.7</b>	<b>38.8</b>	<b>38.8</b>	<b>19.8</b>	<b>0.8</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.12 show that 24.1% of the respondents were Chief Executive Officers/ Managing Directors with a Master's Degree qualification against 22.2 % of Managers and 13.2% of Officers/ Admin Assistants with similar education qualification. Also, there were 1.9% of Managers holding different managerial positions with a Doctorate degree or Secondary level education. There was no record of a respondent with a Primary level academic qualification.

In overall terms, most of the respondents had either Bachelor's Degree (38.8%) or a Diploma certificate compared to the other levels of education. This illustrates that academically capable individuals manage most of the tour firms as they are able to make responsible decisions to enhance Organizational Performance.

#### **4.7.5 Position in the Firm and Duration of Service**

The study also assessed the distribution of the respondents alongside the current positions held in the firm and duration of service. The duration of service can be a significant variable for categorizing the distribution of top managerial positions in a firm as it sometimes

influences such a distribution. The cross-tabulation of distribution of the current position in the firm alongside the duration of service results are captured in Table 4.13.

**Table 4.13: Respondents' Distribution by Position in the Firm and Duration of Service**

		Duration in the position (%)					Total	
		n	Up to 5 Years	6-10 Years	11-15 years	16-20 years		Over 20 Years
<b>Position in the firm</b>	Officer/ Admin Assistant	38	47.4	28.9	13.2	2.6	7.9	100
	Manager	54	16.7	31.5	20.4	14.8	16.7	100
	CEO/MD	28	17.2	24.1	6.9	20.7	31.0	100
<b>Total</b>		<b>121</b>	<b>26.4</b>	<b>28.9</b>	<b>14.9</b>	<b>12.4</b>	<b>17.4</b>	<b>100</b>

Source: Primary Data, 2019

Table 4.13 reveals that the majority of the respondents (55.3%) had served in their respective positions for a period of ten years and below. However, the majority of the Chief Executive Officers/ Managing Directors (51.7%) had served in their current position for a duration of 16 years and over compared to 31.5% for Managers and only 10.5% for Officer/Admin Assistant within the same period. This is reflective of normal work-place dynamics where it often takes a longer period of working to rise through the ranks to reach the top position, CEO/MD.

#### **4.8 Firm Characteristics**

The study considered several respondent Firm Characteristics. The key factors of consideration were: ownership structure of the tour firm recorded in terms of whether it was wholly locally owned, wholly foreign owned or jointly locally and foreign owned; age of the tour firm measured in terms of the number of years the firm has been operating in

Kenya; size of the tour firm measured by the number of employees employed by the firm; category of tour business the firm was specializing in recorded in terms of in-bound, out-bound or both in-bound and out-bound and the scope of operation of the tour firm measured in terms of domestic, regional, continental (Africa) or global (beyond Africa).

Lastly the researcher reviewed the tour firm’s annual gross turnover recorded in the KATO defined category representing the threshold for each of the five categories (A, B, C, D and E) from a turn-over of less than KES 10 million to above KES 120 million per annum. The results in regard to these key factors of Firm Characteristics are contained in the next section.

#### **4.8.1 Firms’ Ownership Structure**

The study sought to understand the ownership structure of the firms participating in the study. This was important to assess the most common ownership structure of the business in the industry under review since tourism has been identified to play a key role in the attainment of the country’s Vision 2030 strategy. The results of the assessment in regards to this aspect of study is summarized in Table 4.14.

**Table 4.14: Distribution of Respondents by Firm’s Ownership Structure**

<b>Ownership status</b>	<b>Frequency</b>	<b>Percent (%)</b>
Wholly Kenyan Owned	86	71.1
Wholly Foreign Owned	11	9.1
Jointly Kenyan and foreign Owned	24	19.8
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

The findings in Table 4.14 show that the highest proportion of the tour firms operating under the KATO umbrella that were surveyed are wholly locally owned (71.1%). Less

than 10% of the firms under study were wholly foreign owned. This is important as it debunks the perception that most tour firms are foreign owned. In addition, this may also reflect the ease of entry of Kenyans into the tourism business sector and the confidence Kenyans generally have in the tourism business.

#### 4.8.2 Age of Firm

The research also inquired on years that the firms under study had been in operation. This was regarded important in efforts to determine the significance of time in attainment of organizational success. Table 4.15 displays the pertinent results.

**Table 4.15: Distribution of Firm Characteristics by Age**

<b>Years of Operation</b>	<b>Frequency</b>	<b>Percent (%)</b>
Up to 5 Years	7	5.8
6-10 Years	27	22.3
11-15 Years	24	19.8
16-20 years	18	14.9
Over 20 Years	45	37.2
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

The results captured in Table 4.15 show that the majority of the firms have been in existence/operation for over 20 years as reflected by 37.2% of the respondents. Another observation made is that the firms that had been in operation for up to 5 years formed the least proportion of representation for the firms under scrutiny; represented at 5.8%. In summary the results show that most of the firms surveyed are relatively young in the business, less than 20 years at approximately 62.8%.

### 4.8.3 Number of Employees in the Firm

The size of the firm in terms of the staff compliment was also regarded important to the study and this information was solicited from the respondents surveyed in the study. The results that were drawn from the assessment are presented in Table 4.16.

**Table 4.16: Distribution of Firm Characteristics by Number of Employees in a Firm**

<b>Staffing Size</b>	<b>Frequency</b>	<b>Percent (%)</b>
Up to 10 Employees	65	53.7
11-20 Employees	24	19.8
21-30 Employees	10	8.3
31-40 Employees	2	1.7
41-50 Employees	6	5
Over 50 Employees	14	11.6
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

Table 4.16 shows that most of the surveyed firms; 53.7% have a maximum of up to 10 employees; 19.8% have 11-20 employees and 11.6% have over 50 employees. However, only 1.7% of the surveyed firms have 31-40 employees. The table shows that most of the tour firms, fall under the Small and Medium Enterprise (SME) category as per the GoK categorization (GoK, 2005) with over 88.4% reporting less than 50 employees.

### 4.8.4 Firm's Annual Gross Turnover

Information on the annual gross turnover of firms was solicited and recorded for use in this study. The KATO category of minimum annual gross turn-over for the five categories, A, B, C, D and E, was used as opposed to firm specific annual gross turn-over. This is due to the fact that most small firms, more so those in SME category consider financial

information confidential and may be reluctant to share it with third parties (Moghaddam, & Foroughi, 2012). Table 4.17 covers results drawn from assessment of this study variable.

**Table 4.17: Distribution of Firm Characteristics by Annual Gross Turnover**

<b>Gross Turnover in Millions KES</b>	<b>Frequency</b>	<b>Percent (%)</b>
Less than KES 10M	32	26.7
KES 10-40M	38	31.7
KES 41-80M	13	10.8
KES 81-120M	7	5.8
Above KES 120M	30	25
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.17 above reveal that the largest proportion of firms, 58.4% earned an annual gross turnover of not more than KES 40 million. In addition, the study showed that 25% of the firms earned an annual gross turnover of over KES 120 million. This implies that most of the tour firms surveyed are small entities at about 75%, which fall under the SME categorization by GoK (with an annual gross turn-over of between KES 8 million to KES 100 million).

#### **4.8.5 Age and Annual Gross Turnover**

A cross tabulation was computed with focus on the distribution of age and the firm's annual gross turnover. The study regarded this as an effective way of categorizing the annual earnings of the firms since the age of a firm usually shows its capability to compete in a challenging business world. Table 4.18 covers the distribution of firms by age and the firm's annual gross turnover.

**Table 4.18: Distribution of Firm's Age and Annual Gross Turnover**

		Firm's annual gross turnover (%)					Total
		Less than KES 10M	KES 10- 40M	KES 41- 80M	KES 81- 120M	Above KES 120M	
<b>Age of the firm</b>	Up to 5 years	14.3	28.6	0	0	57.1	100.0
	6-10 years	3.8	34.6	3.8	3.8	53.8	100.0
	11-15 years	8.3	33.3	16.7	4.2	37.5	100.0
	16-20 years	27.8	50.0	11.1	5.6	5.6	100.0
	Over 20 years	51.1	22.2	13.3	8.9	4.4	100.0
	<b>Total</b>	<b>26.7</b>	<b>31.7</b>	<b>10.8</b>	<b>5.8</b>	<b>25.0</b>	<b>100.0</b>

Source: Primary Data, 2019

The results in Table 4.18 reveal that a greater proportion of the firms (57.1%) that were earning KES 120 million and above were in the age bracket 0 and 5 years. The results also indicate that the majority of the firms (58.4%) across different age brackets were earning an annual gross turnover of not more than KES 40 million. However, there is still a significant fraction of firms (25%) whose annual earnings were KES 120 million and above.

These results reinforce the findings of Akben-Selcuk (2016) which indicates that there is a negative and convex relationship between the age of a firm and its profitability assessed by return on equity, return on assets or gross profit margin. This infers that until a particular age the younger businesses get a greater profit than older businesses; nevertheless, after a company hits a particular age, then older companies start receiving more profit than younger rivals.

#### 4.8.6 Category of Tour Business Specialization

The study sought to understand the category of tour business that the firms under review operated across different ownership structures. The results of this assessment are tabulated in Table 4.19.

**Table 4.19: Distribution of Firm Characteristics by Category of Specialization of Tour Business**

<b>Area of Specialization</b>	<b>Frequency</b>	<b>Percent (%)</b>
Inbound tourism	59	48.8
Outbound tourism	2	1.6
Both inbound and out-bound tourism	60	49.6
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

As reflected by the results in Table 4.19, the highest fraction of the tour firms (49.6%) of the surveyed firms specialize in both inbound and outbound tourism. Further 48.8% of the firms specialize in inbound tourism only while only about 1.6% of the surveyed firms operated outbound tourism exclusively.

In summary, the majority of the tour firms surveyed who conducted inbound tourism only or combined both inbound and outbound tourism constituted approximately 98.4%. This is significant in that the more the tour firms that conduct inbound tourism, the better for the country since this has a direct contribution to foreign currency inflows, unlike outbound tourism which leads to the converse, foreign currency outflow. Furthermore, inbound tourism results in direct, indirect and induced effects on a host destination which ultimately leads to increased production, income and employment due to the multiplier effect of tourism.

#### 4.8.7 Firm's Scope of Operation

The researcher also collected data on the main scope of operation of the tour firms in the study in regard to whether the firm mainly undertook domestic, regional (East Africa), continental (Africa) or global (beyond Africa) tourism. The collected data is summarized in Table 4.20.

**Table 4.20: Distribution of Firm Characteristics by Scope of Operation**

<b>Scope of Operation</b>	<b>Frequency</b>	<b>Percent (%)</b>
Domestic	11	9.1
Regional	25	20.7
Continental (Africa)	8	6.6
Global (Beyond Africa)	77	63.6
<b>Total</b>	<b>121</b>	<b>100</b>

Source: Primary Data, 2019

The main scope of operation of many of the surveyed tour firms from results in Table 4.20 above is global (beyond Africa) at 63.6%. This is followed by regional at 20.7%. On the other hand, only 9.1% and 6.6% of the firms operate within the domestic and continental (Africa) scopes respectively. This implies that majority of the tour firms at 90.9% source their clients from outside Kenya (regional, continental and global). Conversely domestic tourism only constitutes 9.1% of tour business from the surveyed tour firms. This is important as the majority of the tourists targeted by the surveyed firms pay for the services in foreign currency, leading to a significant inflow of foreign currency. This points to the reason why tourism is considered as one of the most significant contributors to the country's foreign currency inflows.

The converse view is that due to the KATO registered tour firms concentrating on sourcing tourists from outside Kenya, they are easily affected by market turbulences emanating from

outside the country. This is noted especially whenever there is a local threat or incidence of terrorism and foreign countries issue travel advisories, the business of the tour firms is easily affected. Besides, due to low focus on domestic tourism, the tour firms suffer from the seasonality trends triggered by the global tourism dynamics. This leads to the business of tour firms being greatly impacted by global tourism shocks. In addition, this presents a contrast, bearing in mind that most of the mature tourism destinations have a strong domestic base followed by regional tourism.

#### 4.8.8 Category of Tour Business and Scope of Operation

The scope of work of the tour firms across different categories was evaluated to determine any notable patterns. The results are presented in Table 4.21.

**Table 4.21: Distribution of Firm Characteristics by Category of Specialization of Tour Business and Scope of Operation**

		Scope of operation (%)					Total
		n	Domestic	Regional	Continental (Africa)	Global (Beyond Africa)	
<b>Category of tour business of the firm</b>	Inbound Tourism	59	8.5	25.4	10.2	55.9	100
	Outbound tourism	2	0	0	0	100.0	100
	Both Inbound and Out-bound tourism	60	10.0	16.7	3.3	70.0	100
<b>Total</b>		<b>121</b>	<b>9.1</b>	<b>20.7</b>	<b>6.6</b>	<b>63.6</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.21 reveal that the majority of the tour firms across the category of specialization are focused on the global (beyond Africa) tourism (63.6%). Only firms

operating under the inbound tourism category and both inbound and outbound category target all the four main scopes of tourism business. The results thus reveal that most of the tour firms surveyed are interested in inbound tourism. This can be explained by the natural endowments in Kenya in terms of abundant wildlife which attracts wildlife safari tourists, pristine beaches and other tourist attractions. Additionally, unlike in the developed world, there is still only a small proportion of Kenyans who travel outside the country as tourists, hence the low concentration in outbound tourism, though this market segment has been growing gradually over the years.

#### **4.8.9 Ownership Structure, Scope of Operation and Annual Turnover**

A cross-tabulation was completed with a focus on the distribution of ownership structure, the scope of operation and annual turnover. The study regarded these factors ideal for classifying firms by sizes as they considerably affect the financial performance of a firm. Table 4.22 presents the results drawn from this analysis.

**Table 4.22: Distribution of Firm Characteristics by Ownership Structure, Scope of Operation and Annual Turnover**

Firms' ownership structure			Firm's annual gross turnover (%)					Total	
			n	Less than KES 10M	KES 10-40M	KES 41-80M	KES 81-120M		Above KES 120M
Wholly Kenyan Owned	Scope of operation	Domestic	8	25	12.5	0	0	62.5	100
		Regional	18	22.2	44.4	11.1	5.6	16.7	100
		Continental (Africa)	7	14.3	42.9	0	0	42.9	100
		Global (Beyond Africa)	52	17.3	36.5	13.5	5.8	26.9	100
	<b>Total</b>		<b>85</b>	<b>18.8</b>	<b>36.5</b>	<b>10.6</b>	<b>4.7</b>	<b>29.4</b>	<b>100</b>
Wholly Foreign Owned	Scope of operation	Regional	2	0	50	0	0	50	100
		Global (Beyond Africa)	9	55.6	22.2	11.1	0	11.1	100
	<b>Total</b>		<b>11</b>	<b>45.5</b>	<b>27.3</b>	<b>9.1</b>	<b>0</b>	<b>18.2</b>	<b>100</b>
Jointly Kenyan and foreign Owned	Scope of operation	Domestic	3	0	0	33.3	0	66.7	100
		Regional	4	75	25	0	0	0	100
		Continental (Africa)	1	0	0	100	0	0	100
		Global (Beyond Africa)	16	50	18.8	6.3	18.8	6.3	100
	<b>Total</b>		<b>24</b>	<b>45.8</b>	<b>16.7</b>	<b>12.5</b>	<b>12.5</b>	<b>12.5</b>	<b>100</b>
Total	Scope of operation	Domestic	11	18.2	9.1	9.1		63.6	100
		Regional	24	29.2	41.7	8.3	4.2	16.7	100
		Continental (Africa)	8	12.5	37.5	12.5	0	37.5	100
		Global (Beyond Africa)	77	28.6	31.2	11.7	7.8	20.8	100
	<b>Total</b>		<b>120</b>	<b>26.7</b>	<b>31.7</b>	<b>10.8</b>	<b>5.8</b>	<b>25</b>	<b>100</b>

Source: Primary Data, 2019

The results in Table 4.22 show that most of the wholly Kenyan owned tour firms and earning up to KES 80 million per year (65.9%) are less than their foreign owned tour business counterparts earning the same amount of money (81.9%). Further, the results indicate that a significant fraction of the wholly Kenyan owned tour firms and operating

within the domestic scope earn over KES 120 million (62.5%). The results also indicate that the wholly foreign owned tour firms concentrated on regional and global business (beyond Africa) and did not find it worthwhile to invest in domestic tourism.

In overall terms, the results in Table 4.22 above show that the largest fraction of tour firms (58.4%) earn an annual gross revenue of up to KES 40 million regardless of the type of ownership and scope of work.

#### **4.9 Descriptive Statistics for the Independent and Dependent Variables**

The average of all scores of a particular variable is regarded as a mean score of that variable. On the other hand, standard deviation according to Gupta (1952) is a measure of the dispersion of the values from a central point. According to Bedeian and Mossholder (2000), it is not possible to compare mean and standard deviations in a meaningful way since they greatly differ in their occurrence in the various variables. Bedeian and Mossholder (2000) advocate for the use of coefficient of variation (Cv) as a measure of relative variability.

Coefficient of variation is a standardized measure of dispersion of a frequency distribution or probability distribution. It is calculated as a ratio of standard deviation to the mean. Owing to the limitation of the mean and standard deviation for items comparison in the variables of this study, the researcher computed the coefficient of variations to obtain values that were very close to the actual values. This gave a true reflection of the nature of dispersion of the items in different variables and their influence to performance. For this study, the coefficient of variation ratings was categorized as 0 to 25% very good; 26% to 50% good; 51% to 75% fair and 76% to 100% poor as noted by Bedeian and Mossholder

(2000). In addition, the variables were measured after the reduction of results into composite scores.

#### **4.10 Descriptive Statistics for Marketing Mix Strategies**

The study required the respondents to indicate the extent to which they perceived the contribution of the 7P's of marketing that is; product, pricing, place (distribution channels), promotion, people, process management and physical evidence to Organizational Performance. The measurements were done using mean scores and coefficient of variation on a 5-point Likert scale where: 1 denoted – Not at all; 2 denoted – To a small extent; 3 denoted – To a moderate extent; 4 denoted – To a large extent and 5 denoted – To a very large extent. The researcher determined the coefficient of variation using the following ratings; 0 to 25% very good; 26% to 50% good; 51% to 75% fair; and 76% to 100% poor as noted by Bedeian and Mossholder (2000).

For every component of Marketing Mix Strategies, the researcher provided a summary of descriptive statistics generated from the respondents' opinions about different statements in regard to each component. These inferences are discussed in the subsequent sections.

##### **4.10.1 Descriptive Statistics for Product Strategy**

The respondents were required to indicate the extent to which they thought product component of Marketing Mix Strategies influenced the Organizational Performance of four firms. To measure product component of Marketing Mix Strategies, a set of five items was used. The generated results are presented in Table 4.23.

