STRATEGIC RESPONSES TO CHANGES IN THE EXTERNAL ENVIRONMENT IN THE IMPLEMENTATION OF KENYA VISION 2030 BY KENYA TOURISM GOVERNMENT AGENCIES

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DECLARATION

This research project is my original work and has not been submitted for the award of a degree in any other university.

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The Project has been submitted for examination with my approval as a University supervisor.

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DEDICATION

I dedicate this research project to my loving family, my husband Evans and my two sons John and Yan for their love, understanding, encouragement and support while conducting this study and throughout the MBA course.

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May the Almighty God bless you all abundantly.

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ABBREVIATION AND ACRONYMS

BPO	-	Business Process Outsourcing
CEO	-	Chief Executive Officer
GDP	-	Gross Domestic Products
ICT	-	Information and Communications Technology
IT	-	Information Technology
KAA	-	Kenya Airports Authority
KAHC	-	Kenya Association of Hotel Caterers
KATA	-	Kenya Association of Travel Agents
KATO	-	Kenya Association of Tour Operators
KQ	-	Kenya Airways
KTB	-	Kenya Tourism Board
KTF	-	Kenya Tourism Federation
KWS	-	Kenya Wildlife Service
MRC	-	Mombasa Republican Council
MTP	-	Medium Term Plan
NIMES	-	National Integrated Monitoring and Evaluation System
PEV	-	Post Election Violence
PPP	-	Private Public Partnership
RBV	-	Resource Based View
SBU	-	Strategic Business Unit

ABSTRACT

The study set out to establish how the Tourism Government Agencies had responded to changes in the external environment in the implementation of the Kenya Vision 2030 by the tourism Government Agencies. In order to address the objective the study made use of both primary and secondary data. Primary data was collected through a self administered questionnaire to the five tourism government agencies. Secondary data was obtained from the agencies in house publications, websites, strategic plans and newspapers. A descriptive statistic analysis of the data obtained was carried out and findings were presented in form of a brief discussion on the environmental changes and key strategic responses identified. The study found that the agencies have managed to adopt strategies which include new product development, new markets development, product and market diversification, product and brand differentiation, rebranding and re-positioning, strategic partnering/ co-operative marketing, research and development and increased destination awareness. The findings further indicated that the following strategies were not fully utilized which include, Resource Mobilization, Crisis management, Competency Development, Technological innovation, Quality management. The study also found that the vision highlights that the Government will promote aggressive advertising to inform potential tourists about Kenya's attractions and facilities in order to increase her global market share. The study concluded that political and economic are the external environmental factors that are adversely affecting the tourism industry in Kenya; it is recommended that there is dire need to mitigate the specific variables that are hindering the growth of the destination. The theoretical underpinning was based on the Resource-Based View and the Chaos theory. The research finding revealed that the basis of an organization's competitive advantage lies primary in the application of the bundle of its valuable resources. While on the Chaos theory, the study affirmed that systems no matter how complex they rely on underlying order and any disruption to that order can make the industry very volatile.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy is an organization's game plan for surviving in the changing environment. The formulation of strategy is concerned with matching the capabilities of an organization to its environment (Scholes, 1997). This implies that strategies are not static; they keep changing as the environment changes. For organizations to be effective and hence successful, they should respond appropriately to changes that occur in their respective environment. This is what is termed as strategic responses, which are the actions and directions that an organization undertakes to align itself with the environment. Any organization that does not take actions to align itself with the environment cannot survive in the environment and is soon forced out of the market (Gachambi, 2007).

In order to understand the total realm of the research problem and analysis, the study was anchored on two theories. The Resource-Based View theory which emphasis on the role of resources as the foundation for a firm's strategy and the Chaos Theory which provides a useful theoretical framework for understanding the dynamic evolution of organizations and industries and the complex interactions among industry actors. According to Levy (1994) industries can be conceptualized and modelled as complex, dynamic systems which can exhibit both unpredictability and underlying order. The study also relied on other studies that have been carried out in Kenya addressing strategic responses to different environments by various sectors

The Kenya Vision 2030 is the new country's development blueprint covering the period 2008 -2030. It aims at making Kenya new industrializing "middle" income country providing high quality life for its entire citizen by year 2030. The vision is based on three "pillars" namely: the economic pillar, social pillar and political pillar. Tourism has been identified as one of the six priority sectors that promise to raise GDP growth rate to the region of 10% in a number of years (Kenya, 2012).

The Ministry of Tourism recently merged with East Africa and Commerce sectors is charged with the responsibility of formulating tourism policy and coordinating the implementation of strategies aimed at developing the tourism sector. Under the Ministry's tourism department there are five agencies (Parastatals) namely; Tourism Finance Corporation, Tourism Fund, Kenya Tourism Board (KTB), Kenya Utalii College and Kenyatta International Conference and Convention Centre (KICC).

1.1.1 Concept of Strategy

Strategy is the direction and scope of the organization over the long term which deliver a competitive edge for the firm amidst an ever changing business environment. Effective strategy configures a firm's resources and core competencies and objectives. Strategy creates a culture in the firm in which the firm only focuses on the value adding priorities in its mission and vision (Scholes, 1997). Competitive strategy is aimed at creating a goodness of fit between the firm's internal resources capabilities and the environmental challenges (Aosa, 1992).

Strategy is a framework within which the choices about the nature and direction of an organization are made. Framework means boundaries or parameters defined by clear criteria which help determine what lies inside or outside the scope of the organization's strategy. The choices to be made are what products and/or services will and will not be offered; what markets (customers, consumers, and geographies) will and will not be served; and what key capabilities are needed to take products to markets.

According to Johnson and Scholes, (2001) they argued that there are 3 levels of strategy: corporate level strategy, business level strategy and Operational level strategy. Corporate level strategy is concerned with the future direction of the organization, business level strategy is concerned with sustainability of different portfolios, whereas, the operational level strategies are concerned with the shop floor delivery system and procedure. From the forgoing it is clear that the environment is ever changing and tends to be dynamic and turbulent. Organizations are therefore called upon to strategically look at the long term. Strategy needs to be well defined since it would determine and communicate the direction in which the organization will move and the level of performance it will achieve.

1.1.2 Strategic Response

Strategic responses are the decisions that are made by an organization in order to align the organization to the dynamic environment. Strategic responses are part of competitive strategies that organizations develop in defining goals and policies.

According to Pearce and Robinson (1997) strategic response is the decision and action that result into analysis, formulation and implementation of plans designed to achieve an organization's objectives. In achieving the organization's objectives, management is faced by a complex and dynamic environment which impacts heavily on the organizations operations. In order to ensure continued survival, top management has to come up with action plan in response to the environmental changes which is the organization's strategy.

According to Scholes (2001), strategic responses are concerned with understanding the strategic position of the organization. What changes are going on in the environment, and how will they affect the organization and its activities. Strategic responses are different from operational responses. Operational responses are concerned with efficiency of operations Byars (1991). Strategic responses on the other hand affect several areas of operation, require senior management decisions, huge amount of resources, are future-oriented and long term success of the organization and most importantly are dependent on the environment. Therefore, each organization adapts to strategies that match its changing environment and which are supported by its internal capabilities and capacity.

1.1.3 External Environment

Organizations exist in the context of a complex commercial, economic, political, technological, cultural and social world (Scholes, 2001). All organizations, regardless of the nature of their business, are always in constant interaction with the environment. This means that an organization operates as an open system. At the very basic level of this interaction is the idea that the organization derives their inputs from the environment and give their output to the environment. The inputs are usually in the form of raw materials, labour, capital and skills. The firm then engages internal processes to convert the inputs to outputs which are fed back to the environment. The outputs are usually products, by-products and waste products. The environment will then give feedback to the organizations which the organizations use to improve their products (Gathambi, 2007).

The environment can be classified into the external and the internal environments. The external environment is made up those factors that are beyond the firm's control but which affect its operations. This environment is made of political, economic, socio-cultural, technological, ecological and legal variables (Ansoff and McDonnell (1990). The internal environment on the other hand consists of factors within the firm's control, namely; financial resources, technology, human resources, structures and processes. Since the external environment is uncontrollable, the firm has to match its operations to the external environment in order to survive and succeed.

1.1.4 Implementation of Kenya Vision 2030

The Kenya Vision 2030 is the country's long term development blueprint which aims to create a globally competitive and prosperous country providing a high quality of life for all its citizens. It aspires to transform Kenya into a newly industrializing, middle income country by 2030.