**Table 4.23: Descriptive Statistics for Product Strategy**

No	Product	N	Mean Score	Std. Deviation	Cv (%)
i)	We are involved in the decisions on the products to be marketed in the country	121	3.67	1.33	36
ii)	We play a role in the product development process (product design, profiling and packaging) of tourism products to be marketed	121	3.79	1.25	33
iii)	Meeting of the tourists needs and desires is what drives our product development process	121	4.74	0.50	10
iv)	Our strategies are driven by our belief on how we can create greater value for tourists	121	4.71	0.55	12
v)	Our employees are involved in the product/service development process	121	4.26	0.93	22
<b>Overall</b>		<b>121</b>	<b>4.23</b>	<b>0.91</b>	<b>23</b>

Source: Primary Data, 2019

From the results in Table: 4.23, the mean score of the sub-variables of the product component of Marketing Mix Strategies was 4.23 with a standard deviation of 0.91 and a coefficient of variation (Cv) of 23%. The results show that the tour firms consider product component of Marketing Mix Strategies as a very good contributing factor towards Organizational Performance.

#### **4.10.2 Descriptive Statistics for Pricing Strategy**

The respondents were asked to indicate the extent to which they considered pricing strategy of Marketing Mix Strategies to affect the performance of tour firms. The pertinent results are tabulated in Table 4.24.

**Table 4.24: Descriptive Statistics for Pricing Strategy**

No.	Pricing Strategy	N	Mean Score	Std. Deviation	Cv (%)
i)	We make pricing decisions of the products we market	121	4.29	0.97	23
ii)	When new products are being developed (design, packaging and profiling), we are consulted on the price at which they are to be marketed	121	3.12	1.44	46
iii)	The tourism industry regularly consults us on the pricing of the various existing products being marketed	121	2.21	1.29	58
iv)	We regularly undertake market price surveys with our competitors to establish our pricing strategy	121	3.48	1.22	35
v)	We know our competitors' pricing tactics	121	2.98	1.28	43
vi)	Our pricing model takes into account customer expectations	121	4.55	0.67	15
<b>Overall</b>		<b>121</b>	<b>3.44</b>	<b>1.14</b>	<b>37</b>

Source: Primary Data, 2019

The results in Table 4.24 show that all the different aspects of pricing strategies significantly influence the performance of tour firms with overall mean score being 3.44, standard deviation at 1.14 and Cv of 37%. The results show that the tour firms consider pricing strategy as a good contributor of the performance of tour firms with a Cv of 37%.

#### **4.10.3 Descriptive Statistics for Place (Distribution) Strategy**

The study required respondents to indicate the extent to which they regarded place (distribution channels) strategy as a contributor of the performance of tour firms. To solicit opinions of the respondents on a rating scale of 1 (not at all) to 5 (very large extent), a set of four items were used. The results are summarized in Table 4.25.

**Table 4.25: Descriptive Statistics for Place (Distribution) Strategy**

No.	Place (Distribution Channels) Strategy	N	Mean Score	Std. Deviation	Cv (%)
i)	We are involved in decisions on channels of distribution in the country	121	3.03	1.35	45
ii)	We have a strong working relationship with all distribution channel members	121	3.64	1.20	33
iii)	Our strategies add value to all members of the distribution channels	121	3.62	1.14	31
iv)	We provide high level strategic support to all members of the distribution channel	121	3.45	1.25	36
<b>Overall</b>		<b>121</b>	<b>3.44</b>	<b>1.23</b>	<b>36</b>

Source: Primary Data, 2019

The results in Table 4.25 indicate that place (distribution channels) strategy had a significant positive effect on the performance of tour firms and was rated at an overall mean score of 3.44, standard deviation at 1.23 and Cv of 36%. This observation shows that the tour firms consider place (distribution channels) strategy as a good contributor of the performance of tour firms as the statistical results gave a Cv of 36%.

#### **4.10.4 Descriptive Statistics for Promotion Strategy**

In order to determine the influence of promotion strategy component of Marketing Mix Strategies, the respondents were asked to give their opinions regarding various attributes of promotion strategy. The generated results are captured in Table 4.26.

**Table 4.26: Descriptive Statistics for Promotion Strategy**

<b>No.</b>	<b>Promotion strategy</b>	<b>N</b>	<b>Mean Score</b>	<b>Std. Deviation</b>	<b>Cv (%)</b>
i)	We are involved in all the aspects of destination promotion (advertising, sales promotion, public relations and personal selling)	121	3.46	1.35	39
ii)	We choose which media/medium to use in all our promotion decisions	121	4.15	1.10	27
iii)	Our advertising programmes are well designed, developed and executed.	121	3.95	1.12	28
iv)	Our sales promotion programmes are well designed, developed and executed.	121	4.12	0.97	24
v)	Our public relations programmes are well designed, developed and executed.	121	3.93	1.06	27
vi)	We provide effective sales support to our sales force.	121	4.26	0.95	22
vii)	We have in place a well designed and developed social media and online marketing strategy.	121	4.02	0.94	23
<b>Overall</b>		<b>121</b>	<b>3.98</b>	<b>1.07</b>	<b>27</b>

Source: Primary Data, 2019

The results in Table 4.26 indicate that promotion strategy is a good contributor of tour firm's performance as one of the components of Marketing Mix Strategies. It has a mean score of 3.98, standard deviation of 1.07 and Cv of 27% from the inferences above. The results imply that promotional strategy is regarded by tour firms as a good contributor to their performance.

#### 4.10.5 Descriptive Statistics for People Strategy

Respondents were asked to give their sentiments on the extent to which they agreed with the people component affecting tour firms' performance. Their responses are summarized in Table 4.27.

**Table 4.27: Descriptive Statistics for People Strategy**

No.	People strategy	N	Mean Score	Std. Deviation	Cv (%)
i)	Our employees are highly motivated and proud to work for this firm	121	4.56	0.604	13
ii)	Our employees rarely go the extra mile to support the work of this firm	121	2.07	1.442	70
iii)	Our employees are very committed to the success of this firm	121	4.59	0.641	14
iv)	Our firm has very highly charged and loyal employees	121	4.44	0.694	16
v)	The productivity of our employees is not good enough and there's room for improvement	121	2.31	1.259	55
<b>Overall</b>		<b>121</b>	<b>3.59</b>	<b>0.93</b>	<b>33</b>

Source: Primary Data, 2019

The results in Table 4.27 show that the mean score for the five statements used to measure people component of Marketing Mix Strategies was 3.59, standard deviation was 0.93 and Cv was 33%. From coefficient of variation results, it is evident that people component of Marketing Mix Strategies is a good contributor to performance of tour firms.

#### 4.10.6 Descriptive Statistics for Process Management

The opinions of respondents about the extent to which process management component of Marketing Mix Strategies affects performance of tour firms are summarized in Table 4.28.

**Table 4.28: Descriptive Statistics for Process Management**

No.	Process Management	N	Mean Score	Std. Deviation	Cv (%)
i)	There's a lot of bureaucracy in this firm	121	1.89	1.20	63
ii)	We respond fast and appropriately to customer enquiries coming to our firm	121	4.64	0.50	11
iii)	We rarely engage our key stakeholders in seeking ideas on how we can improve our firm	121	2.12	1.22	58
iv)	We strive to improve our processes and do give our employees a free hand to improve	121	4.42	0.69	16
v)	Work flow in this firm is very good & I enjoy my work	121	4.47	0.72	16
<b>Overall</b>		<b>121</b>	<b>3.51</b>	<b>0.87</b>	<b>33</b>

Source: Primary Data, 2019

The results in Table 4.28 give a mean score of 3.51, a standard deviation of 0.87 and a coefficient of variation of 33%. This shows that in overall terms, process management strategy is a good contributor to Organizational Performance of tour firms.

#### 4.10.7 Descriptive Statistics for Physical Evidence

Opinion statements relating to physical evidence as a component of Marketing Mix Strategies that influence the performance of tour firms were presented to the respondents. The related results are tabulated in Table 4.29.

**Table 4.29: Descriptive Statistics for Physical Evidence**

No.	Physical Evidence	N	Mean Score	Std. Deviation	Cv (%)
i)	The work facilities in this firm are not good and I do not like it here.	121	1.19	0.596	50
ii)	The environment here is very conducive for work	121	4.34	0.871	20
iii)	The location of our firm is very ideal and suited to our work	121	4.33	0.82	19
iv)	Our customers often complain about the location and facilities of our firm	121	1.28	0.766	60
v)	We generally often get very good reviews from our stakeholders about our firm's location and facilities.	121	3.93	1.034	26
<b>Overall</b>		<b>121</b>	<b>3.01</b>	<b>0.82</b>	<b>35</b>

Source: Primary Data, 2019

The results in Table 4.29 indicate that physical evidence as a component of Marketing Mix Strategies had an overall mean score of 3.01, standard deviation of 0.82 and coefficient of variation of 35%. The Cv indicates that physical evidence is a good contributor of four firms' performance.

#### **4.10.8 Summary Statistics for Marketing Mix Strategies**

The 7 Ps of Marketing Mix Strategies variable were measured after the reduction of results into composite scores. Table 4.30 displays a summary of descriptive statistics results for Marketing Mix Strategies sub-components.

**Table 4.30: Summary Descriptive Statistics for Marketing Mix Strategies**

No.	Marketing Mix Strategies (Composite scores)	N	Mean Score	Std. Deviation	Cv (%)
i)	Product Strategy	121	4.23	0.91	23
ii)	Pricing Strategy	121	3.44	1.14	37
iii)	Place (distribution channels) strategy	121	3.44	1.23	36
iv)	Promotion Strategy	121	3.98	1.07	27
v)	People Strategy	121	3.59	0.93	33
vi)	Process Management Strategy	121	3.51	0.87	33
vii)	Physical Evidence Strategy	121	3.01	0.82	35
<b>Overall</b>		<b>121</b>	<b>3.60</b>	<b>1.00</b>	<b>32</b>

Source: Primary Data, 2019

The results in Table: 4.30, show that the mean score of the sub-variables of the Marketing Mix Strategies was 3.60 with a standard deviation of 1.00 and a coefficient of variation (Cv) of 32%. This means that the four firms consider the combined Marketing Mix Strategies with a Cv of 32% as a good contributor to Organizational Performance. The results also show that four firms consider product strategy as a very good contributing factor to Organizational Performance. While pricing, place (distribution channels), promotion, people, process management and physical evidence are considered as good contributing factors towards Organizational Performance.

The pricing strategy had the highest coefficient of variation (37%), slightly higher than the other sub-variables, but it is still a good contributor to Organizational Performance. The product strategy had the lowest coefficient of variation (23%) compared to other variables, meaning that it was viewed as a very good contributor towards Organizational Performance.

#### 4.11 Descriptive Statistics for Firm Characteristics

Firm Characteristics was a moderating variable and had four measurement items that is, age of the firm, number of employees, ownership structure and the firm's scope of operation. The results of each sub-variable of Firm Characteristics had been captured in the preliminary section of this chapter. From the onset, Firm Characteristics were regarded to have two categorical variables: ownership structure of the tour firm and scope of operation of the firm's operation and two ordinal variables: the age of the firm and the number of employees.

Based on this knowledge, the two categorical variables had the measurement scale as nominal, and the two ordinal variables had an ordinal scale. Therefore reducing the four variables of Firm Characteristics into a composite variable by finding an average like for the other variables, was not practicable. This was driven by the fact that the results that would be derived from such ranking/ordering of the labels/values of the categorical variables would not yield meaningful conclusions. As a result, the two ordinal variables that is, the age of the firm and the number of employees, were used to compute the composite score for Firm Characteristics on the assumption that the ordering of the different options/values/labels of the two had the same meaning in terms of the order.

The results are summarized in Table 4.31.

**Table 4.31: Descriptive Statistics for Firm Characteristics**

No.	Firm Characteristics (Composite scores)	N	Mean Score	Std. Deviation	Cv (%)
i)	Age of the firm	121	3.55	1.34	38
ii)	No. of employees	121	2.19	1.72	79
	<b>Overall</b>	<b>121</b>	<b>2.87</b>	<b>1.53</b>	<b>58.5</b>

Source: Primary Data, 2019

The results of Firm Characteristics in Table 4.31 give a combined mean score of 2.87, standard deviation of 1.53 and coefficient of variation of 58.5%. This shows that in overall terms, four firms regard the combined effect of: age of existence of the firm and the number of employees as fair contributors to Organizational Performance. The number of employees in a firm has a coefficient of variation of 79% implying that it is a poor contributor to Organizational Performance while the age of a firm has a coefficient of variation of 38% indicating that it is a good contributor to Organizational Performance.

#### **4.12 Descriptive Statistics for Competitive Environment**

Descriptive statistics for Competitive Environment covered Porter (2008) five-competitive-forces-model and in addition technological turbulence. This comprised: threat of new entrants; bargaining power of buyers; threat of substitute goods/services; bargaining power of suppliers; rivalry among firms; and technological turbulence. Similar to the review of Marketing Mix Strategies, the measurement for Competitive Environment was done using mean scores, standard deviation and coefficient of variation on a 5-point Likert scale where: 1 denoted – Not at all; 2 denoted – To a small extent; 3 denoted – To a moderate extent; 4 denoted – To a large extent and 5 denoted – To a very large extent. The results of each sub-variable of Competitive Environment variable are captured in different sections hereinafter.

##### **4.12.1 Descriptive Statistics for Threat of New Entrants**

The study sought respondents' opinions on the impact of new entrants on four firms' performance and the results are presented in Table 4.32.

**Table 4.32: Descriptive Statistics for Threat of New Entrants**

No.	Threat of New Entrants	N	Mean Score	Std. Deviation	Cv (%)
i)	New competitors keep joining our industry	121	4.07	1.02	25
ii)	New tour operators have to spend heavily to build their brands and to overcome existing brand loyalties	121	4.02	1.06	26
iii)	The established tour operators have substantial resources to thwart entry of new competitors	121	3.12	1.30	42
iv)	Large financial resources are required for a new tour operator to enter our market sector	121	3.47	1.33	38
v)	There is often strong retaliation by established tour operators towards new entrants.	121	2.43	1.30	53
<b>Overall</b>		<b>121</b>	<b>3.42</b>	<b>1.20</b>	<b>37</b>

Source: Primary Data, 2019

Five items were used to solicit for respondents' opinions in regard to the extent they considered new entrants in the tourism industry to affect the performance of existing tour firms. The results captured in Table 4.32 indicated that in summary, threat of new entrants into the market had a good (significant) impact on the performance of tour firms (overall mean score 3.42, standard deviation of 1.20 and coefficient of variation of 37%).

#### **4.12.2 Descriptive Statistics for Bargaining Power of Buyers**

In regard to the impact of bargaining power of buyers on the performance of tour firms, the respondents gave the opinions that are summarized in Table 4.33.

**Table 4.33: Descriptive Statistics for Bargaining Power of Buyers**

No.	Bargaining Power of Buyers	N	Mean Score	Std. Deviation	Cv (%)
i)	Buyers or buyer groups are very powerful in the tourism industry	121	4.01	0.96	24
ii)	Buyers or buyer groups in our industry demand concessions (bargain hard)	121	3.98	1.00	25
iii)	In tourism, a small number of buyers or buyer groups form a large proportion of our industry's sales	121	3.53	1.04	29
iv)	In the tourism industry, buyers or buyer groups create and determine the demand for business.	121	3.78	1.08	29
<b>Overall</b>		<b>121</b>	<b>3.83</b>	<b>1.02</b>	<b>27</b>

Source: Primary Data, 2019

The results in Table 4.33 give an overall mean score of 3.83, standard deviation of 1.02 and Cv of 27%. The Cv results implied that the bargaining power of buyers as an element of the Competitive Environment were regarded as good contributors of the performance of tour firms.

#### **4.12.3 Descriptive Statistics for Threat of Substitute Goods/Services**

The respondents were asked to indicate the extent to which they perceived substitute goods/services to impact on the performance of tour firms. Their opinions were guided by a set of 5 items. The generated responses are summarized in Table 4.34.

**Table 4.34: Descriptive Statistics for Threat of Substitute Goods/Services**

No.	Threat of Substitute Goods/Services	N	Mean Score	Std. Deviation	Cv (%)
i)	In our industry, it is easy to replicate the product/service offering	121	3.88	1.07	28
ii)	The availability of substitute products/services in our industry limits profitability.	121	3.74	1.25	33
iii)	In our industry, all firms are aware of the strong competition posed by substitute products/services	121	4.08	0.88	22
iv)	Our tourism product offering/services are easily available from many other firms	121	4.02	0.91	23
v)	In our industry, we face great pressure from substitute products/services	121	3.93	1.10	28
<b>Overall</b>		<b>121</b>	<b>3.93</b>	<b>1.04</b>	<b>27</b>

Source: Primary Data, 2019

The results in Table 4.34 gave an overall mean score of 3.93, standard deviation of 1.04 and coefficient of variation of 27%. This shows that the threat of substitute goods/services is a good contributor (significantly affects) to the performance of tour firms.

#### **4.12.4 Descriptive Statistics for Bargaining Power of Suppliers**

The study further sought to establish the effect of bargaining power of suppliers as an element of Competitive Environment on Organizational Performance of tour firms. The items measured under bargaining power of suppliers were four in number which yielded pertinent results that are presented in Table 4.35.

**Table 4.35: Descriptive Statistics for Bargaining Power of Suppliers**

No.	Bargaining Power of Suppliers	N	Mean Score	Std. Deviation	Cv (%)
i)	In our industry suppliers/ supplier groups are very powerful	121	3.87	1.02	26
ii)	Suppliers/supplier groups in our industry often do demand concessions	121	3.5	1.21	35
iii)	In our industry, there exists a small number of suppliers who contribute a large proportion of our business	121	3.44	1.21	35
iv)	The suppliers/supplier groups product/service quality can affect the final quality of our product/service	121	4.26	0.85	20
<b>Overall</b>		<b>121</b>	<b>3.77</b>	<b>1.08</b>	<b>29</b>

Source: Primary Data, 2019

From the results in Table 4.35 it is inferred that the respondents, on average showed high agreement with aspects of bargaining power of suppliers with an overall mean score of 3.77, standard deviation of 1.08 and Cv of 29%. The Cv at 29% suggests that the bargaining power of suppliers is a good contributor to performance of tour firms.

#### **4.12.5 Descriptive Statistics for Rivalry among Firms**

The respondents were also asked to indicate the extent to which they perceived the relationship between the rivalry among firms and the performance of tour firms. The related results are summarized in Table 4.36.

**Table 4.36: Descriptive Statistics for Rivalry among Firms**

No.	Rivalry among Firms	N	Mean Score	Std. Deviation	Cv (%)
i)	In our industry, firms compete intensely to hold/or increase their market share	121	4.41	0.83	19
ii)	In our industry, competitive moves among the tour operators affect our profitability	121	4.23	0.92	22
iii)	Advertising battles occur often in our industry and are highly intense	121	3.5	1.23	35
iv)	In our industry, price cutting is a common competitive strategy	121	4.44	0.75	17
v)	In our industry, price competition is highly intense - price cuts are quickly and easily matched by competitors	121	4.31	0.81	19
vi)	In our industry, foreign firms play an important role in industry competition.	121	4.02	1.23	30
<b>Overall</b>		<b>121</b>	<b>4.15</b>	<b>0.96</b>	<b>24</b>

Source: Primary Data, 2019

The results in Table 4.36 suggest that the overall mean scores used to measure aspects of rivalry among tour firms was 4.15, standard deviation was 0.96 and Cv was 24%. With the Cv at 24%, the results imply that rivalry among firms is a very good contributor to performance of tour firms. Meaning that the performance of tour firms is greatly affected by rivalry among firms. This is in line with the position postulated by Katsikeas et al. (2006).