Economically, the Vision 2030 is to maintain a sustained economic growth of 10% per annum for most of the next 20 years. Socially is to attain a just and cohesive society enjoying equitable social development in a clean and secure environment. Lastly, politically is to have an issue-based people-centred, result-oriented, and accountable democratic political system (Kenya Vision 2030, 2011).

The foundations for national transformation targets; infrastructure, public sector reforms, education, science and technology, health, security, population, urbanization and housing and environment, water and sanitation. Economic Pillar priority sector were identified on the basis of their potential to contribute to the 10% Gross Domestic Product (GDP) growth; these sectors are; tourism, agriculture, wholesale and retail trade, manufacturing, ICT and Business Process Outsourcing (BPO), and financial services. There has been remarkable success in implementation of the vision with all ministries and departments under performance contracts. IT based National Integrated Monitoring and Evaluation System (NIMES) is used to track progress in implementation of the vision.

The vision is being implemented through successive five year medium Term Plans (MTP). The first MTP covers the period 200-2012 and its implementation is ongoing. Some notable achievements under the first medium Term Plan (MTP) are; the financial services sector recovered from a low growth of 2.7% in 2008 to record an average 8% growth in the past 3 years (2009 and 2011).

The transition rate from primary to secondary education increased from 64.1% in 2008 to 73.3% in 2011; construction of an additional 124 youth polytechnics and equipping of 560 youth polytechnics with relevant tools and equipment (Kenya Vision 2030, 2012).

Second medium term plan of Vision 2030: 2013-2017 targets; increasing the share of power generated from green and more cost effective sources; increased investment in infrastructure under Private Public Partnership (PPP) arrangements; take due cognizance of the recent discovery of oil and other mineral resources in the country and will plan for investment in the requisite infrastructure to facilitate their exploitation.

1.1.5 The Tourism Sector in Kenya

The history of tourism in Kenya dates back to pre-independence days. It can be traced way back to 1898, when the earliest legislation of wildlife establishing game reserves was enacted and published in the Gazette for the East African protectorate of 1898. As early as 1957 available statistics indicated that Kenya had welcomed 38,000 visitors rising to 42,000 in 1961. In 1967, Kenya played host to a total of 127,667 visitors bring total earning of Kshs 250 million. This reflected an annual growth rate of 20% since 1961. Despite this success the sector was taken for granted and received little attention and support.

Tourism currently accounts for about 12 percent of the Gross Domestic Product (GDP), making it the third largest contribution to GDP after Agriculture and manufacturing. It is also Kenya's leading foreign exchange earner generating about Kshs. 90 billion in 2012 (KTB, 2012). The tourism sector contribution to employment generation and earning per employee has grown. The sector is also a major source of government revenue in the form of taxes, duties, licence fees, park entry fees among others. The spatial distribution of tourist attractions contributes to equitable distribution of economic and infrastructural development.

The tourism department is charged with the responsibility of formulating tourism policy and coordinating the implementation of strategies aimed at developing the tourism sector. The sector is among the leading foreign exchange earners and a major generator of employment in Kenya. The sector has linkages with other sectors of the economy thus facilitating growth in those sectors.

The sector has been identified as one of the six priority of the economic sector targeted to raise GDP growth rate to 10% by 2012 in the first medium term plan (MTP 2008-2012) of vision 2030. The MTP sets out specific goals for the tourism sector which include trebling annual national earnings, doubling international arrivals and doubling average spending per visitor by 2012. A number of flagship projects and programmes are envisioned to facilitate the realization of these goals.

1.1.6 Tourism Government Agencies in Kenya

The department of tourism in the spirit of the Vision 2030 has set out strategies to make Kenya the destination of choice and a goal leader in sustainable tourism as part of national heritage and posterity. As prescribed in the 2010 tourism act, the department of tourism is responsible for the following tourism agencies;

Tourism Finance Corporation: is responsible for provision of financial assistance to investors or entrepreneurs in the tourism sector for development, expansion and maintenance of tourism activities and services provision. Tourism Fund: the purpose and function of the fund is to finance the development of tourism products and services. Kenya Tourism Board: its objective and purpose are to market Kenya as a tourist destination through development, implementation and coordination of a national tourism strategy. Kenya Utalii College: is a major government agency in the tourism industry. The objective and purpose of Kenya Utalii College is the provision of tourism and hospitality training and capacity building for the tourism sector.

Kenyatta International Conference and Convention Centre: is another agency of the government's tourism body. The purpose of Kenyatta International Conference and Convention Centre is to promote business of meetings, conferences and exhibitions through development and implementation of national meetings, incentives for conferences and exhibition strategy in collaboration with the Kenya Tourism Board (KTB). Other tourism agencies yet to be established as per the Kenya Tourism Bill 2010 are: The Tourism Regulatory Authority, The Tourism Protection Services and the Tourism Research and Monitory Institution.

1.2 Research Problem

The environment in which organization operate is constantly changing with different factors influencing organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Strategic responses are the strategies that organizations take that are triggered by changing environment.

According to Johnson and Scholes (1997) strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through configuration of resources within a dynamic environment to meet the needs of the markets and to fulfil stakeholder's expectations. This involves matching of an organization's activities to the environment in which it operates. In addition strategy can also be seen as building on an organization's resources and competences to create opportunities or capitalize on them.

This ideal does not just imply ensuring resources are available or can be availed to take advantage of new opportunities in the changing environment but it also means identifying existing resources and competences which might be a basis for creating new opportunities in the market place. Therefore to successfully position a firm in a competitive situation, its strategic managers should look beyond their operations they must consider the relevant others (Kok's, 2008). Kenya as a country aims to be among the top ten long-haul tourist destination globally (Kenya Vision 2030, 2011).

China, Mexico and Malayasia are the leading destinations for long-haul tourists' worldwide, accounting for 47 million, 22 million and 16 million annual visitors, respectively. In Africa, Egypt and South Africa are the leading long-haul tourist destinations (KTB, 2012). To be ranked among the top ten, Kenya must expand her global and African market share by offering new products, expanding tourist expenditure per capita and by improving her international marketing strategies.

To achieve the targets, the tourism sector will implement various key programmes and projects through public-private-partnerships. The government will upscale the Tourism Marketing Recovery initiative to help the sector to fully recover from the slump that was occasioned by the 2007/8 post-election violence, and from the impact of the current global economic meltdown.

Several studies have been carried out in Kenya, addressing strategic responses by various sectors of the Kenyan's economy in line with Vision 2030. Juma (2011) undertook a study on strategic responses by Kenya Wildlife Services towards realization of Kenya Vision 2030. Muli (2010) carried out a study on strategic responses by the Ministry of Public Works to the challenges of the Vision 2030. Awino and Kithinji (2010) undertook an empirical study on the bottlenecks in the execution of Kenya Vision 2030 strategy. Kyalo (2012) carried out a study on effectiveness of communicating government policies, a case of Kenya Vision 2030. Following the reviews on the relevant researches, it is clear that no study had been conducted on the Strategic Responses to changes in the External Environment by the Tourism Government Agencies towards implementation of Kenya Vision 2030.

Consequently, the study sought to address the Strategic Response to changes in the external environment by the Tourism Government Agencies in Kenya towards the implementation of the Kenya Vision 2030 as the knowledge gap necessitating the research study. The study answered the question: What are the strategic responses to changes in the external environment in the implementation of Kenya Vision 2030 by the tourism government agencies?

1.3 Research Objectives

The objective of the study was to determine the strategic responses to changes in the external environment in the implementation of the Kenya Vision 2030 by the tourism government agencies.

1.4 Value of the Study

The findings will be of benefit to the management of the tourism sector at large and enable them gain insight on how the organization could strategically respond to the changes in the external environment in the implementation of the Kenya Vision 2030. The study will offer an in-depth understanding of the external environment and how to effectively align strategies and capabilities.

The policy makers will obtain knowledge of the tourism industry dynamics and the responses that are deemed appropriate; they will therefore obtain guidance from this study in designing policies that will be in line with the implementation of the Kenya Vision 2030 as pertains to the tourism sector.

The study will also be of value to academicians as they will find useful gaps that will stimulate interest in further studies. It will also be important to the current and potential scholars in the business field and especially tourism, to expand knowledge.

On the theoretical underpinning, the study was based on two theories, the Resource Based View and the Chaos Theory. This study will be able to ascertain whether the two theories are supported by the study or not. In addition, the study will establish whether there is new information that could be added to the interpretation of the theories.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives the introduction of the literature review of the study. It captures the concept of strategy and the strategic responses to environment. Various authors who explain out the strategic responses are highly cited and acknowledged. This chapter also brings on board the existing literature on strategic responses to various environmental factors, both external and internal. Finally the chapter also introduces the theories related to strategic responses to environmental factors.