#### **4.12.6 Descriptive Statistics for Technological Turbulence**

The study also collected opinions from the respondents about the extent to which they regarded technological turbulence to affect the performance of tour firms. This was done against a set of five statements relating to technological turbulence. The pertinent results are captured in Table 4.37.

**Table 4.37: Descriptive Statistics for Technological Turbulence**

No.	Technological Turbulence	N	Mean Score	Std. Deviation	Cv (%)
i)	In our industry, customers tend to look for new products/services all the time	121	4.26	0.96	23
ii)	In our industry, customer tastes and preferences often change over time.	121	4.17	0.98	24
iii)	In our industry, customer tastes and preferences play a very important role in choice of destination	121	4.60	0.63	14
iv)	In our industry, most customers are price sensitive	121	4.33	0.86	20
v)	Very often, demand for products/services in our industry is from new customers	121	3.83	1.06	28
<b>Overall</b>		<b>121</b>	<b>4.24</b>	<b>0.90</b>	<b>21</b>

Source: Primary Data, 2019

The results in Table 4.37 reveal that technological turbulence is a very good contributor of the performance of tour firms, with an overall average mean score of 4.24, standard deviation of 0.90 and Cv of 21%. This result is not surprising bearing in mind that the tourism sector has greatly been disrupted by technological turbulence as postulated by Atembe and Abdalla (2015).

#### **4.13 Summary Descriptive Statistics for Competitive Environment**

Given the multi-dimensionality of the Competitive Environment variable, the overall score of Competitive Environments was computed after the reduction of results of each sub-variable into composite scores of responses. Table 4.38 presents a summary of Competitive Environment as captured by the current study.

**Table 4.38: Summary Descriptive Statistics for Competitive Environment**

No.	Competitive Environment (Composite scores)	N	Mean Score	Std. Deviation	Cv (%)
i)	Threat of new entrants	121	3.42	1.20	37
ii)	Bargaining power of buyers	121	3.83	1.02	27
iii)	Threat of substitute goods/services	121	3.93	1.04	27
iv)	Bargaining power of suppliers	121	3.77	1.08	29
v)	Rivalry among firms	121	4.15	0.96	24
vi)	Technological turbulence	121	4.24	0.90	21
<b>Overall</b>		<b>121</b>	<b>3.89</b>	<b>0.99</b>	<b>26</b>

Source: Primary Data, 2019

The results in Table 4.38 above give a mean score of 3.89, standard deviation of 0.99 and a coefficient of variation of 26%. This shows that four firms consider Competitive Environment as a good contributor towards Organizational Performance. It is also observed that all the sub-variables of Competitive Environment (the six under review) have coefficient of variations that are equal to or less than 37% indicating that individually, all the six variables are good contributors towards Organizational Performance.

It is further observed that both sub-variables; rivalry among firms and technological turbulence had coefficients of variation that were 24% and 21%, respectively meaning that both were considered by four firms as very good contributors to Organizational Performance. Not surprisingly, technological turbulence has the lowest coefficient of variation at 21%, meaning that the four firms considered it as the most significant sub-variable contributing to Competitive Environment.

Technological advancements in the sector have resulted into increased awareness of various destinations. This, coupled with the resulting technological turbulence has

disrupted the tour firm's businesses quite significantly in the recent past leading to consumers increasingly opting to search the internet and book vacations and travel on their own without going through the tour firms. This is posing serious challenges to the long-term survival of the tour firms with the traditional model of business resulting into some very old and well-established tour firms recently closing down.

#### **4.14 Organizational Performance**

The descriptive statistics for Organizational Performance (the dependent variable) comprised four variables of measurement namely: customer satisfaction; customer retention; employee attitude and financial performance (based on the KATO category). The measurement of the three sub-variables of Organizational Performance (customer satisfaction, customer retention and employee attitude) was also done on a 5-point Likert scale similar to the Marketing Mix Strategies and Competitive Environment. The firm's annual gross turnover in KES was measured using a pre-existing interval scale used by KATO and the results were captured in an earlier section of this chapter. However, individual results of customer satisfaction, customer retention and employee attitude are summarized in this section. In overall terms, these individual results yielded summary results that are presented later in this section.

##### **4.14.1 Descriptive Statistics for Customer Satisfaction**

The study sought to establish the relationship between customer satisfaction and performance of tour firms. The items measured under customer satisfaction were six in number. The recorded pertinent results are presented in Table 4.39.

**Table 4.39: Descriptive Statistics for Customer Satisfaction**

No.	Customer Satisfaction	N	Mean Score	Std. Deviation	Cv (%)
i)	We often receive good or excellent reviews from destination review metrics such as BOOKING.COM	121	3.81	1.25	33
ii)	Very often our customers are repeat visitors	121	4.03	0.91	23
iii)	We have created value for our customers through quality products/services	121	4.69	0.50	11
iv)	We have in place good structures to support customer relationship management	121	4.60	0.56	12
v)	We often receive positive compliments through phone calls/ emails/ letters from our customers	121	4.58	0.64	14
vi)	We hardly get customer complaints on our service offering	121	3.23	1.33	41
<b>Overall</b>		<b>121</b>	<b>4.16</b>	<b>0.86</b>	<b>22</b>

Source: Primary Data, 2019

The results in Table 4.39 indicate that the respondents, on average showed high agreement with customer satisfaction aspects with an overall mean score of 4.16, standard deviation of 0.86 and Cv of 22%. The results of coefficient of variation at 22% suggest that customer satisfaction is a very good contributor to the Organizational Performance of tour firms.

#### **4.14.2 Descriptive Statistics for Customer Retention**

The study also required the respondents to indicate the extent to which they perceived customer retention to have an effect on the performance of tour firms. The related results are summarized in Table 4.40.

**Table 4.40: Descriptive Statistics for Customer Retention**

No.	Customer Retention	N	Mean Score	Std. Deviation	Cv (%)
i)	We hardly have repeat customers	121	4.31	1.06	24
ii)	We promptly respond to our customer needs and queries	121	4.66	0.57	12
iii)	Many of our customers are so loyal that they often act as referrals to our new visitors	121	4.56	0.60	13
iv)	A greater proportion of our customers' source of information is through Word of Mouth (WOM)	121	3.87	1.09	28
v)	Many of the tourists that visit the country are very loyal to our firm	121	4.02	0.91	23
<b>Overall</b>		<b>121</b>	<b>4.28</b>	<b>0.85</b>	<b>20</b>

Source: Primary Data, 2019

The results in Table 4.40 indicate that customer retention is a very good contributor of tour firms' performance with a Cv of 20%. It recorded a mean score of 4.28, a standard deviation of 0.85 and a coefficient of variation of 20% from the inferences above.

#### 4.14.3 Descriptive Statistics for Employee Attitude

The respondents were also asked to indicate the extent to which they perceived the relationship between employee attitude and the performance of tour firms. The related results are summarized in Table 4.41.

**Table 4.41: Descriptive Statistics for Employee Attitude**

No.	Employee Attitude	N	Mean Score	Std. Deviation	Cv (%)
i)	Generally, our employees are proud to work for this firm	121	4.55	0.65	14
ii)	Our employees have little or no commitment to this firm	121	4.55	0.96	21
iii)	There exists a strong bond between this firm and its employees	121	4.47	0.71	16
iv)	We have a higher employee turn-over than our competitors	121	4.53	0.73	16
v)	Majority of our employees feel their future is intimately linked to that of this firm	121	4.10	0.83	20
<b>Overall</b>		<b>121</b>	<b>4.44</b>	<b>0.77</b>	<b>17</b>

Source: Primary Data, 2019

The results in Table 4.41 give an overall mean score of 4.44, standard deviation of 0.77 and Cv of 17%. This shows that employee attitude is a very good contributor to performance of tour firms. This is not surprising given the critical importance human resources play in any organization and the results are also in line with the scholarly findings of Liao et al. (2012).

#### **4.14.4 Summary Descriptive Statistics for Organizational Performance**

A summary with composite scores of individual variables of tour firm's performance, that is, customer satisfaction, customer retention, employee attitude and annual gross turnover was also tabulated. Table 4.42 summarizes the results drawn from the measurement of this variable.

**Table 4.42: Summary Descriptive Statistics for Organizational Performance**

No.	Organizational Performance (Composite scores)	N	Mean Score	Std. Deviation	Cv (%)
i)	Customer satisfaction	121	4.16	0.86	22
ii)	Customer retention	121	4.28	0.85	20
iii)	Employee attitude	121	4.44	0.77	17
iv)	Firm's annual gross turnover	120	2.71	1.54	57
<b>Overall</b>		<b>121</b>	<b>3.90</b>	<b>1.01</b>	<b>29</b>

Source: Primary Data, 2019

From Table 4.42, the coefficient of variation for the whole model of Organizational Performance is 29%. This indicates that customer satisfaction, customer retention, employee attitude and the firm's annual gross turnover were all jointly considered good contributors that is, key drivers towards superior Organizational Performance by the KATO registered tour firms. Customer satisfaction, customer retention and employee attitude, all have a coefficient of variation that is below 25%. This means that all these three variables were each individually considered by the respondents to be very good contributors to Organizational Performance.

Conversely, the firm's annual gross turnover has a coefficient of variation of 57% which falls in the range 51% to 75% indicating that it is a fair contributor to Organizational Performance. This could be explained by the fact that most respondents tend to disregard questions about the financial indicator of a company in any given survey. According to Tourangeau and Yan (2007), financial matters are very sensitive issues, and thus, respondents are less likely to disclose the true status of their company's financial position in a survey.

#### **4.15 Correlation Analysis**

Pearson correlation was used to measure the degree of association between variables under consideration that is predictor variables (Marketing Mix Strategies, Firm Characteristics

and Competitive Environment) with the dependent variable (Organizational Performance). Pearson correlation coefficients range from -1 to +1. Negative values indicate negative correlation and positive values indicate positive correlation, where Pearson coefficient  $r < 0.3$  indicates weak correlation, Pearson coefficient  $0.3 > r < 0.5$  indicates moderate correlation and Pearson coefficient  $r > 0.5$  indicates strong correlation. The results are presented in Table 4.43.

**Table 4.43: Correlation Analysis Results**

		MMS	FC	CE	OP
MMS	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	121			
FC	Pearson Correlation	.437**	1		
	Sig. (2-tailed)	.000			
	N	121	121		
CE	Pearson Correlation	.734**	.530**	1	
	Sig. (2-tailed)	.000	.000		
	N	121	121	121	
OP	Pearson Correlation	.752**	.599**	.842**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	121	121	121	121

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment, OP=Organizational Performance

Source: Primary Data, 2019

The analysis shows that Competitive Environment has the strongest positive influence on Organizational Performance (Pearson correlation coefficient ( $r$ ) =.842 and  $P < 0.05$ ) implying that the relationship is statistically significant. In addition, Marketing Mix Strategies is positively correlated to Organizational Performance ( $r$  =.752 and  $P < 0.05$ ) implying a statistically significant relationship. Further Firm Characteristics also showed strong and statistically significant relationship ( $r$ =.599 and  $P < 0.05$ ). This implies that Marketing Mix Strategies, Firm Characteristics and Competitive Environment are crucial factors in influencing Organizational Performance with key interest to tour firms in Kenya.

#### **4.16 Hypotheses Testing**

Hypotheses were formed on the basis of the research objectives; they were tested using simple regression analysis for direct relationship. In hypothesis one, Baron and Kenny (1986) and Hayes (2009) approaches for testing causal relationships were adopted to test the influence of moderating variables on causal relationships and stepwise regression analysis for indirect joint hypothesis four. The choice of analytical tools used was guided by the study objectives, type of data as well as the measurement scales. The hypotheses were tested at 95 percent confidence level ( $\alpha=0.05$ ), hence decision points to reject or fail to reject a hypothesis were based on the p-values. Where  $p<0.05$ , the study rejected the hypothesis, and where  $p>0.05$ , the study failed to reject the hypothesis.

Interpretation of the results and subsequent discussions also considered correlation (R), coefficients of determination ( $R^2$ ), F-Statistic values (F) and beta values ( $\beta$ ).  $R^2$  indicated the change in dependent variable that was explained by a unit change in the independent variables combined. Further, the higher the F-Statistic, the more significant the model. The negative or positive effect of the independent variable on the dependent (either negative or positive) was explained by checking the beta ( $\beta$ ) sign. The R-value shows the strength of the relationship between the variables, t-values represent the significance of individual variables. The findings are presented along study objectives and corresponding hypotheses.

##### **4.16.1 Marketing Mix Strategies and Organizational Performance**

The first research objective of the current study was to establish the relationship between Marketing Mix Strategies and Organizational Performance of four firms. The hypothesis formulated was  $H_1$ : *There is no significant relationship between Marketing Mix Strategies and Organizational Performance*. This was tested through the simple linear regression

analysis. The derived statistical results from a simple regression analysis are presented in Table 4.44.

**Table 4.44: Regression Results for the Effect of Marketing Mix Strategies on Organizational Performance.**

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	1.900
a. Predictors: (Constant), MMS										
b. Dependent Variable: OP										
ANOVA <sup>a</sup>										
Model			Sum of Squares	df	Mean Square	F	Sig.			
1	Regression		5.579	1	5.579	154.816	.000 <sup>b</sup>			
	Residual		4.288	119	.036					
	Total		9.867	120						
a. Dependent Variable: OP										
b. Predictors: (Constant), MMS										
Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics		
		B	Std. Error	Beta				Tolerance	VIF	
1	(Constant)	1.804	.187			9.652	.000			
	MMS	.573	.046	.752		12.443	.000	1.000	1.000	
a. Dependent Variable: OP										

Scale; MMS=Marketing Mix Strategies, OP=Organizational Performance

Source: Primary Data, 2019

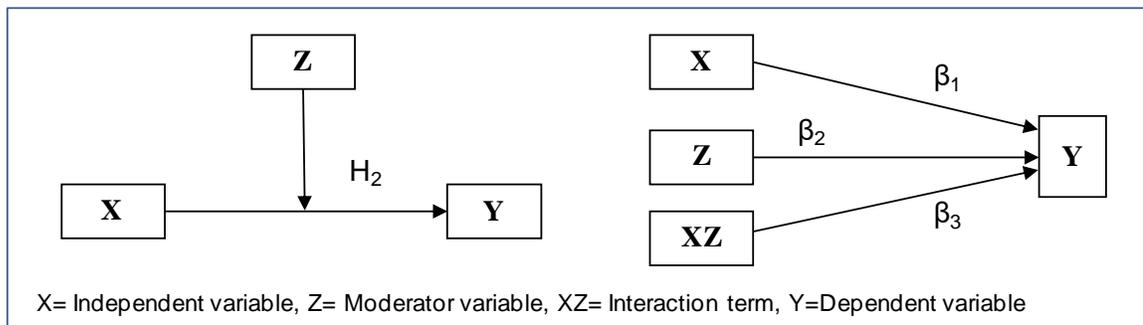
The study found a strong positive relationship between Marketing Mix Strategies and Organizational Performance ( $R = .752$ ). Coefficient of determination ( $R^2 = .565$ ) indicates that Marketing Mix Strategies explain 56.5 % of variation in Organizational Performance. The overall model was statistically significant ( $F = 154.816$ ,  $p < 0.05$ ). The significant relationship is further manifested by the t-value in the coefficient table ( $\beta = .573$ ,  $t = 12.443$ ,  $p < 0.05$ ). This therefore depicts that Marketing Mix Strategies is key in determining performance of tour firms in Kenya, and thus, the hypothesis that there is no significant relationship between Marketing Mix Strategies and Organizational Performance is rejected. Therefore, the Hypothesis,  $H_1$  is rejected.

#### 4.16.2 Marketing Mix Strategies, Firm Characteristics and Organizational Performance

The second objective sought to determine how Firm Characteristics influence the relationship between Marketing Mix Strategies and Organizational Performance. This was through the hypothesis  $H_2$ : *The relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by Firm Characteristics.*

The hypothesis was tested by using Baron and Kenny (1986) three step models of moderation. The graphical representation below is a demonstration of a simple moderation model with Marketing Mix Strategies (MMS) as the independent variable (X), Firm Characteristics (FC) as the moderator (Z) and Organizational Performance of four firms (OP) as the dependent variable (Y).

**Figure 4.5: Simple Moderation Model for MMS, FC and OP**



Source: Hayes (2009)

In step one, Marketing Mix Strategies was regressed on Organizational Performance. In step two, Marketing Mix Strategies and Firm Characteristics were regressed on Organizational Performance. In step three the interaction term between Marketing Mix Strategies and Firm Characteristics was introduced. The moderation effect is confirmed when the effect of interaction term is statistically significant.

**Table 4.45: Regression Results for Moderation Effect of Firm Characteristics on Relationship between Marketing Mix Strategies and Organizational Performance**

Model Summary <sup>d</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	
2	.810 <sup>b</sup>	.656	.650	.16966	.090	30.966	1	118	.000	
3	.830 <sup>c</sup>	.689	.681	.16185	.034	12.675	1	117	.001	1.695
a. Predictors: (Constant), MMS										
b. Predictors: (Constant), MMS, FC										
c. Predictors: (Constant), MMS_FC Interaction										
d. Dependent Variable: OP										
ANOVA <sup>a</sup>										
Model			Sum of Squares	df	Mean Square	F	Sig.			
1	Regression		5.579	1	5.579	154.816	.000 <sup>b</sup>			
	Residual		4.288	119	.036					
	Total		9.867	120						
2	Regression		6.470	2	3.235	112.384	.000 <sup>c</sup>			
	Residual		3.397	118	.029					
	Total		9.867	120						
3	Regression		6.802	3	2.267	86.560	.000 <sup>d</sup>			
	Residual		3.065	117	.026					
	Total		9.867	120						
a. Dependent Variable: OP										
b. Predictors: (Constant), MMS										
c. Predictors: (Constant), MMS, FC										
d. Predictors: (Constant), MMS_FC Interaction										
Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics			
		B	Std. Error	Beta			Tolerance	VIF		
1	(Constant)	1.804	.187		9.652	.000				
	MMS	.573	.046	.752	12.443	.000	1.000	1.000		
2	(Constant)	1.066	.213		4.999	.000				
	MMS, FC	.322	.058	.334	5.565	.000	.809	1.236		
3	(Constant)	.712	.227		3.141	.002				
	MMS_FC interaction	.385	.049	.506	7.933	.000	.653	1.532		
a. Dependent Variable: OP										

Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, OP=Organizational Performance

Source: Primary Data, 2019

Table 4.45 shows that model 1 is significant (p-value < 0.05, R<sup>2</sup> = .565) implying that Marketing Mix Strategies explain 56.5% of variation in Organizational Performance.

Model 2 is also significant (p-value < 0.05,  $R^2 = .656$ ) implying that Marketing Mix Strategies explain 65.6% of variation in Firm Characteristics. Further, upon introduction of the interaction term, coefficient of determination ( $R^2$ ) changed from .565 in model 1 to .656 in model 2 then .689 in model 3 therefore giving a variation change of .034 which is significant at 95% confidence level (p=0.000<0.05). Further the change in p-value in model 3 is 0.00 which is also significant (p-value<0.05) implying that Firm Characteristics significantly moderate the relationship between Marketing Mix Strategies and Organizational Performance.