2.2 Theoretical Foundation

The reason why firms succeed or fail is perhaps the central question in strategy. It has preoccupied the strategy field since its inception four decades ago. The causes of firm success or failure encompass all the other questions that have been raised in this discussion. It is inextricably bound up in questions such as why firms differ, how they behave, how they choose strategies, and how they are managed.

Since Thomas and Venkatraman (1988) introduced strategic groups, their applications can be summarized in the following (1) the descriptive validity, which reflects the heterogeneity of an industry, shown in the different strategies that firms belonging to it tend to follow; (2) the predictive validity, which makes it possible to determine a priori the performance level achieved by a firm belonging to a specific strategic group; (3) they describe how the competitive positions of firms change over time by means of studies which focus on group dynamics and therefore make it possible to observe the creation, the evolution and, ultimately, the changes taking place in the industry under study; (4) they help to achieve a better understanding of the foundations of competition and rivalry within an industry or within the different strategic groups.

It has become increasingly apparent that any search for the causes of firm success must confront the reality of a firm's capabilities, resources and considers the impact of the firm's environment and the cognitive, normative and regulative structures that surround the firms. The following two theories; resource-based view theory and the chaos theory were used in this study to explain the phenomenon of the strategic responses to changes in the external environment towards the implementation of Kenya vision 2030 by the tourism government agencies.

2.2.1 Resource-Based View Theory

According to the Resource-Based View (RBV), a firm's resources are the most relevant factor (Barney, 1991). RBV is a method of analyzing and identifying a firm's strategic advantage based on examining its distinct combination of assets, skills, capabilities, and intangibles as an organization. The RBV's underlying premise is that firms differ in fundamental ways because each firm possesses a unique "bundle' of resources – tangible and intangible assets and organizational capabilities to make use of those assets.

Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce and Robinson, 1997). In addition, another level of analysis can be found between the industry and the firm; the strategic group, that is a set of companies within an industry which pursue mutually similar strategies (Porter, 1980).

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

2.2.2 Chaos Theory

To explain the competitive success of firms, we need a theory of strategy which links environmental circumstances and firm behaviour to market outcomes. One such theory is the Chaos theory. The two main components of the chaos theory are the ideas that systems no matter how complex they rely upon an underlying order and those very simple systems can cause very complex behaviours or outcomes (Levy, 1994).

It implies a small disruption to the industry can make the industry very volatile imposing significant impact. Firms interact with each other and other actors in their environment such as politics, legal, and economic. These interactions are strategic in the sense that decisions by one actor take into account anticipated reactions by others and thus reflect recognition of interdependence. An ideal recent occurrence in the tourism industry is the 2007/8 post election violence that affected the tourism industry and it took up to the year 2011 for the industry to recover from the slump (KTB, 2012).

2.3 Concept of Strategy

Strategy is the direction and scope of the organization over the long term which deliver a competitive edge for the firm amidst an ever changing business environment. Effective strategy configures a firm's resources and core competencies so as to adequately meet the firm's goal and objectives. Strategy creates a culture in the firm in which the firm only focuses on the value adding priorities in its mission and vision (Scholes, 2001). Competitive strategy is aimed at creating a goodness of fit between the firm's internal resources capabilities and the environmental challenges (Aosa, 1992).

Various authors define strategy in different ways. According to John and Scholes (1997), "Strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through it configuration of resources within a changing environment to meet the needs of markets and to fulfil stakeholder expectations". Ansoff and McDonnel (1990) defined strategy basically as a set of decision-making rules for guidance of organization behaviour. They further added that there are four different types of such rules as indicated below: The first is yardsticks by which present and future performance of the firm is measured. The quality of yardsticks they say are called objectives and the desired quantity are goals. The other type is for developing the firm's relationship with its external environment which are called product-market or business strategy. The third rule is for establishing internal relations and processes within the organization which are referred to as the organizational concept. The last rule is the rule by which the firm conducts its day to day business which are called the operating policies.

Aosa (1992) stated that strategy is creating a fit between the external characteristics and the internal conditions of an organization to solve a strategic problem. He continued to define strategic problem as a mismatch between internal characteristics of an organization and its external environment. The match he said is achieved by developing an organization's core capabilities related to the external environment well enough to allow for exploitation of opportunities in the external environment to minimize threats. Chandler (1992) defined strategy as the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary for carrying out the goals.

According to Henderson(1979) strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. He further argued, this search is an interactive process that begins with recognition of where the firm is currently and what it has. Ohmae (1979) argued out that beating the competition is not really what strategy is all about. This is because when strategy is focussed on beating the competition the strategy will solely be defined in terms of competition. He suggested that the first attention should be paid to customers and the competitive realities should be used to test possible strategies which should always be described in terms of customers.

According to Pearce and Robinson (1991), "by strategy, managers mean their large-scale, future –oriented plans for interacting with the competitive environment to optimize achievement of organization objective. This means that strategy represents a firm's game-plan. Although it does not precisely detail all future deployments, it does provide a framework for managerial decisions. A strategy reflects a company's knowledge of how to compete, against whom, when, where and for what. Pearce and Robinson (1997) further stated that strategy can be viewed as building defences against competitive forces or finding positions in the industry where forces are weakest.

According to Mintzberg, (1994) strategy is viewed from five interrelated definition which are in terms of strategy as a ploy, plan, position, pattern or perspective intended to outmanoeuvre competitors. Strategy as a ploy is a specific manoeuvre intended to outwit competitors. Strategy as a plan specifies a deliberate, consciously intended course of action that is designed in advance of the actions it governs. As a position, strategy is a means of locating an organization in the environment and indicates how the organization will develop a sustainable competitive advantage. As a pattern, strategy emerges from a stream of actions, visualized only after the events of its governs and is developed in the absence of intentions and without preconception. Lastly, as a perspective, strategy gives an organization an identity and reveals the way an organization perceives the outside world. Mintzberg (1994) further argued that no one definition should be preferred to the others. In some senses they can be considered as alternatives or complementary approaches to strategy.

Abbot (2007) defined strategy as the distinctive and unique actions a company takes to achieve a competitive advantage that will contribute to greater profitability. Strategy he said is all that create a distinctive approach to a customer differentiated value proposition. He further argued that sometimes what is so much referred as strategy is usually an operational plan involving some wishful thinking and a projection of existing status quo into the future and adjusting by a given percentage. According to his definition, hard analysis and ruthless questioning of fundamental assumption is usually lacking in such plan which should be present in a strategic plan.

The overall goal of strategy is to effectively utilize the internal firm capabilities so as to create a competitive position in the firms overall market (Aosa, 1992). The aim of competitive strategy is not only to create profitability, but also a sustainable competitive strategy which helps position the firm ahead of its competitors in the industry. Strategy creates a superior performance for a firm through effective moderation of environmental challenges and offerings of product of great quality.

Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its objectives. It is the process of specifying the organization's objectives, developing policies and plans to achieve these objectives, and allocating resources to implement the policies and plans to achieve the organization's objectives. Strategic management therefore, combines the activities of the various functional areas of a business to achieve organizational objectives. It is the highest level of managerial activity, usually formulated by the Board of Directors and performed by the organization's Chief Executive Officer (CEO) and executive team. Strategic management provides overall direction to the enterprise and is closely related to the field of organization studies.

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

Ansoff and McDonnel (1990) define strategic management as a process through which an organization manages its relationships with the environment in which it operates. It consists of strategic planning, capability planning and management of change. Hax and Majihaf, (1996) defined strategic management as a way of conducting an organization. It has the ultimate objective of the development of corporate values, managerial capabilities. They further argued that strategic management focuses on the decisions of the entire organization in one direction.

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

Strategic decisions are concerned with and affect the long-term direction of a firm (Johnson and Scholes, 1997). They are also aimed at achieving some advantage for the firm and are sometimes understood as the search for effective positioning of the firm to give advantage to the firm. They argued that such decisions are likely to be concerned with the scope of an organization's activities that is what it should be like and what it should be all about. Strategy involves matching the firm's activities to the environment it operates in which they term as strategic fit. However strategy can also be building and stretching resources and competences in order to create opportunities or capitalize on them. Further they added, strategy may require major resources and are likely to affect operational decisions. Lastly, they argued, strategy is affected by environmental forces, resources availability and the values and expectations of those who have power in and around the organization.

2.4 Response Strategy

Strategic responses are the set of decisions and actions in the formulation and implementation of plans designed to achieve an organization's objectives (Pearce and Robinson, 1991). Strategic responses are part of competitive strategies that organizations develop in defining goals and policies. They are the reactions to what is happening in the organization's environment.