The results further depict that F-value for all the three models were high and significant (F=154.816 for model 1; F=112.384 for model 2 and F=86.560 for model 3) implying that the overall models for direct and moderating relationships are significant and have explanatory value in explaining performance. The results further show that Marketing Mix Strategies and Firm Characteristics individually are significant in explaining Organizational Performance (t=12.443, p<0.05) for model 1, (t=5.565, p<0.05) for model 2 and for model 3 when interaction term is introduced it is also significant (t=7.933, p<0.05). Therefore, based on the results of the test, the hypothesis that the relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by Firm Characteristics was rejected.

This was guided by the following model;  $Y = \alpha + \beta_1 X + \beta_2 Z + \beta_3 X.Z + \epsilon$

Where: Y is Organizational Performance

X is Marketing Mix Strategies

Z is Firm Characteristics

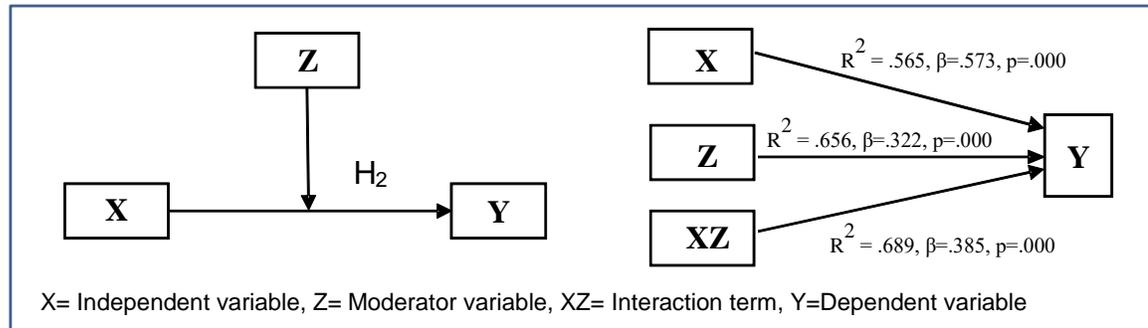
X.Z is Marketing Mix Strategies and Firm Characteristics (interaction)

$\epsilon$ = Error term

$\beta$  = the beta coefficients of independent variables. After the regression analysis results, the model became  $Y = .712 + .573 X_1 + .322Z + .385XZ$

The graphical representation demonstrating the moderating effect of Firm Characteristics on how Marketing Mix Strategies influence Organizational Performance now becomes:

**Figure 4.6: Revised Simple Moderation Model for MMS, FC and OP**



Source: Primary Data, 2019

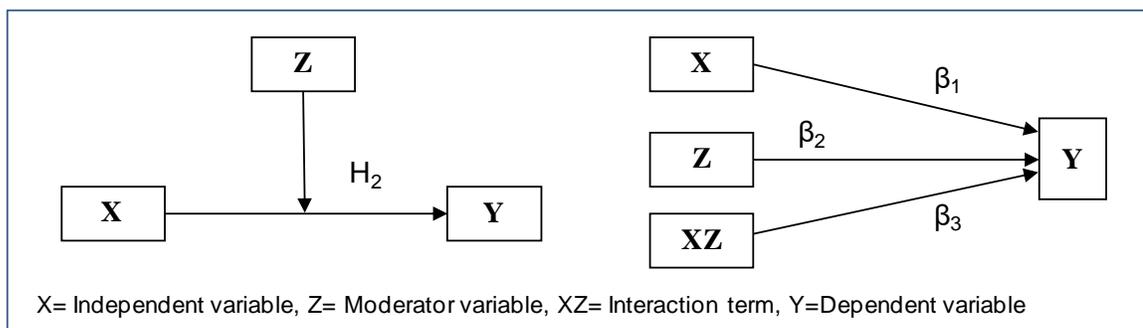
The revised representation diagram shows that in path a; Marketing Mix Strategies (MMS) as the independent variable (X) are regressed against Organizational Performance and the results show positive and significant relationship ( $R^2 = .565$ ,  $\beta = .573$ ,  $p = 0.00$ ). In path b Firm Characteristics (FC) as the moderator (Z) is regressed on Organizational Performance and the results show positive and significant relationship ( $R^2 = .656$ ,  $\beta = .322$ ,  $p = 0.00$ ). Further in path c, when an interaction term is considered, the study also gives positive and significant results ( $R^2 = .689$ ,  $\beta = .385$ ,  $p = 0.00$ ) implying that Firm Characteristics adds significantly to the relationship as a moderator. The moderation is therefore depicted in the model. The results show that the relationship between Marketing Mix Strategies and Organizational Performance of four firms in Kenya is significantly moderated by Firm Characteristics and thus the hypothesis is rejected. Therefore, the Hypothesis,  $H_2$  is Rejected.

### 4.16.3 Marketing Mix Strategies, Competitive Environment and Organizational Performance

The third objective sought to determine how Competitive Environment influences the relationship between Marketing Mix Strategies and Organizational Performance. This was through the hypothesis *H<sub>3</sub>: The relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by the Competitive Environment.*

The hypothesis was tested by using Baron and Kenny (1986) three step models of moderation. The graphical representation below is a demonstration of a simple moderation model with Marketing Mix Strategies (MMS) as the independent variable (X), Competitive Environment (CE) as the moderator (Z) and Organizational Performance of four firms (OP) as the dependent variable (Y).

**Figure 4.7: Simple Moderation Model for MMS, CE and OP**



Source: Hayes, 2009

In step one, Marketing Mix Strategies was regressed on Organizational Performance. In step two, Marketing Mix Strategies and Competitive Environment were regressed on Organizational Performance. In step three the interaction term between Marketing Mix Strategies and Competitive Environment was introduced. The moderation effect is confirmed when the effect of interaction term is statistically significant.

**Table 4.46: Regression Results showing Moderation Effect of Competitive Environment on Relationship between Marketing Mix Strategies and Organizational Performance.**

Model Summary <sup>d</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	
2	.865 <sup>b</sup>	.748	.744	.14514	.183	85.572	1	118	.000	
3	.897 <sup>c</sup>	.805	.800	.12829	.057	34.021	1	117	.000	1.945
a. Predictors: (Constant), MMS										
b. Predictors: (Constant), MMS, CE										
c. Predictors: (Constant), MMS_ CE Interaction										
d. Dependent Variable: OP										
ANOVA <sup>a</sup>										
Model			Sum of Squares	df	Mean Square	F			Sig.	
1	Regression		5.579	1	5.579	154.816			.000 <sup>b</sup>	
	Residual		4.288	119	.036					
	Total		9.867	120						
2	Regression		7.381	2	3.691	175.207			.000 <sup>c</sup>	
	Residual		2.486	118	.021					
	Total		9.867	120						
3	Regression		7.941	3	2.647	160.832			.000 <sup>d</sup>	
	Residual		1.926	117	.016					
	Total		9.867	120						
a. Dependent Variable: OP										
b. Predictors: (Constant), MMS										
c. Predictors: (Constant), MMS, CE										
d. Predictors: (Constant), MMS_ CE Interaction										
Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics			
		B	Std. Error	Beta			Tolerance	VIF		
1	(Constant)	1.804	.187		9.652	.000				
	MMS	.573	.046	.752	12.443	.000	1.000	1.000		
2	(Constant)	.926	.172		5.393	.000				
	MMS, CE	.221	.052	.290	4.253	.000	.461	2.170		
3	(Constant)	.641	.159		4.021	.000				
	MMS_CE interaction	.386	.060	.440	6.436	.000	.357	2.804		
a. Dependent Variable: OP										

Scale; MMS=Marketing Mix Strategies, CE=Competitive Environment, OP=Organizational Performance

Source: Primary Data, 2019

Table 4.46 shows that model 1 is significant (p-value < 0.05,  $R^2 = .565$ ) implying that Marketing Mix Strategies explain 56.5% of variation in Organizational Performance. Model 2 is also significant (p-value < 0.05,  $R^2 = .748$ ) implying that Marketing Mix Strategies and Competitive Environment explain 74.8% of variation in Organizational Performance. Further, upon introduction of the interaction term, coefficient of determination ( $R^2$ ) changed from .565 in model 1 to .748 in model 2 then .805 in model 3 therefore giving a variation change of .057 which is significant at 95% confidence level (p=0.000<0.05). Further the change in p-value in model 3 is 0.00 which is also significant (p-value<0.05) implying that Competitive Environment significantly moderates the relationship between Marketing Mix Strategies and Organizational Performance.

The results further depict that F-value for all the three models were high and significant (F=154.816 for model 1; F=175.207 for model 2 and F=160.832 for model 3) implying that the overall models for direct and moderating relationships are significant and have explanatory value in explaining performance. The results further show that Marketing Mix Strategies and Competitive Environment individually are significant in explaining Organizational Performance (t=12.443, p<0.05) for model 1, (t=4.253, p<0.05) for model 2 and for model 3 when interaction term is introduced it is also significant (t=6.436, p<0.05). Therefore, based on the results of the test, the hypothesis that the relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by the Competitive Environment was rejected.

This was guided by the following model;  $Y = \alpha + \beta_1 X + \beta_2 Z + \beta_3 X.Z + \epsilon$

Where: Y is Organizational Performance

X is Marketing Mix Strategies

Z is Competitive Environment

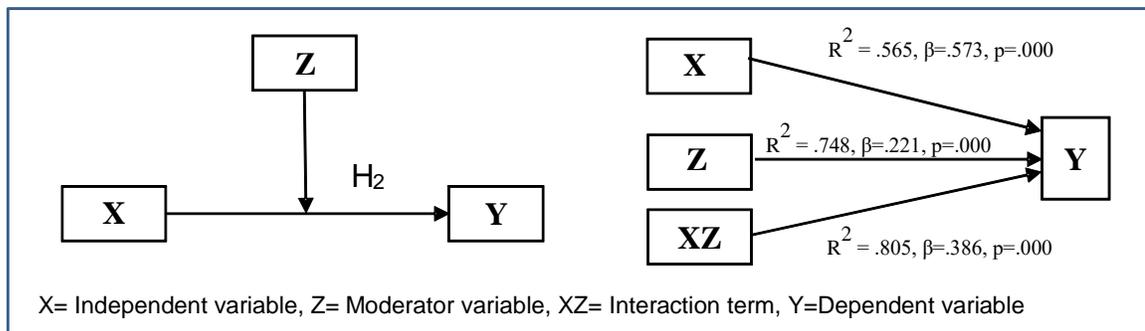
X.Z is Marketing Mix Strategies and Competitive Environment (interaction)

$\epsilon$ = Error term

$\beta$  = the beta coefficients of independent variables. After the regression analysis results, the model became  $Y = .641 + .573 X_1 + .221Z + .386XZ$

The graphical representation demonstrating the moderating effect of Competitive Environment on how Marketing Mix Strategies influence Organizational Performance now becomes:

**Figure 4.8: Revised Simple Moderation Model for MMS, CE and OP**



Source: Primary Data, 2019

The revised representation diagram shows that in path a; Marketing Mix Strategies (MMS) as the independent variable (X) are regressed against Organizational Performance and the results show positive and significant relationship ( $R^2 = .565$ ,  $\beta = .573$ ,  $p = 0.00$ ). In path b Competitive Environment (CE) as the moderator (Z) is regressed on Organizational Performance and the results show positive and significant relationship ( $R^2 = .748$ ,  $\beta = .221$ ,  $p = 0.00$ ). Further in path c, when an interaction term is considered, the study also gives positive and significant results ( $R^2 = .805$ ,  $\beta = .386$ ,  $p = 0.00$ ) implying that Competitive Environment adds significantly to the relationship as a moderator. The moderation

therefore is depicted in the model. The results show that the relationship between Marketing Mix Strategies and Organizational Performance of four firms in Kenya is significantly moderated by the Competitive Environment and thus the hypothesis is rejected. Therefore, the Hypothesis, H<sub>3</sub> is Rejected.

#### **4.16.4 Joint Effect of Marketing Mix Strategies, Firm Characteristics, Competitive Environment on Organizational Performance**

The fourth hypothesis was to assess how much change in Organizational Performance would be jointly explained by the changes in Marketing Mix Strategies, Firm Characteristics and the Competitive Environment. To assess the joint effect, the following hypothesis was tested. *H<sub>4</sub>: The joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance is not statistically significant.*

**Table 4.47: Joint Effect of Marketing Mix Strategies, Firm Characteristics, Competitive Environment on Organizational Performance**

Model Summary <sup>d</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	
2	.810 <sup>b</sup>	.656	.650	.16966	.090	30.966	1	118	.000	
3	.880 <sup>c</sup>	.775	.769	.13776	.119	61.990	1	117	.000	2.004
a. Predictors: (Constant), MMS										
b. Predictors: (Constant), MMS, FC										
c. Predictors: (Constant), MMS, FC, CE										
d. Dependent Variable: OP										
ANOVA <sup>a</sup>										
Model			3	df	Mean Square		F	Sig.		
1	Regression		5.579	1	5.579		154.816	.000 <sup>b</sup>		
	Residual		4.288	119	.036					
	Total		9.867	120						
2	Regression		6.470	2	3.235		112.384	.000 <sup>c</sup>		
	Residual		3.397	118	.029					
	Total		9.867	120						
3	Regression		7.646	3	2.549		134.311	.000 <sup>d</sup>		
	Residual		2.220	117	.019					
	Total		9.867	120						
a. Dependent Variable: OP										
b. Predictors: (Constant), MMS										
c. Predictors: (Constant), MMS, FC										
d. Predictors: (Constant), MMS, FC, CE										
Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics			
		B	Std. Error	Beta			Tolerance	VIF		
1	(Constant)	1.804	.187		9.652	.000				
	MMS	.573	.046	.752	12.443	.000	1.000	1.000		
2	(Constant)	1.066	.213		4.999	.000				
	MMS	.461	.046	.606	10.086	.000	.809	1.236		
	FC	.322	.058	.334	5.565	.000	.809	1.236		
3	(Constant)	.620	.182		3.402	.001				
	MMS	.205	.049	.269	4.155	.000	.458	2.186		
	FC	.187	.050	.194	3.739	.000	.714	1.401		
	CE	.476	.060	.542	7.873	.000	.407	2.460		
a. Dependent Variable: OP										

Scale; MMS=Marketing Mix Strategies, FC=Firm Characteristics, CE=Competitive Environment, OP=Organizational Performance

Source: Primary Data, 2019

The results displayed in Table 4.47 reveal that the joint effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on Organizational Performance was statistically significant. The results show that jointly the variables explain 77.5% of the variations in Organizational Performance ( $R^2 = .775$ ). Therefore, the hypothesis was supported by the results of the study. The results show that Marketing Mix Strategies independently explains 56.5% of the variation in Organizational Performance. Marketing Mix Strategies and Firm Characteristics jointly explain 65.6% of the variations in performance ( $R^2 = .656$ ). Marketing Mix Strategies, Firm Characteristics and Competitive Environment jointly explain 77.5% of the variations in Organizational Performance. The joint effect was thus higher and significant compared to the individual effect of individual variables therefore rejecting the hypothesis that; the joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance is not statistically significant.

This was guided by the following model;  $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$

Where: Y is Organizational Performance

$X_1$  is Marketing Mix Strategies

$X_2$  is Firm Characteristics (interaction)

$X_3$  is Competitive Environment

$\epsilon$  = Error term

$\beta$  = the beta coefficients of independent variables. After the regression analysis results, the model became  $Y = .620 + .205 X_1 + .187 X_2 + .476 X_3$

The results show that the joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance of four firms in Kenya is statistically significant, and thus, the hypothesis is rejected. Therefore, hypothesis, H<sub>4</sub> is Rejected.

#### 4.16.5 Summary of Research Objectives, Hypotheses, Results and Interpretation

This study was undertaken with the main aim to identify the moderating effects of Firm Characteristics and Competitive Environment (each one run separately) on the relationship between Marketing Mix Strategies and Organizational Performance. The study was anchored on four (4) hypotheses that were tested and supported. Table 4.48 contains a summary of the research objectives, hypotheses, results, interpretation and conclusion.

**Table 4.48: Research Objectives, Hypotheses, Results and Interpretation Summary**

Objectives	Hypotheses	Findings			Interpretation	Conclusion
		R <sup>2</sup>	P-value	F-statistic		
Objective (i): To establish the relationship between Marketing Mix Strategies (MMS) and Organizational Performance (OP) of four firms in Kenya	<b>H<sub>1</sub></b> : There is no significant relationship between Marketing Mix Strategies and Organizational Performance.	.565	0.00	154.816	Marketing Mix Strategies have a statistically significant influence on Organizational Performance	H <sub>1</sub> is rejected
Objective (ii) To determine the influence of Firm	<b>H<sub>2</sub></b> : The relationship between Marketing Mix	.689	0.00	86.560	Firm Characteristics have a statistically	H <sub>2</sub> is rejected

Characteristics (FC) on the relationship between MMS and Organizational Performance of tour firms in Kenya.	Strategies and Organizational Performance is not significantly moderated by Firm Characteristics .				significant moderating influence on the relationship between Marketing Mix Strategies and Organizational Performance	
Objective (iii) To assess the moderating effect of Competitive Environment (CE) on the relationship between (MMS) and Organizational Performance of tour firms in Kenya.	<b>H<sub>3</sub></b> : The relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by the Competitive Environment.	.805	0.00	160.832	Competitive Environment have a statistically significant moderating influence on the relationship between Marketing Mix Strategies and Organizational Performance	H <sub>3</sub> is rejected
Objective (iv) To determine the joint effect of Marketing Mix Strategies (MMS), Firm Characteristics (FC) and Competitive Environment (CE) on Organizational Performance of tour firms in Kenya.	<b>H<sub>4</sub></b> : The joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance is not statistically significant.	.775	0.00	134.311	Marketing Mix Strategies, Firm Characteristics and the Competitive Environment have a joint statistically significant influence on Organizational Performance	H <sub>4</sub> is rejected

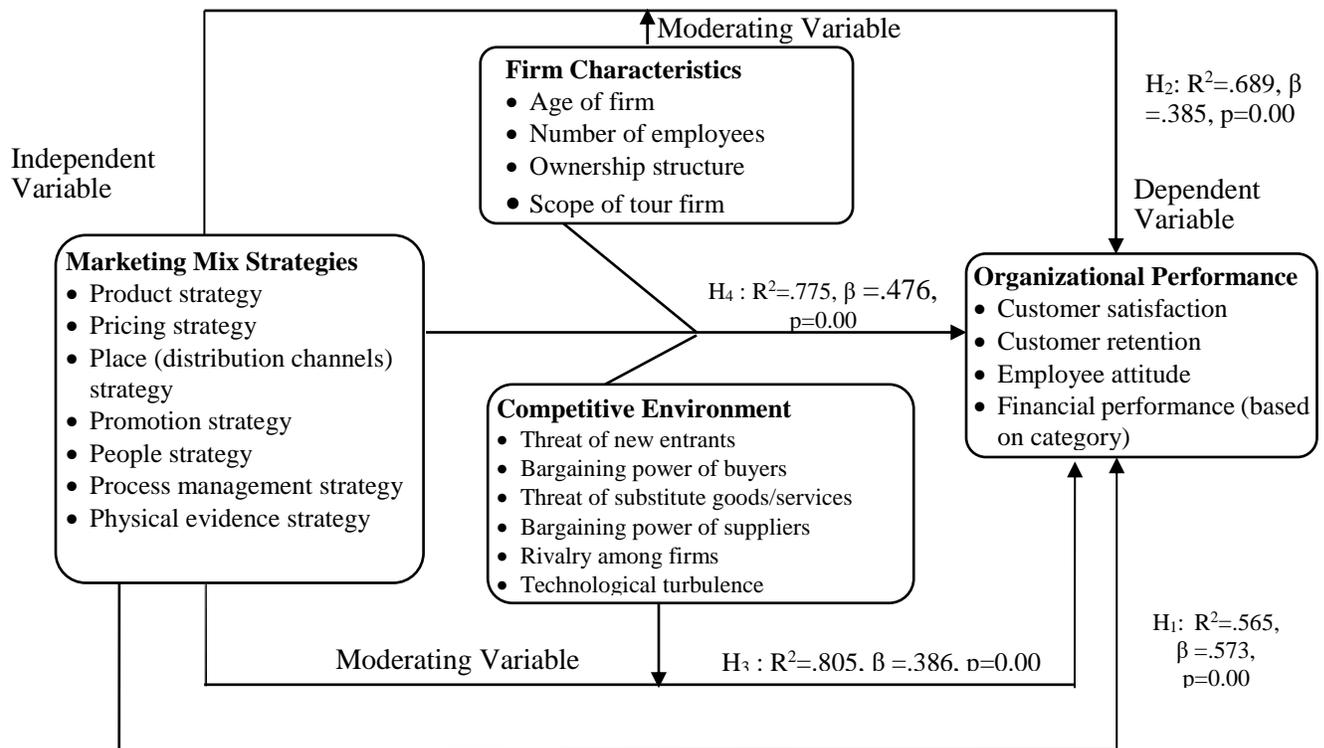
Source: Current Researcher

#### 4.16.6 Empirical Model of the Study

The key variables that were earlier used to construct the conceptual framework were used to develop the empirical model. This model enhances the conceptual framework by connecting the variables to the results of the hypotheses after testing.

Figure 4.9 gives a summary of the variables and the results of the hypothesis contained in the empirical model.

**Figure 4.9: Empirical Model**



Source: Primary Data, 2019

#### 4.17 Discussion of the Study Findings

In this section, the results which were drawn from the tests of the study variables are chronologically discussed based on the objectives of the study and the hypotheses.

#### **4.17.1 Marketing Mix Strategies and Organizational Performance**

The study established a positive and significant relationship between Marketing Mix Strategies and Organizational Performance of the tour firms surveyed in Kenya. The 7Ps of Marketing Mix Strategies that is, product, pricing, place (distribution channels), promotion, people, process management and physical evidence were considered for evaluation in line with Kotler (2003) and the American Marketing Association (AMA) definition of Marketing Mix Strategies. This approach is consistent with previous scholars who conducted studies in assessing the relationship between Marketing Mix Strategies and Organizational Performance (Ali & Mubarak, 2017; Kurtz & Boone, 2011; Mac-Kingsley & Pokubo, 2019).

The findings further support the Marketing Mix Strategies theory which argues that Marketing Mix Strategies is one of the important factors in influencing competitive advantage. Each element of the marketing mix consisting of product, price, place, promotion, people, process management and physical evidence have different effect on the competitive advantage (Chumaidiyah, 2014) and proposes combining a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve the goals set by the company (Pruskus, 2015).

The results derived in the study are in line with the study by Kurtz and Boone (2011) which established that effective Marketing Mix Strategies influence the level of strategy application which subsequently affects the performance of companies. The results are also consistent with previous studies that established that Marketing Mix Strategies leads to improvement in Organizational Performance (Ali & Mubarak, 2017; Ghouri et al., 2011;

Gituma, 2017). Other scholars such as Al Badi (2018); MacMillan and Day (1987) and Shin (2012) also concluded that individual elements of Marketing Mix Strategies have a significant effect on Organizational Performance. The findings of this study suggest that the success or failure of any tour firm in the contemporary business undertakings depends on how best such a firm can formulate and execute the right Marketing Mix Strategies.

#### **4.17.2 Marketing Mix Strategies, Firm Characteristics and Organizational Performance**

The second objective of the study was to determine the moderating effect of Firm Characteristics on the relationship between Marketing Mix Strategies and Organizational Performance. The Resource-Based View posits that performance is determined by the resources and capabilities that the organization possesses. The key factors of consideration in this study were: age of the firm; the size (measured by the number of employees); ownership structure and scope of operation of the tour firm.

The results established that there was a significant moderating effect by Firm Characteristics on the relationship between Marketing Mix Strategies and Organizational Performance of the tour firms surveyed in Kenya. The results are consistent with empirical literature (Kristiansen et al., 2003; McMahon, 2001; Smallbone et al., 1995; Usman & Zahid, 2011) and the Resource-Based View that fundamentally gives a justification for the effect of Firm Characteristics on the interaction between Marketing Mix Strategies and Organizational Performance results within an industry. Even though researches have been conducted on the effect of Firm Characteristics variables such as age

on performance (Coad et al., 2013), opportunities still remain on improving the empirical understanding of how Organizational Performance is affected by Firm Characteristics.

The results support the Resource-Based View which argues that Firm Characteristics are viewed as resources that an organization can utilize to gain competitive advantage with the propositions that performance is determined by the resources and capabilities that the organization possesses (Baker & Sinkula, 2005). The theory further argues that competitive advantage in an organization is gained through effective management, knowledge and training which eventually results in superior performance (Day, 1994). Morgan et al., (2004) also support the RBV by indicating that competitive advantage is achieved through management experience, training, judgment, own manager insight and other resources in the firm which result to superior performance.

#### **4.17.3 Marketing Mix Strategies, Competitive Environment and Organizational Performance**

The study empirically established a positive and significant moderation effect of Competitive Environment (CE) on the relationship between Marketing Mix Strategies (MMS) and the Organizational Performance (OP) of four firms in Kenya. The results are consistent with Katsikeas et al. (2006) who posited that a Competitive Environment is an essential determinant of the marketing decision strategy to implement or standardize goods and services in global markets in attaining customer satisfaction. Henderson and Mitchell (1997) and also Katsikeas et al. (2006) explained that the performance and strategies of a firm are shaped by its environment through its interactions at multiple levels of analysis

while organizational capabilities and Competitive Environments are shaped by strategy and performance.

The findings also support the Competitive Environment Theory which argues that superior performance is substantially determined by competitive advantage and that the operations of a firm are heavily determined by its structure and competitive dynamics which determine its profitability and performance (Schendel, 1994). The theory postulates that the results from a firm's activities together with firm strategies are influenced by the market environment which also affects the performance of the business. Organizational capabilities are shaped by the environmental changes through information received from the changes in the environment (Ingram & Baum, 1997).

The results are also consistent with other previous scholarly works (Aremu & Lawal, 2012; Njeru, 2013; O'Cass & Julian, 2003). Further, the findings of the study are consistent with and largely corroborate the presumptions of the Competitive Environment Theory that posits that the environment helps to shape strategies that define the organization's performance. The results of the study indicate that a Competitive Environment is an essential determinant of the Marketing Mix Strategies to implement or standardize goods and services in global markets in attaining customer satisfaction.

#### **4.17.4 Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance**

The last objective of the study involved evaluating the joint effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on Organizational Performance. The findings revealed a positive and significant relationship between

Marketing Mix Strategies and Organizational Performance with Firm Characteristics and Competitive Environment as the moderating factors.

The positive and significant results about Competitive Environment moderating the relationship between Marketing Mix Strategies and Organizational Performance are consistent with Porter (1990) who posits that the bargaining power of buyers, bargaining power of suppliers, threat of new entrants, rivalry among firms and threat of substitute goods/services impacts on competitive intensity level among the existing businesses. Furthermore, technological advances have increasingly transformed the manner in which tourists travel and these new developments have continued to fashion even more interactive and exciting experiences for tourism (Atembe & Abdalla, 2015). Thus, technological advancement is also a contributory factor to increased competition in the market.

Jogaratham and Law (2006) note that environment takes account of the macroeconomic setting, the whole industry setting and other cultural and national factors. According to the two scholars, the Competitive Environment is vital when environmental uncertainty rises. Businesses ought to appreciate how changes in their competitive setting develop and must formulate effective strategies to not only cope with changes in the environment but also outclass their competitors to be successful.

Finally, the findings on Firm Characteristics as a moderating variable to the relationship between the independent and the dependent variables are in line with other empirical literature that considered firm size to be linearly related to Organizational Performance (Munyao, 2019; Nwaolisa & Chijindu, 2016; Usman & Zahid, 2011). For instance, Geroski (1995) notes that there exists a positive relationship between the age and the

probability of the firm's survival. Further, the scholar observed that compared to their younger counterparts, older firms are less likely to fail. This is what is referred to in industrial organisation literature as the liability of newness. In line with industrial evolution theories, older firms are supposed to have acquired the needed experience of the market and its challenges. In other empirical studies on Firm Characteristics and Organizational Performance, Coad et al. (2013); Peyman et al. (2013) and Usman and Zahid (2011), the scholars established that the health of a firm improves with age, as aging firms are seen to have steadily increasing levels of higher profits, productivity, lower debt ratios, larger size and higher equity ratios. Still, older businesses are better placed to convert sales growth into subsequent profits and productivity growths.

The results on Firm Characteristics however contrast the findings of other studies. The empirical study by Pérez et al. (2004) found that older firms, are normally overtaken by new players in the market who are more flexible and innovative. Gibrat's law posits that smaller, younger organizations are expected to grow faster than larger, older organizations, in terms of sales and number of employees (Lotti et al., 2003). Therefore, being an older firm in itself cannot be an assurance for survival. Nationally, Njeru (2013) and Riwo-Abudho et al. (2013) established that the moderating effect of Firm Characteristics (age and size) on marketing practices and market orientation was not statistically significant and they therefore concluded that it does not impact the performance of the tour firms.

The study findings support the Service Marketing Theory, which is based on a thorough understanding of customer needs and provision of services that help to make the firm more successful. Due to the challenges faced by service marketers arising from its very nature

and characteristics such as intangibility, inseparability, heterogeneity and perishability, this makes service positioning more challenging than that of a physical product. Additionally, perishability of services leads to services like tourism often finding it challenging to synchronize supply-demand conditions due to high and low seasonality trends (Jan, 2012).

#### **4.18 Chapter Summary**

The chapter presented the results of descriptive and inferential statistics. Descriptive statistics (mean, mode, median and dispersion range) were presented using simple frequency and cross-tabulation tables. Inferential statistics were used to test the relevant hypotheses and were conducted using simple simultaneous, stepwise and multiple regression analyses to test the statistical significance of the hypotheses at 95% confidence level. The chapter has also detailed how the direct relationships were tested through simple linear regression and correlation analysis. It also detailed how the indirect relationships (moderation) were tested through hierarchical multiple regression and also how the joint influence was tested through stepwise multiple regression technique.

In review of the results, a hypothesis was said to be statistically significant was not rejected if the p-value was less than 0.05 significance level, otherwise a hypothesis was considered to be statistically insignificant (not significant) and hence rejected. Finally, the chapter also presented the discussion of the results and conclusions based on the hypotheses tested.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

Chapter five provides the summary, conclusions and recommendations of the study. It also discusses the theory contribution to the academic world, implications of the study to policy makers and the industry stakeholders. The chapter also gives the limitations and proposes areas of future research. The study examined the effectiveness of Marketing Mix Strategies on Organizational Performance. It had four objectives; to establish the relationship between Marketing Mix Strategies and Organizational Performance of tour firms; to determine the influence of Firm Characteristics on the relationship between Marketing Mix Strategies and Organizational Performance of tour firms; to assess the effect of Competitive Environment on the relationship between Marketing Mix Strategies and Organizational Performance of tour firms; and to determine the joint effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on Organizational Performance of tour firms.

#### **5.2 Summary of the Findings**

The study was undertaken with the main aim to examine the moderating effects of Firm Characteristics and Competitive Environment (each one run separately) on the relationship between Marketing Mix Strategies and Organizational Performance. The study used both primary and secondary sources to generate the required data. Secondary data was retrieved from different bulletins and reports. Primary data was collected from a survey approach through the administration of questionnaires designed to extract information from the respondents. The population of the study comprised 234 tour firms, both locally and

foreign-registered, operating in Kenya under the umbrella organization of tour firms, the Kenya Association of Tour Operators (KATO).

Descriptive statistics (mean, mode, median and dispersion range) were presented using simple frequency tables and cross-tabulation tables. Besides, descriptive statistics were used to analyse the characteristics of the respondents in terms of their position or job title in the firm, length of service in the stated position and the highest level of education attained. The respondents comprised chief executive officers/managing directors, managers and officers/administration assistants with most of the respondents constituting the top management in the tour firms operating in Kenya. Inferential statistics were used to test the relevant hypotheses and were conducted using simple simultaneous, stepwise and multiple regression analyses to test the statistical significance of the hypotheses at 95% confidence level. A hypothesis was said to be statistically significant was rejected if the p-value was less than 0.05 significance.

The results of the study revealed that less than 10% of the tour firms registered under KATO were wholly foreign-owned. The results also indicated that most of the tour firms, fall under the SME category as per the GoK categorization (GoK, 2005) with over 88.4% reporting less than 50 employees. In terms of management of the tour firms, most of the respondents had either Bachelor's Degree or a Diploma certificate (77.6%), indicating that academically capable individuals manage most of the tour firms as they can make responsible decisions to enhance Organizational Performance.

The findings of the study also revealed that the highest proportion of the tour firms operating under the KATO umbrella were wholly locally owned (71.1%). This was an

important observation as it debunked the perception that most tour firms are foreign-owned. In terms of age of the firms, the results indicated that the majority of the surveyed tour firms are relatively young in the business, less than 20 years at approximately 62.8%. In terms of gross annual turnover, the results revealed that about 75% of the tour firms surveyed are small entities with an annual total turnover of between KES 8 million to KES 100 million, which also falls under the SME categorization of GoK. In terms of the tour business specialization, a large majority of the tour firms surveyed conducted inbound only and a combination of both inbound and outbound tourism, constituting approximately 98.4%. This is significant as it helps in generation of foreign currency inflows unlike outbound tourism, which leads to the converse, foreign currency outflow. For the scope of operation, the findings revealed that majority of the tour firms at 90.9% source their clients from outside Kenya (regional, continental and global) with only 9.1% of tour firms practicing domestic tourism. This makes the tour firms generally be susceptible to global tourism dynamics.

A test of the four hypotheses revealed that the relationship between Marketing Mix Strategies and Organizational Performance was statistically significant. The study further observed statistically significant moderating effects of Firm Characteristics and Competitive Environment on the interaction between Marketing Mix Strategies and Organizational Performance. In addition, the results showed that the joint effect of Marketing Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance of tour firms in Kenya is statistically significant.

### **5.3 Conclusion**

The first research objective of the study was to establish the relationship between Marketing Mix Strategies and Organizational Performance of tour firms. The study found a strong positive relationship between Marketing Mix Strategies and Organizational Performance with coefficient of determination indicating that Marketing Mix Strategies explain 56.5% of variation in Organizational Performance. The overall model was statistically significant with the relationship further manifested by the significant t-value. This therefore depicts that Marketing Mix Strategies is key in determining performance of tour firms in Kenya and thus the hypothesis that there is no significant relationship between Marketing Mix Strategies and Organizational Performance was rejected.

The second objective sought to determine how Firm Characteristics influence the relationship between Marketing Mix Strategies and Organizational Performance. The results show that the change in p-value in progressive models is significant implying that Firm Characteristics significantly moderate the relationship between Marketing Mix Strategies and Organizational Performance ( $R^2=.689$ ). The results further depict that F-value for both models were high and significant implying that the overall models for direct and moderating relationships are significant and have explanatory value in influencing performance. The results further show that Marketing Mix Strategies and Firm Characteristics individually are significant in explaining Organizational Performance and when the interaction term is introduced it is also significant. Therefore based on the regression results, the hypothesis that the relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by Firm Characteristics was rejected.

The third objective sought to determine how Competitive Environment influences the relationship between Marketing Mix Strategies and Organizational Performance. The results show that change in p-value in subsequent moderating model is significant implying that Competitive Environment significantly moderates the relationship between Marketing Mix Strategies and Organizational Performance ( $R^2=.805$ ). The results further depict that F-value for both models were high and significant inferring that the overall models for direct and moderating relationships are significant and have explanatory value in explaining performance. The results further show that Marketing Mix Strategies and Competitive Environment individually are significant in explaining Organizational Performance and when the interaction term is introduced it is also significant. Hence, based on the test results, the hypothesis that the relationship between Marketing Mix Strategies and Organizational Performance is not significantly moderated by Competitive Environment was rejected.

The fourth objective was to assess how much change in Organizational Performance would be jointly explained by the changes in Marketing Mix Strategies, Firm Characteristics and the Competitive Environment. The results displayed reveal that the joint effect of Marketing Mix Strategies, Firm Characteristics and Competitive Environment on Organizational Performance was statistically significant. The results show that jointly the variables explain 77.5% of the variations in Organizational Performance. Therefore, the results show that Marketing Mix Strategies, Firm Characteristics and Competitive Environment jointly explain 77.5% of the variations in Organizational Performance. The joint effect was thus higher and significant compared to the individual effect of the separate variables therefore leading to rejection of the hypothesis that; the joint effect of Marketing

Mix Strategies, Firm Characteristics and the Competitive Environment on Organizational Performance is not statistically significant.

#### **5.4 Implications of the Study**

The current study examined the relationship between Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Organizational Performance. The moderating role of Firm Characteristics and Competitive Environment was also examined. The findings of the study present theoretical, managerial and policy implications.

##### **5.4.1 Theoretical Implications**

The study also sheds more light on the existing and current theoretical debates on Marketing Mix Strategies and Organizational Performance. The findings of the study showed that Marketing Mix Strategies are integral elements that contribute to Organizational Performance. These findings reinforce the Marketing Mix Strategies Theory that contends that Marketing Mix Strategies is one of the important factors in influencing competitive advantage. Each element of the marketing mix consisting of product, pricing, place (distribution channel), promotion, people, process management and physical evidence have different effect on competitive advantage (Chumaidiyah, 2014; McCarthy, 1960).

In addition, the study observed that Firm Characteristics significantly moderate the relationship between Marketing Mix Strategies and Organizational Performance. Therefore, Firm Characteristics contribute to Organizational Performance. This observation reinforces the claims by the Resource-Based View that performance is determined by the resources and capabilities that the organization possesses, which also

conforms to the findings by Peteraf (1993). The findings of the study also showed that Competitive Environment moderates the interaction between Marketing Mix Strategies and Organizational Performance. This observation conforms to Henderson and Mitchell (1997) theory of Competitive Environment that posits that the performance and strategies of a firm are shaped by its environment; the results from a firm's activities together with firm strategies are influenced by the market environment which also affects performance of the business.