Ansoff and McDonnel (1990) discusses the role of general management into organization strategic response. They stated that for an organization to implement a strategic response, there components must be in place. These are the right climate (will to respond), competence (ability to respond) and capacity (volume of responses). The entire management should therefore ensure that the organization engage in behaviour which will optimize the attainment of the organization's long term objectives. The climate settings determine the organization culture and involve mentality and power positions of the managers. Competence determines the organizations structures, systems and shared knowledge. Lastly, capacity to accommodate various management challenges which may arise over time.

Ansoff and McDonnell (1990) further argued that the strategic responses involve changes to the organization behaviour. Such responses may take forms depending on the organization capability and environment in which it operates. Well developed and targeted strategic responses are important weapon for a firm in acquiring and sustaining a competitive edge. The results of strategic activity are new products, new markets, new services for attracting the markets and new responses to the social and political challenges. The entire responsibilities for effective responses belong to the general management of the firm.

According to Pearce and Robinson (1988) strategic responses are a set of decisions and actions that result into formulation and implementation of plans designed to achieve a firm's objectives. Byars (1991) differentiated strategic responses from operational responses as follows: He stated operational responses are concerned with efficiency of operations. Strategic responses on the other hand, affect several areas of operation, require top management decisions and large amount of resources, are future –oriented and affect long-term prosperity of the organization and most importantly are dependent on the environment. Strategic responses are thus the strategies adopted by a firm in response to changes in the environment.

Various authors have suggested some strategic responses that organizations can adopt in matching the environmental changes. To cope with the five forces of the competitive environment, Porter (1980) advanced three generic strategies that organizations can use to succeed in the industry. The three generic strategies are overall cost leadership, differentiation and focus. Overall cost leadership involves aggressive minimization of costs with tactics like construction of efficient-scale facilities, tight cost and overhead control, avoiding marginal customer accounts and low research and development, advertising and service costs.

Differentiation involves creating something that is viewed as being unique and includes tactics like brand image, added features, technology and customer service. Focus strategy involves narrowing down to a particular buyer, segment of product line, market segment or even geographical area and using the cost or differentiation strategy for the narrowed down segment. The focus segment rests on the idea that the firm is able to serve the narrower target more effectively or efficiently. Porter (1980) further argued that any firm that does not pursue any of these strategies is ‘stuck in the middle” which is an extremely poor strategic position which almost guarantees an organization’s failure.

In responding to environmental changes, management may be categorized in different kind of ways. Ansoff and, McDonnel (1990) identified three kinds of management namely decisive, reactive and planned management styles.

When a discontinuity affects a firm, it is mostly disguised by normal business fluctuations thus most firms deal with it using past measures. However, past measures fail to work thus the discontinuity is identified as a new one. Decisive management is quick to learn from the failure of past measures and quickly triggers a response. This quick response reduces the costs of the organization.

Reactive management however delays response which increases the costs to the organization. The delays are usually caused by system delay as information is collected and transmitted to managers who then consume time communicating with each other. Verification delays as managers argued that the threat may not be real and allow time to see if it passes by itself. Political delays are some managers feel admission of a threat will ruin their reputation and unfamiliarity rejection delay as managers reject unfamiliar ideas inconsistent with their experiences. Both decisive and reactive management act after the threat has appeared and are characterized by reliance on historical information. Planned management involves forecasting discontinuous changes by use of non-extrapolative technology and triggering response at the point of forecasting (Gathambi, 2007).

For an organization to be effective and hence successful, they should respond appropriately to changes that occur in their respective environment. Consequently they need strategies to focus on their customers and deal with the emerging environment challenges.

Organizations therefore have to constantly scan their environments to identify the trends and conditions that may eventually affect the industry and adapt to them (Thomson and Strickland, 1993). According to Aosa (1992) a mismatch between the environment and the organization brought about by failure to respond to changes in the environment creates a strategic problem.

2.5 External Environment

All organizations, regardless of the nature of their businesses, are always in constant interaction with the environment. The organization depends on the environment for their continued survival Ansoff and McDonnell (1990). This means that an organization operates as an open system. At the very basic level of this interaction is the idea that the organizations derive their inputs from their environment and give their output to the same environment. The input is usually in the form of raw materials, labour, capital and skills. The firm then engages internal processes to convert the inputs to outputs which are fed back to the environment the output are products, by-products and waste products. The environment will then give feedback to the firms which the firms use to improve their products.