#### **5.4.2 Policy Implications**

The study makes important contribution to policy makers. Changing market dynamics and economic cycles present great challenges to policy makers in the tourism industry. From a geo-political viewpoint, destination tourism can become more competitive and thus enhance sustainability if the tour firms' package and market their wide-ranging attractions more cohesively to entice potential visitors. In such market environment, an understanding of how to appeal to the markets necessitates a deeper knowledge on the link between Marketing Mix Strategies and Organizational Performance and the effect of Competitive Environment on this relationship.

Further, there is a significant role of this study to policy makers as the insights learnt will help them to develop tourism programmes and policies that will encourage greater comparability of tour firms and knowledge sharing amongst different stakeholders to develop capacity and capabilities. Finally, application of gained insights will also help policy makers to grow the overall sustainability, competitiveness, attractiveness and performance of the tourism industry in the country and beyond.

### **5.4.3 Marketing Practice Implications**

The results of the study are also expected to have positive implications to the practitioners. Research has shown that Marketing Mix Strategies impact significantly on the performance of tour firms. These results are in line with the study by Kurtz and Boone (2011) conducted in USA which established that effective Marketing Mix Strategies influence the level of strategies application which subsequently affects the performance of companies. Managers must take cognizance of the fact that their main duty revolves around isolating the exact needs of customers and deciding on the best Marketing Mix Strategies to adopt to deliver products and services that satisfy both current and potential customers. Thus, suitable and effectively implemented Marketing Mix Strategies are necessary to effectively guide the placement of existing resources in pursuit of desired organizational goals (Aremu & Lawal, 2012; Mac-Kingsley & Pokubo, 2019; Suherly et al., 2016).

The study has also revealed that the interaction of Marketing Mix Strategies and Organizational Performance is further moderated by Competitive Environment. It is therefore critical for practitioners to understand that for a tour firm business to be successful, it ought to appreciate how changes in the competitive setting develop and must formulate effective strategies to not only cope with changes in the environment but also outclass their competitors.

Finally, the research has shown that Firm Characteristics are significant contributors to the interaction between Marketing Mix Strategies and Organizational Performance of tour firms but contrast other studies (Njeru, 2013; Pérez et al., 2004; and Riwo-Abudho et al., 2013). The mixed findings by different scholars on the moderating role of Firm

Characteristics on the interaction between Marketing Mix Strategies and Organizational Performance therefore warrants a need for more research to ascertain the results.

### **5.5 Limitations of the Study**

The study had some operational, methodological and technical limitations due to its scope. These limitations however did not significantly affect the overall design and outcome of the research. Firstly, it is noted that this research was developed from the perspective of tour firms. This limits the generalizability of the findings to reflect the realities of other sectors. Secondly, the study also adopted a descriptive cross-sectional survey which has some notable limitations. Weaknesses allied to cross-sectional survey research design that could have found their way into this research include difficulties to make causal inference; a snapshot, implying that the phenomenon could offer conflicting results under different time frames (Sedgwick, 2014; Yee & Niemeier, 1996).

A third limitation of this study arose from the choice of the Likert scale as a measurement scale. Even though Likert Scale method is widely used in management and social sciences researches, it is uni-dimensional and only provides 5 to 7 options of choice and the space between every choice cannot probably be equidistant (Hasson & Arnetz 2005). Thus, it cannot measure the respondents' real attitudes. Furthermore, it is not implausible that peoples' responses can be influenced by previous questions, or will significantly focus on one response side (disagree/ agree). In many cases, respondents tend to avoid picking the "extremes" choices on the scale as the negative inferences involved with "extremists", even if an extreme option would be the most accurate (Sedgwick, 2014). However, this was not the case with this study as most of the mean scores were between 3.0 and 4.5 which showed that the respondents did not have that tendency of picking extremists options.

The survey data collection instrument for primary data of the tour firms was self-administered and distributed to respondents through electronic mail and drop-and-pick-up later method. The concern of not presenting questions to respondents face-to-face is that everyone can have different interpretations of research questions (Debois, 2016). Respondents could also have had difficulties understanding the meaning of some items that looked clear to the researcher. This miscommunication could have skewed the results. Without somebody to clarify the content of the questionnaire fully to ensure all individuals have the same understanding, the results obtained can thus be viewed to have a certain degree of subjectivity, though the researcher considers this to have had a negligible influence on the overall results.

Finally, the use of questionnaires for data collection was also a notable limitation in this study as they are generally associated with survey response fatigue and survey taking fatigue syndrome. Survey response fatigue, according to Debois (2016), happens before the start of a study. Stunned by the increasing number of studies, respondents may have been less persuaded to take part in this research survey. In general, survey taking fatigue syndrome results when a survey instrument for data collection is presumed to be so long and with irrelevant questions to the respondent. An indicator of possible survey taking fatigue in this survey was the return of ten (10) incomplete questionnaires that were consequently not usable for analysis. However, this was mitigated by the high number of returned questionnaires that were duly completed at 121 representing a response rate of 51.7%. The researcher therefore considers that survey syndrome did not have any significant effect on this study.

The researcher notes that the above noted limitations, however did not compromise the overall quality of the study and the findings. This was ascertained in the study by running diagnostic tests of the collected data to test the assumptions of regression (normality, linearity, multi-collinearity, homoscedasticity and correlation analysis) which were all met after analysis.

## **5.6 Recommendations**

The significance of tourism for economic expansion is well recognized. Since the tourist comes to the supplier, the sector has been deemed to play a crucial role in poverty alleviation, creating jobs for unskilled or semi-skilled workers. Given the findings, several recommendations are made. First, as tourism increasingly advances its profile in national economic planning, there is an apparent need to make sure that maximum attention is given to its long-term market expansion potential. Such an approach necessitates a comprehensive strategic plan for the future of the industry – partly for the explanations given earlier in the study. This practice of developing a long-term strategy requires the implementation of a clear vision for the tourism sector. The Kenya Ministry of Tourism and Wildlife and other relevant stakeholders should as a matter of urgency focus on more aggressive Marketing Mix Strategies to drive the tourism products to the target market and to further improve profit margins for the industry.

Secondly, tourism has to operate within globalization which is the new economic and social reality. The tourism sector, by its very own nature, is both susceptible to the fluctuating market uncertainties that are associated with globalization. However, the industry can also be a principal beneficiary of globalization but with the right adaptation strategies.

Comparable to these globalization trends, tourism markets are also fluctuating and will remain susceptible to change. The exponential increase in inbound tourism from new markets, especially Asian countries like China and India, is bringing shifting patterns of travel demand and flows. These necessitate new marketing mix and suitable product development strategies. From the findings of this study, there is also a need for the stakeholders in the tourism sector to understand how to maximize on the interactions between Marketing Mix Strategies and Competitive Environment as the two have a relatively stronger effect on Organizational Performance of tour firms.

Finally, running a successful business is not merely about having a high-quality product or picking a suitable market. It is also about leveraging the right kind of Marketing Mix Strategies to reach out to the target audience and convert them into leads or customers. Traditional marketing may have changed over the past few decades. However, the fundamental features remain the same. The Marketing Mix Strategies that are mainly used in service marketing organizations (not necessarily tourism industry) heavily rely on the 7P's of Marketing Mix Strategies: product, pricing, place (distribution channels), promotion, people, process management and physical evidence. Thus, policymakers and stakeholders operating in the tourism industry should take advantage of the findings of this research and benefit from the implementation of the right kind of Marketing Mix Strategies to maximize on their Organizational Performance.

### **5.7 Suggestions for Future Research**

The study focused on tour firms only. Further similar research in other industries should be conducted to validate the results of this study. It is suggested that a similar research be

conducted based on other components of the travel trade (the full range of organizations operating as intermediaries in the tourism and travel industry), such as hoteliers, travel agencies as the unit of analysis. Such a study would increase the empirical knowledge in the subject matter while also extending the generalizability of the study findings.

The moderating effect of Firm Characteristics on the interaction between Marketing Mix Strategies and Organizational Performance has provided mixed results in the past. There is thus a need for future researchers to study this area as they seek to add to the existing body of knowledge with substantive theoretical and empirical insights concerning the earmarked study variable.

Finally, the research questionnaires were mainly administered to the target respondents through electronic mail and drop-and-pick-up later method. This increased chances of misinterpretation of the items captured in the questionnaire and survey response syndrome. There is need for future studies to have research survey tools presented to respondents on face-to-face interviews as they are presumed to allow for more in-depth data collection from the respondents and comprehensive understanding of the survey content.

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## APPENDICES

### APPENDIX I: LETTER OF INTRODUCTION

Muriithi Ndegwa  
P. O. Box 33867-00600  
NAIROBI

22<sup>nd</sup> May 2019

Dear respondent,

#### **RE: INTRODUCTORY LETTER FOR RESEARCH**

My name is Muriithi Ndegwa. I am a student at the University of Nairobi, School of Business, Department of Business Administration. I am undertaking a research study on **Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Performance of Tour Operators in Kenya**, as part of the requirements for the award of the degree of Doctor of Philosophy in Business Administration.

I have selected you as a respondent since you are among the persons involved in strategy formulation and implementation in your organization. Please take time to complete all the questions in the questionnaire and kindly tick the response that is most appropriate. The research results will be used solely for academic purpose and will be treated with utmost confidentiality. Your participation will be highly appreciated.

Thank you.



**MURIITHI NDEGWA**

**APPENDIX II: INTRODUCTION LETTER FROM THE UNIVERSITY OF  
NAIROBI**



**UNIVERSITY OF NAIROBI  
COLLEGE OF HUMANITIES & SOCIAL SCIENCES  
SCHOOL OF BUSINESS**

Telephone: 4184160-5 Ext 215  
Telegrams: "Varsity" Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, KENYA

17<sup>th</sup> May, 2019

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

**INTRODUCTORY LETTER FOR RESEARCH  
ROBERT MURIITHI NDEGWA – REGISTRATION NO. D80/94067/2014**

The above named is a registered PhD candidate at the University of Nairobi, School of Business. He is conducting research on *"Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Performance of Tour Operators in Kenya."*

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your assistance will be highly appreciated.

Thank you.



**Prof. Mary Kinoti**  
Associate Dean, Graduate Business Studies  
School Of Business

MK/m

## APPENDIX III: INTRODUCTION LETTER FROM KATO



DATE : 21<sup>st</sup> May, 2019  
REF : KATO/EXEC/XIII (28)  
To : ALL KATO MEMBERS

### RE : INTRODUCTORY LETTER FOR RESEARCH: MURIITHI NDEGWA

We wish to introduce the above-mentioned who is a registered PhD candidate at the University of Nairobi, School of Business.

Mr. Ndegwa is the immediate former Managing Director of the Kenya Tourism Board (KTB) and is conducting a research on "Marketing Mix Strategies, Firm Characteristics, Competitive Environment and Performance of Tour Operators.

The purpose of this letter is to kindly request KATO members to assist and facilitate Mr. Ndegwa with the necessary data and information as requested through the questionnaire, as this forms an integral part of his research project.

All information and data given will be treated with strict confidence and the research results will be used solely for academic purposes.

Your participation and assistance will be highly appreciated.

Kind Regards,

Fred Kaigua ACI Arb, CPM (MTI)  
CHIEF EXECUTIVE

**APPENDIX IV: QUESTIONNAIRE FOR TOUR OPERATORS.**

**SECTION A: TOUR OPERATOR DEMOGRAPHIC DATA (FIRM CHARACTERISTICS AND FINANCIAL PERFORMANCE)**

Please tick (✓) where appropriate.

**a) Respondent Demographics**

1. Name of the firm -----
  
2. Please indicate your job title -----
  
3. How long have you worked in this position?  
Up to 5 years [ ]                      6-10 years [ ]                      11-15 years [ ]  
16-20 years [ ]                      Over 20 years [ ]
  
4. Please indicate the highest level of education that you have attained  
Primary [ ]                      Secondary [ ]                      Diploma [ ]  
Bachelor's degree [ ]                      Master's degree [ ]                      Doctorate degree [ ]

**b) Tour Operator Demographics and Financial Performance**

5. What is the ownership status of your firm?  
Wholly Kenyan owned [ ]                      Wholly foreign owned [ ]  
Jointly Kenyan and foreign owned [ ]
  
6. How long in years has your firm existed?  
Up to 5 years [ ]                      6-10 years [ ]                      11-15 years [ ]  
16-20 years [ ]                      Over 20 years [ ]
  
7. What is the range of the number of employees currently employed in your firm?  
Up to 10 employees [ ]                      11-20 employees [ ]                      21-30 employees [ ]  
31- 40 employees [ ]                      41- 50 employees [ ]                      Over 50 employees [ ]

8. Indicate the category of your firm's annual gross turnover.

Less than KES. 10M       KES. 10 - 40M       KES. 41 - 80M

KES. 81 - 120M       Above KES. 120M

9. Which category of tour business does your firm mainly specialize in?

In-bound tourism       Out-bound tourism

Both in-bound and out-bound tourism

10. Please indicate the main scope of operation of your firm

Domestic       Regional       Continental (Africa)

Global (beyond Africa)

**SECTION B: MARKETING MIX STRATEGIES**

11. Please indicate with a tick (✓) the extent to which your firm focuses on the following aspects of marketing using a scale where: 1 denotes – Not at all; 2 denotes – To a small extent; 3 denotes – To a moderate extent; 4 denotes – To a large extent; and 5 denotes – To a very large extent.

Description	(1)	(2)	(3)	(4)	(5)
<b>a) Product strategy</b>					
i. We are involved in the decisions on the products to be marketed in the country					
ii. We play a role in the product development process (product design, profiling and packaging) of tourism products to be marketed					
iii. Meeting of the tourists needs and desires is what drives our product development process					

iv. Our strategies are driven by our belief on how we can create greater value for tourists.					
v. Our employees are involved in the product/service development process					
<b>b) Pricing strategy</b>					
i. We make pricing decisions of the products we market					
ii. When new products are being developed (design, packaging and profiling), we are consulted on the price at which they are to be marketed					
iii. The tourism industry regularly consults us on the pricing of the various existing products being marketed					
iv. We regularly undertake market price surveys with our competitors to establish our pricing strategy					
v. We know our competitors' pricing tactics.					
vi. Our pricing model takes into account customer expectations.					
<b>c) Place (distribution channels) strategy</b>					
i. We are involved in decisions on channels of distribution in the country					
ii. We have a strong working relationship with all distribution channel members					
iii. Our strategies add value to all members of the distribution channels					

iv. We provide high level strategic support to all members of the distribution channel.					
<b>d) Promotion strategy</b>					
i. We are involved in all the aspects of destination promotion (advertising, sales promotion, public relations and personal selling)					
ii. We choose which media/medium to use in all our promotion decisions					
iii. Our advertising programmes are well designed, developed and executed.					
iv. Our sales promotion programmes are well designed, developed and executed.					
v. Our public relations programmes are well designed, developed and executed.					
vi. We provide effective sales support to our sales force.					
vii. We have in place a well designed and developed social media and online marketing strategy.					
<b>e) People</b>					
i. Our employees are highly motivated and proud to work for this firm					
ii. Our employees rarely go the extra mile to support the work of this firm					
iii. Our employees are very committed to the success of this firm					
vi. Our firm has very highly charged and loyal employees					

v. The productivity of our employees is not good enough and there's room for improvement					
<b>f) Process Management</b>					
i. There's a lot of bureaucracy in this firm					
ii. We respond fast and appropriately to customer enquiries coming to our firm					
iii. We rarely engage our key stakeholders in seeking ideas on how we can improve our firm					
iv. We strive to improve our processes and do give our employees a free hand to improve					
v. Work flow in this firm is very good & I enjoy my work					
<b>g) Physical Evidence</b>					
i. The work facilities in this firm are not good and I do not like it here.					
ii. The environment here is very conducive for work					
iii. The location of our firm is very ideal and suited to our work					
iv. Our customers often complain about the location and facilities of our firm					
v. We generally often get very good reviews from our stakeholders about our firm's location and facilities.					

## SECTION C: COMPETITIVE ENVIRONMENT

1. Please indicate with a tick (✓) the extent to which the following statements describe your firm using a scale where: 1 denotes – Not at all; 2 denotes – To a small extent; 3 denotes – To a moderate extent; 4 denotes – To a large extent; and 5 denotes – To a very large extent.

Description	(1)	(2)	(3)	(4)	(5)
<b>a)Threat of new entrants</b>					
i. New competitors keep joining our industry					
ii. New tour operators have to spend heavily to build their brands and to overcome existing brand loyalties					
iii. The established tour operators have substantial resources to thwart entry of new competitors					
iv. Large financial resources are required for a new tour operator to enter our market sector					
v. There is often strong retaliation by established tour operators towards new entrants					
<b>Bargaining power of buyers</b>					
i. Buyers or buyer groups are very powerful in the tourism industry					
ii. Buyers or buyer groups in our industry demand concessions (bargain hard)					
iii. In tourism, a small number of buyers or buyer groups form a large proportion of our industry's sales					
iv. In the tourism industry, buyers or buyer groups create and determine the demand for business.					
<b>c)Threat of substitute goods/services</b>					
i. In our industry, it is easy to replicate the product/service offering					

ii. The availability of substitute products/services in our industry limits profitability.					
iii. In our industry, all firms are aware of the strong competition posed by substitute products/services					
iv. Our tourism product offering/services are easily available from many other firms					
v. In our industry, we face great pressure from substitute products/services					
<b>d) Bargaining power of suppliers</b>					
i. In our industry suppliers/ supplier groups are very powerful					
ii. Suppliers/supplier groups in our industry often do demand concessions					
iii. In our industry, there exists a small number of suppliers who contribute a large proportion of our business					
iv. The suppliers/supplier groups product/service quality can affect the final quality of our product/service					
<b>e) Rivalry among firms</b>					
i. In our industry, firms compete intensely to hold/or increase their market share					
ii. In our industry, competitive moves among the tour operators affect our profitability					
iii. Advertising battles occur often in our industry and are highly intense					
iv. In our industry, price cutting is a common competitive strategy					
v. In our industry, price competition is highly intense – price cuts are quickly and easily matched by competitors					

vi. In our industry, foreign firms play an important role in industry competition					
<b>f) Technological turbulence</b>					
i. In our industry, customers tend to look for new products/services all the time					
ii. In our industry, customer tastes and preferences often change over time.					
iii. In our industry, customer tastes and preferences play a very important role in choice of destination					
iv. In our industry, most customers are price sensitive					
v. Very often, demand for products/services in our industry is from new customers					

#### SECTION D: TOUR OPERATOR PERFORMANCE

12. Please indicate with a tick (✓) the extent to which the following statements describe your firm using a scale where: 1 denotes – Not at all; 2 denotes – To a small extent; 3 denotes – To a moderate extent; 4 denotes – To a large extent; and 5 denotes – To a very large extent.

Description	(1)	(2)	(3)	(4)	(5)
<b>a) Customer satisfaction</b>					
i. We often receive good or excellent reviews from destination review metrics such as BOOKING.COM					
ii. Very often our customers are repeat visitors					
iii. We have created value for our customers through quality products/services					
iv. We have in place good structures to support customer relationship management					

v. We often receive positive compliments through phone calls/ emails/ letters from our customers					
vi. We hardly get customer complaints on our service offering					
<b>b) Customer retention</b>					
i. We hardly have repeat customers					
ii. We promptly respond to our customer needs and queries					
iii. Many of our customers are so loyal that they often act as referrals to our new visitors					
iv. A greater proportion of our customers' source of information is through Word Of Mouth (WOM)					
v. Many of the tourists that visit the country are very loyal to our firm					
<b>c) Employee attitude</b>					
i. Generally our employees are proud to work for this firm					
ii. Our employees have little or no commitment to this firm					
iii. There exists a strong bond between this firm and its employees					
iv. We have a higher employee turn-over than our competitors					
v. Majority of our employees feel their future is intimately linked to that of this firm					

**THANK YOU VERY MUCH FOR YOUR CO-OPERATION.**

## APPENDIX V: LIST OF KATO MEMBERS

### 1.0 Category A

No	Company Name
1.	Abercrombie & Kent Kenya Limited
2.	African Quest Safaris Ltd
3.	African Horizons Travel & Safaris Ltd
4.	Balloon Safaris
5.	Bush & Beyond Ltd, Nairobi
6.	Bunson Safaris
7.	Cheli & Peacock Ltd
8.	Charleston Travel Ltd
9.	Discover Kenya Safaris Ltd
10.	Enchanting Africa Ltd
11.	Game watchers Safaris Ltd
12.	Kibo Slopes Safari Ltd
13.	Kobo Safaris Ltd
14.	Liberty Africa Safaris Ltd
15.	Mini Cabs Tours & Safaris (Micato Safaris)
16.	Maniago Safaris Ltd
17.	Origins Safaris Ltd
18.	Peak East Africa Ltd
19.	Private Safaris (EA) Ltd
20.	Somak Safaris
21.	Pollman's Tours & Safaris Ltd
22.	Rhino Safaris Ltd
23.	Southern Cross Safaris Ltd
24.	Twiga Car Hire & Tours Ltd
25.	Transworld Safaris Kenya Ltd
27.	Wildtrek Safaris Ltd
28.	Transworld Safaris Kenya Ltd
29.	The Safari and Conservation Company Ltd
30.	Vintage Africa (K) Ltd
31.	Wildlife Safari (K) Ltd

## 2.0 Category B

No.	Company Name
1.	Big Five Tours & Safaris Ltd
2.	Dodo World (K) Ltd
3.	Luca Safari Ltd
4.	Muthaiga Travel Ltd
5.	Robin Hurt Safaris Ltd
6.	Southern Sky Safaris
7.	Sunworld Safaris Ltd

## 3.0 Category C

1.	African Road Safaris
2.	African latitude (Kenya) Ltd
3.	All Seasons Safaris & Tours
4.	ECO Adventures Ltd
5.	Ker & Downey Safaris Ltd
6.	Four by Four Safaris Ltd
7.	Ketty Tours Travel & Safaris Ltd
8.	Kimbla-Mantana Ltd
9.	Nature Expeditions Africa Ltd
10.	Lindberg Holiday & Safaris Ltd
11.	Silver Africa Tours & Safaris Ltd
12.	Travel Affairs Ltd
13.	Real Africa Ltd
14.	Savage Wilderness Safaris

## 4.0 Category D

No.	Company
1.	Acacia Holidays
2.	Apollo Tours & Travel Ltd
3.	Archer's Tours & Travel Ltd
4.	Aslan Adventure Tours & Travel
5.	BCD Travel Trading as Highlight Travel
6.	Bill Winter Safaris
7.	Chameleon Tours
8.	Classic Safaris Ltd
9.	Concorde Safaris Car Hire
10.	Destination Kenya Ltd
11.	Diwaka Tours & Travel Ltd
12.	Domino Di Dorian
13.	Eyes on Africa Adventures Safaris Ltd
14.	Frate Tours Ltd
15.	Game Viewers Adventures Ltd
16.	Game Trackers (K) Ltd

17.	Good Hope Travel & Tours Ltd
18.	Helinas Safaris Ltd
19.	Hirola Tours & Safaris
20.	Holiday Bazaar Ltd
21.	Intoafrika Eco-Travel Ltd
22.	Kenia Tours & Safaris Ltd
23.	Kuldips Touring Company Ltd
24.	Jambo Travelhouse Ltd
25.	Let's Go Travel
26.	Masikio Ltd
27.	Onsafari (K) Ltd
28.	Rickshaw Travels (Kenya) Ltd
29.	Safaris Unlimited (Africa) Ltd
30.	Star Travel & Tours Ltd
31.	Sentinel Safaris Ltd
32.	Travel Creations Ltd
33.	Travel 'N Style Ltd
34.	TravelShoppe Ltd
35.	Tour Africa Safaris
36.	Zoar Tours & Safaris Ltd

### 5.0 Category E

No.	Company
1.	Aardwolf Africa Adventure Safaris
2.	Absolute Adventure Africa Safaris Ltd
3.	Access Africa Safaris Ltd
4.	Africa Bound Safaris (K) Ltd
5.	Africa Calling Safaris Ltd
6.	Africa Partners in Safari Ltd
7.	Adventure African Jungle Ltd
8.	Affable Tours & Safaris (E.A.)
9.	Africa Last Minute
10.	Africa Journeys Escapes
11.	Africa Visa Travel Services Ltd
12.	African Eco Safaris
13.	Africa Untamed Wilderness Adventures Ltd
14.	African Home Adventures Ltd
15.	African Dew Tours & Travels Ltd
16.	African Route Safaris-MSA
17.	African Memorable Safaris
18.	Animal World Safaris Ltd
19.	African Safari Destinations
20.	African Sermon Safaris
21.	All Time Safaris
22.	Anste Tours & Travel Ltd

23.	As you like it (Safaris) Ltd
24.	Aramati Safaris
25.	Asaray Tours Ltd
26.	Australken Tours & Travel Ltd
27.	Asili Adventures Safaris & Travel Ltd
28.	Asilia Kenya Ltd
29.	Avenue Service Station (1977) Ltd
30.	Baisy Oryx Tours & Travel
31.	Benroso Safaris Ltd
32.	Bush Blazers Tours, Travel & Safaris Ltd
33.	Bestway Holidays Ltd
34.	Bellafric Expeditions Ltd
35.	Boma Travel Services Ltd
36.	Brogibro Company Ltd
37.	Bongo Asili Cultural Travels
38.	Bushbuck Adventures Ltd
39.	Bush Company Ltd
40.	Bushblazers Tours, Travel & Safaris Ltd
41.	Bushtroop Tours & Safaris
42.	Campofrio Safaris Ltd
43.	Call of Africa Safaris
44.	Catalyst Travels Ltd
45.	Centurion Travel & Tours Ltd
46.	CKC Tours & Travel
47.	Cotts Travel & Tours Ltd
48.	Cosmic Safaris
49.	Custom Safaris Ltd
50.	Deans Travel Centre Ltd
51.	D K Grand Safaris & Tours Ltd
52.	Destination Mombasa
53.	David Tours & Car Hire Ltd
54.	Designer Tours & Travel
55.	DK Grand Safaris & Tours Ltd
56.	Dream Kenya Safaris
57.	Duma Africa Treks & Safaris
58.	East Africa Adventure Tours & Safaris
59.	East Africa Shuttles & Safaris
60.	Earth Tours & Travel Ltd
61.	East African Eagle (K) Ltd
62.	East African Wildlife Safaris
63.	Easy Go Safaris Ltd
64.	Elite Travel Services Ltd
65.	Essenia Safari Experts Ltd
66.	Explorer Kenya Tours & Travel
67.	Eastern Vacation Tours Ltd

68.	Fairways Solutions Tours & Travel
69.	Flight & Safaris International Ltd
70.	Favour Tours & Safaris
71.	Fidex Car Hire Ltd
72.	Flying Dove Tours & Travel Ltd
73.	Gat Safaris
74.	Glory Tours & Safaris Ltd
75.	Go Africa Travel Ltd
76.	Go Africa Safaris & Travel
77.	Gofan Safaris
78.	Golden Holidays & Travel Company
79.	Grand Edition Tours & Travel Ltd
80.	Holidee in Africa consulting Ltd
81.	Ideal Tours & Travel
82.	Incentive Travel Ltd
83.	Inclusive Holidays Africa
84.	Impact Adventure Travel
85.	Jawamu Tours & Safaris
86.	Jmar Safaris Ltd
87.	Jungle Beach Safaris
88.	Ibis Tours & Travel Ltd
89.	Imperial Air Services Ltd
90.	Jet Travel Ltd
91.	Karisia Ltd
92.	Kenor Safaris Ltd
93.	Kenya Beach Travel Ltd
94.	Kuja Safaris
95.	Kosen Safaris Africa Ltd
96.	Kent Tours & Travel Ltd
97.	Kudu Travels Ltd
98.	Longren Tours & Travel Ltd
99.	Kenan Travel & Tours
100.	Kisima Tours & Safaris Ltd
101.	Location Africa Safaris Ltd
102.	Marble Travel Bureau
103.	Lowis & Leakey Ltd
104.	Maridadi Safaris Ltd
105.	Mathews Safaris
106.	Magical Spots Tours
107.	Nahdy Travel & Tours Ltd
108.	Mighty Tours & Travel Ltd
109.	Migrants Safaris ( East Africa) Ltd
110.	Mombasa Air Safari Ltd
111.	Naked Wilderness Afrika
112.	Napenda Africa Safaris Ltd

113.	Natural Track Safaris
114.	New Kenya Travel Tours Safaris Ltd
115.	Nappet Tours & Travel
116.	Natural World Mombasa Safaris
117.	Nature's Wonderland Safaris Ltd
118.	Pal-Davis Adventures Ltd
119.	Papa Musili Safaris Ltd
120.	Peaks & Safaris
121.	Penfam Tourism & Travel
122.	Prima Vera Tours Safaris & Travel
123.	Raylenne Tours
124.	Phoenix Safaris (K) Ltd
125.	Prep Safaris International Ltd
126.	Primetime Safaris
127.	Right Choice Tours & Safaris
128.	Rollard Tours & Car Rentals Ltd
129.	Safari Mania Ltd
130.	Safari Travel Kenya Ltd
131.	Saleva Africa Tours Ltd
132.	Safari Services East Africa Ltd
133.	Safari Trails Ltd
134.	Scenic Treasurers Ltd
135.	Senator Travel Services
136.	Shian Travel Ltd
137.	Selective Safaris
138.	Serene East Africa Safaris Ltd
139.	Shanzu Kenya Super Safaris
140.	Shades of Africa Tours & Safaris
141.	Silverbird Adventure Tours & Travel
142.	Silverbird Travel Plus Ltd
143.	Sportsmen's Safaris & Tours
144.	Spurwing Travel & Tours Ltd
145.	Skyview of Africa Ltd
146.	Soin Africa Safaris
147.	Supreme Safaris Ltd
148.	Speedbird Travel & Safaris Ltd
149.	Spot Kenya Safaris
150.	Steenbok Safaris & Car Hire
151.	Tano Safaris Ltd
152.	Tekko Tours & Travel
153.	Topcats Safaris Ltd
154.	Travelcare Ltd
155.	Travel Connections Ltd
156.	The Safari Collection Ltd

157.	The Scott Travel Group Ltd
158.	Tobs Kenya Golf Safaris
159.	Top Notch Luxury Safaris
160.	Trails of Africa Tours & Safaris
161.	ULF Aschan Safaris Ltd
162.	Valentin Investment Co. Mombasa
163.	Triple Tours & Travel Ltd
164.	Visit Africa Ltd
165.	Wild Destinations
166.	Xcellent Wildlife Paradise – Holidays & Safaris
167.	Waymark Safaris
168.	Wild Destinations Ltd
169.	Wildebeest Travels Ltd
170.	World Explorer Safaris Ltd
171.	Zirkuli Expeditions Ltd.
172.	Zaira Tours & Travel Co. Ltd

**Source:** KATO Guide Book, 2018-2019.

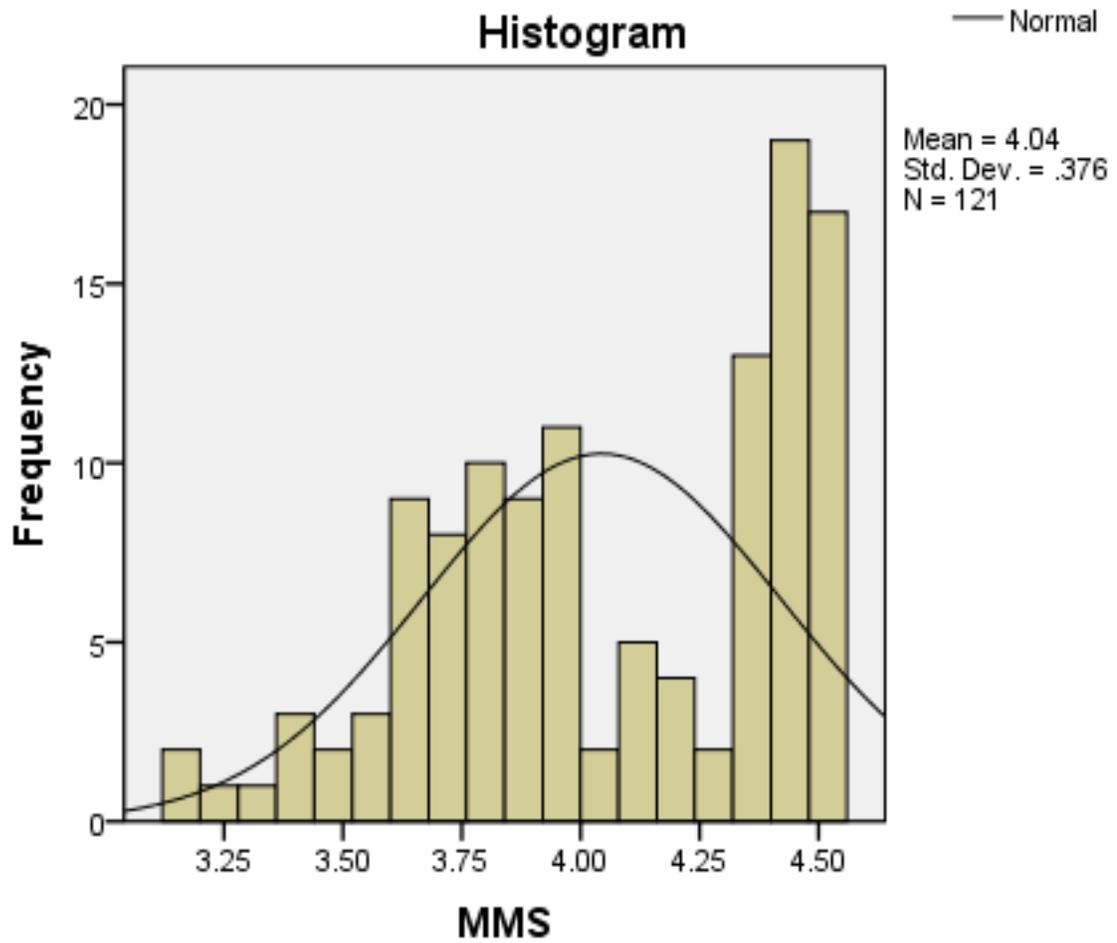
## APPENDIX VI: TESTS OF THE ASSUMPTION OF LINEAR REGRESSION

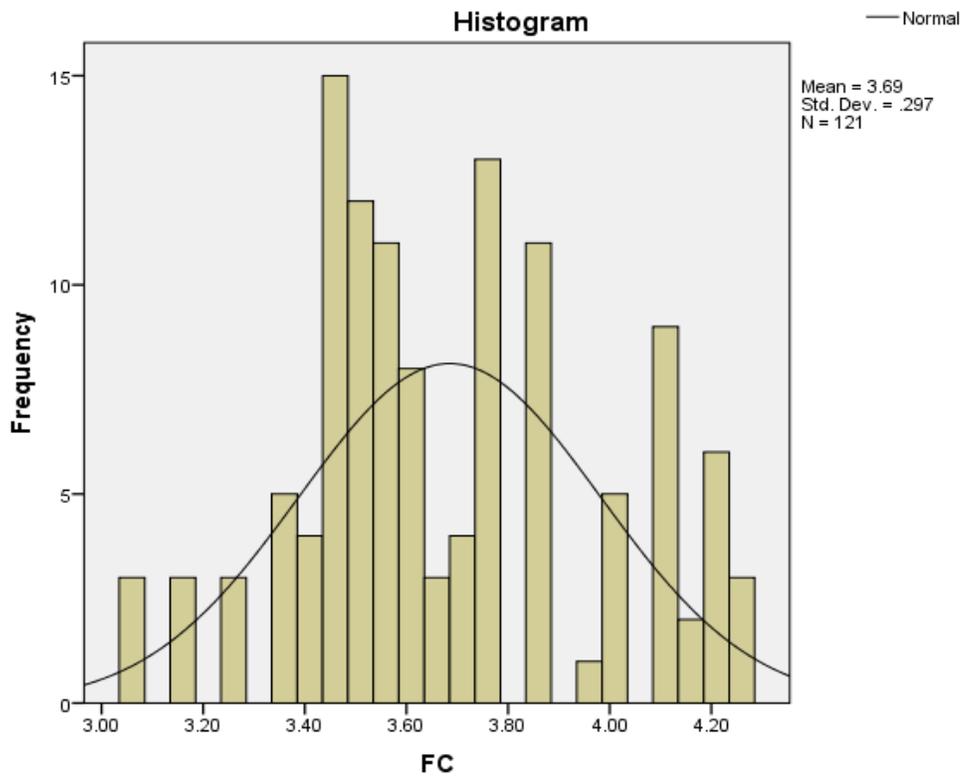
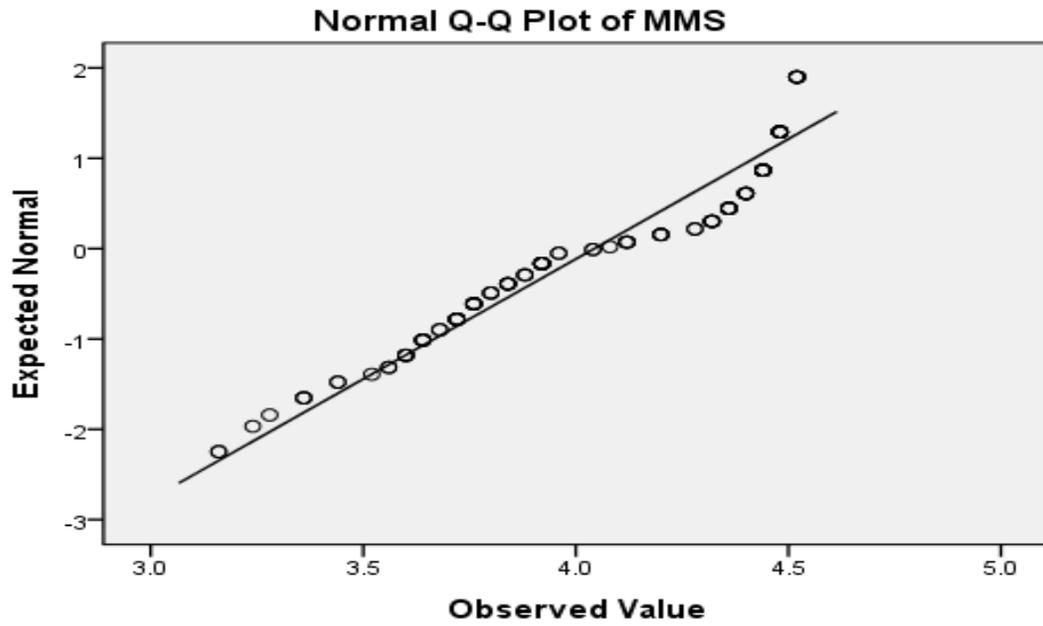
### Tests of Normality

Tests of Normality

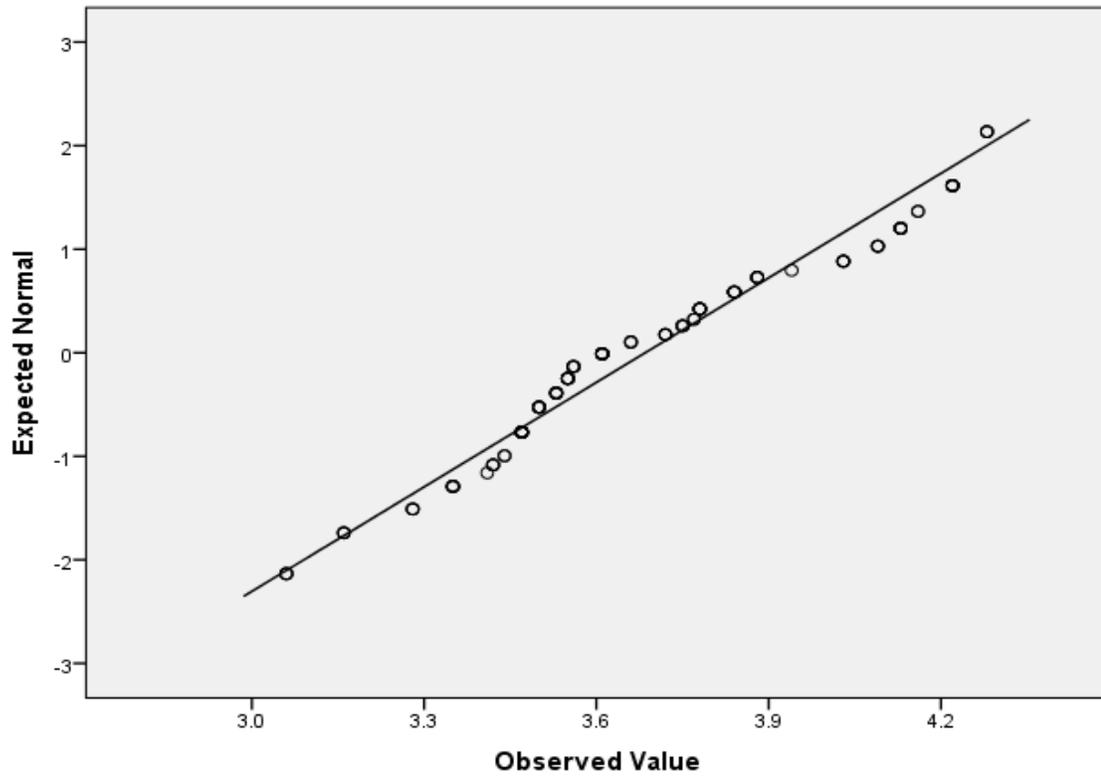
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MMS	.174	121	.424	.914	121	.810
FC	.129	121	.071	.958	121	.091
CE	.242	121	.224	.883	121	.305
OP	.114	121	.134	.946	121	.087

a. Lilliefors Significance Correction

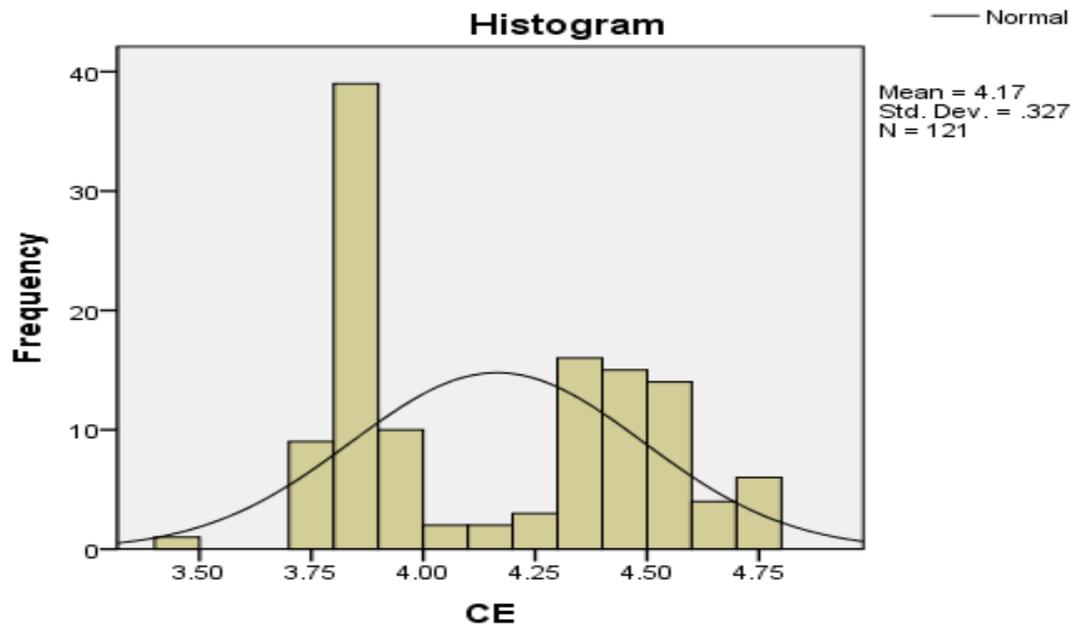




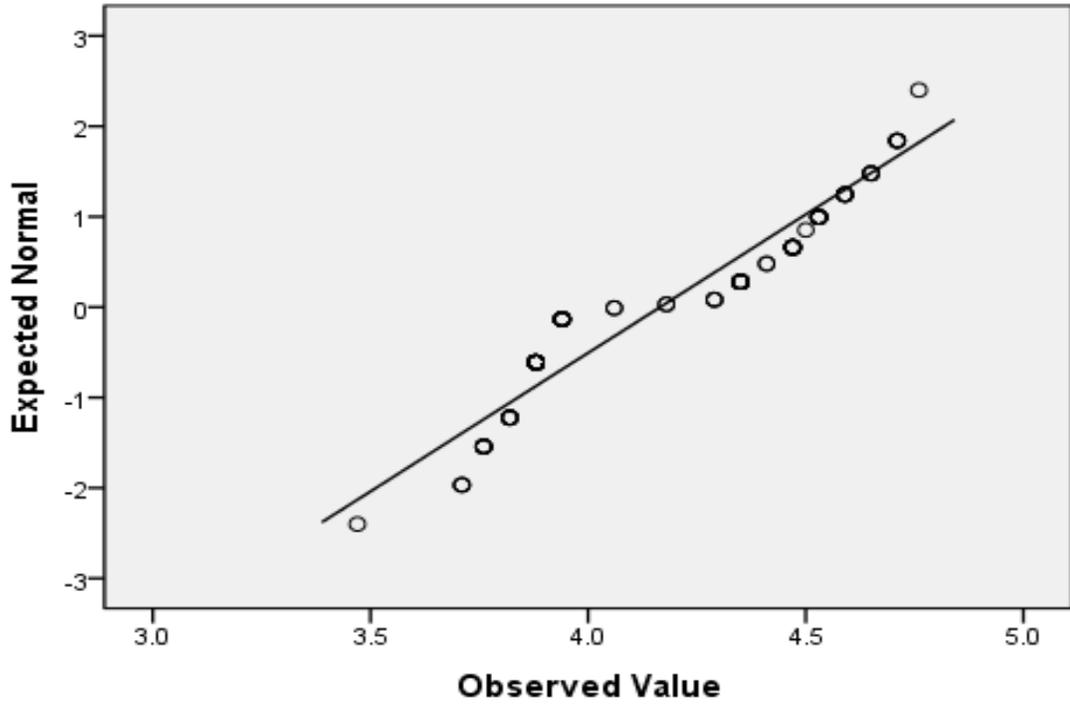
Normal Q-Q Plot of FC



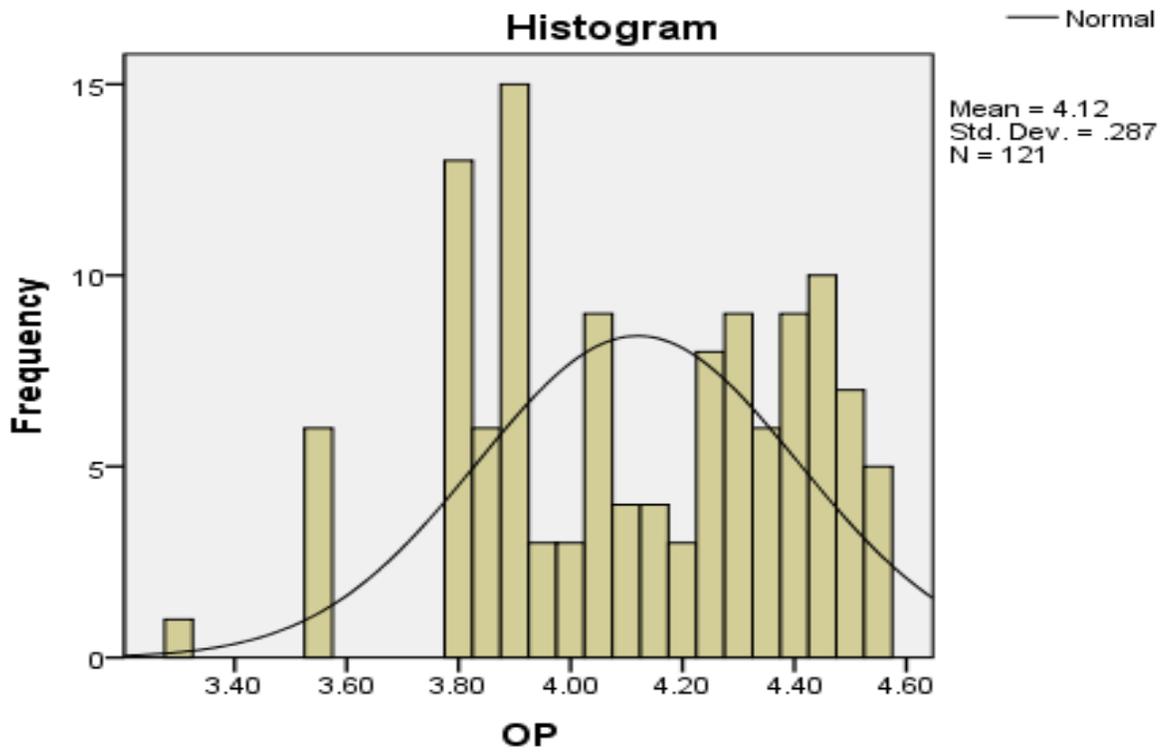
Histogram

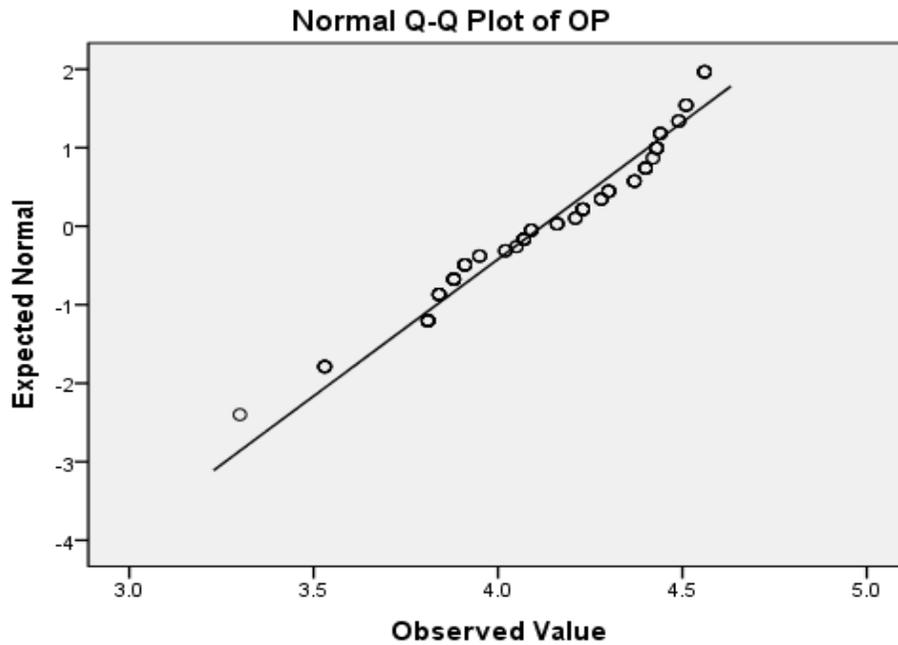


Normal Q-Q Plot of CE



Histogram





**Multicollinearity Test**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.620	.182		3.402	.001		
MMS	.205	.049	.269	4.155	.000	.458	2.186
FC	.187	.050	.194	3.739	.000	.714	1.401
CE	.476	.060	.542	7.873	.000	.407	2.460

a. Dependent Variable: OP

**Tests for Homogeneity of Variances**

**Test of Homogeneity of Variances**

	Levene Statistic	df1	df2	Sig.
MMS	8.945	22	97	.11
FC	53.071	22	97	.10
CE	16.814	22	97	.17

**Linearity Test**

	Sig. of deviation from linearity
MMS	.233
FC	.123
CE	.321

## Correlation Analysis

**Correlations**

		MMS	FC	CE	PER
MMS	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	121			
FC	Pearson Correlation	.437**	1		
	Sig. (2-tailed)	.000			
	N	121	121		
CE	Pearson Correlation	.734**	.530**	1	
	Sig. (2-tailed)	.000	.000		
	N	121	121	121	
OP	Pearson Correlation	.752**	.599**	.842**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	121	121	121	121

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## Regression Analysis for MMS and OP

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	1.900

a. Predictors: (Constant), MMS

b. Dependent Variable: OP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.579	1	5.579	154.816	.000 <sup>b</sup>
	Residual	4.288	119	.036		
	Total	9.867	120			

a. Dependent Variable: OP

b. Predictors: (Constant), MMS

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.804	.187		9.652	.000		
MMS	.573	.046	.752	12.443	.000	1.000	1.000

a. Dependent Variable: OP

## Baron and Kenny steps for MMS, FC and OP

**Model Summary<sup>d</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	
2	.810 <sup>b</sup>	.656	.650	.16966	.090	30.966	1	118	.000	
3	.830 <sup>c</sup>	.689	.681	.16185	.034	12.675	1	117	.001	1.695

- a. Predictors: (Constant), MMS  
 b. Predictors: (Constant), MMS, FC  
 c. Predictors: (Constant), MMS\_FC Interaction  
 d. Dependent Variable: OP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.579	1	5.579	154.816	.000 <sup>b</sup>
	Residual	4.288	119	.036		
	Total	9.867	120			
2	Regression	6.470	2	3.235	112.384	.000 <sup>c</sup>
	Residual	3.397	118	.029		
	Total	9.867	120			
3	Regression	6.802	3	2.267	86.560	.000 <sup>d</sup>
	Residual	3.065	117	.026		
	Total	9.867	120			

- a. Dependent Variable: OP  
 b. Predictors: (Constant), MMS  
 c. Predictors: (Constant), MMS, FC  
 d. Predictors: (Constant), MMS\_FC Interaction

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.804	.187		9.652	.000		
	MMS	.573	.752	12.443	.000	1.000	1.000
2 (Constant)	1.066	.213		4.999	.000		
	MMS	.461	.606	10.086	.000	.809	1.236
	FC	.322	.334	5.565	.000	.809	1.236
3 (Constant)	.712	.227		3.141	.002		
	MMS	.385	.506	7.933	.000	.653	1.532
	FC	.298	.309	5.356	.000	.797	1.255
	Interaction1	.180	.215	3.560	.001	.725	1.380

- a. Dependent Variable: OP

## Baron and Kenny steps for MMS, CE and OP

**Model Summary<sup>d</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	
2	.865 <sup>b</sup>	.748	.744	.14514	.183	85.572	1	118	.000	
3	.897 <sup>c</sup>	.805	.800	.12829	.057	34.021	1	117	.000	1.945

- a. Predictors: (Constant), MMS  
 b. Predictors: (Constant), MMS, CE  
 c. Predictors: (Constant), MMS\_CE Interaction  
 d. Dependent Variable: OP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.579	1	5.579	154.816	.000 <sup>b</sup>
	Residual	4.288	119	.036		
	Total	9.867	120			
2	Regression	7.381	2	3.691	175.207	.000 <sup>c</sup>
	Residual	2.486	118	.021		
	Total	9.867	120			
3	Regression	7.941	3	2.647	160.832	.000 <sup>d</sup>
	Residual	1.926	117	.016		
	Total	9.867	120			

- a. Dependent Variable: OP  
 b. Predictors: (Constant), MMS  
 c. Predictors: (Constant), MMS, CE  
 d. Predictors: (Constant), MMS\_CE Interaction

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.804	.187		9.652	.000		
	MMS	.573	.752	12.443	.000	1.000	1.000
2 (Constant)	.926	.172		5.393	.000		
	MMS	.221	.290	4.253	.000	.461	2.170
	CE	.553	.630	9.251	.000	.461	2.170
3 (Constant)	.641	.159		4.021	.000		
	MMS	.193	.253	4.183	.000	.456	2.194
	CE	.386	.440	6.436	.000	.357	2.804
	Interaction2	.269	.323	5.833	.000	.545	1.835

- a. Dependent Variable: OP

## Multiple regression steps for Joint effect of MMS, FC, CE and OP

**Model Summary<sup>d</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.752 <sup>a</sup>	.565	.562	.18983	.565	154.816	1	119	.000	
2	.810 <sup>b</sup>	.656	.650	.16966	.090	30.966	1	118	.000	
3	.880 <sup>c</sup>	.775	.769	.13776	.119	61.990	1	117	.000	2.004

- a. Predictors: (Constant), MMS  
 b. Predictors: (Constant), MMS, FC  
 c. Predictors: (Constant), MMS, FC, CE  
 d. Dependent Variable: OP

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.579	1	5.579	154.816	.000 <sup>b</sup>
	Residual	4.288	119	.036		
	Total	9.867	120			
2	Regression	6.470	2	3.235	112.384	.000 <sup>c</sup>
	Residual	3.397	118	.029		
	Total	9.867	120			
3	Regression	7.646	3	2.549	134.311	.000 <sup>d</sup>
	Residual	2.220	117	.019		
	Total	9.867	120			

- a. Dependent Variable: OP  
 b. Predictors: (Constant), MMS  
 c. Predictors: (Constant), MMS, FC  
 d. Predictors: (Constant), MMS, FC, CE

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.804	.187		9.652	.000		
	MMS	.573	.752	12.443	.000	1.000	1.000
2 (Constant)	1.066	.213		4.999	.000		
	MMS	.461	.606	10.086	.000	.809	1.236
	FC	.322	.334	5.565	.000	.809	1.236
3 (Constant)	.620	.182		3.402	.001		
	MMS	.205	.269	4.155	.000	.458	2.186
	FC	.187	.194	3.739	.000	.714	1.401
	CE	.476	.542	7.873	.000	.407	2.460

- a. Dependent Variable: OP