According to Pearce and Robinson (1991) they defined external environment as that part of the environment which consists of all conditions and forces that affect an organization's strategic response and are typically beyond the control of an organization. Therese factors, which constitute the external environment, can be divided into three categories: the remote environment, the industry environment and the operating environment. There is an interrelation between an organization and its remote, its industry and its operating environment. A combination of these factors forms the basis of the opportunities and threats that an organization faces in its competitive environment.

As argued by Pearce and Robinson (1991) the external environment is that part of the environment which consists of all the conditions and forces that affect a firm's strategic options but are typically beyond the organization's control. They further argued that the strategic management model shows the external environment to consist of two interactive and interrelated segments, the operating environment and the remote environment. The operating environment is also referred to as the competitive or task environment. Pearce and Robinson (1991) stated that the operating environment consists of forces and conditions within a specific industry and a specific competitive operating situation which is external to an organization and influence the selection and attainment of the strategic responses.

Changes in this environment are shaped by strategic actions taken by an organization or its competitors, consumers, suppliers and creditors. However, the operating environment is subject to much more influence or control by the organization thus calls for more proactivity on the part of the organization.

An organization must assess its competitive advantage in order to improve its chances of designing strategies that optimize the environments opportunities. Customer profiles must also be developed in order to understand and deliver value to the customers. Suppliers and creditor delivery resources and inputs and therefore a dependable relationship with them must be encouraged for an organization's long term survival. The organization must also be able to attract and maintain capable employees with relevant skills and knowledge needed.

Ansoff and McDonnell (1990) explained changes in the environment as turbulence. According to them environment turbulence is a combined measure of the changeability and predictability of an organization's environment. They described changeability to consist of the complexity of the organization's environment and the relative novelty of the successive challenges the firm encounters in the environment. Predictability consists of the rapidity of the change which is the rate of the speed with which environmental challenges evolve compared to the speed of the firm's response and visibility of the future which assess the adequacy and timeliness of information about the future.

According to Pearce and Robinson (1991), the remote environment consists of forces and conditions that originate beyond and are irrespective of any single organization's operating environment. It generates the economic, political, social and technological frameworks within which competing organization operate in.

An economic consideration concerns the nature and direction of the economy of which an organization operates in. Each organization must consider economic trends in the segment that affects its industry on a national and international side. The top managers must put into considerations the general availability of credit, level of disposal income and the propensity of people to spend (Pearce and Robinson (1991). Other economic factors to monitor are interest rates, inflation rates and trends in the growth of the gross national products.

Social consideration include beliefs, values, attitude, opinions and lifestyles which are developed from cultural, ecological, demographic, religions, educational and ethnic conditioning. Like other forces in the remote external environment, social forces are dynamic, and will constantly change from efforts of individuals to satisfy their desires and needs (Ansoff and McDonnell 1990).

Political factors define the legal and regulatory parameters within which firms must operate in Gathambi, (2007). The direction and stability of political factors should be a major consideration by top managers in formulating an organization's strategy (Pearce and Robinson (1991). Political factors consist of variables like political stability, budget, surplus or deficit, personal and corporate taxes among others. Legal prescriptions include labour laws, anti-monopoly laws, municipal council laws and copyrights.

Technological factor is the fourth set of factors in the remote environment. Technology considerations must be monitored to mitigate an organization from being rendered obsolete (Ansoff and McDonnell 1990). Technology changes involve new manufacturing processes, new products from both suppliers and competitors and any new technology that affects the way a firm operates (Gathambi, 2007).

Ecological factor is the most prominent factor in the remote environment. A firm basically exists within the physical and ecological environment and devices most of its input from it (Johnson and Scholes, 1997). Variables in the physical environment include pollution control, energy source, ecological concerns affecting consumer habits and the availability of raw materials.

Since one of the main problems of strategic management is copying with uncertainty in the changing environment, it is useful to analyse the environment (Johnson and Scholes, 1997). An understanding of the environmental influences help examine their differential impact on the organization either historically or in terms of the likely future impact and hence helps managers determine their strategic options (Gathambi, 2007).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the proposed research method. This will include the research design, target population, data collection and data analysis.

3.2 Research Design

A cross-sectional survey was used to collect primary data. Olsen & George (2004) pointed out that in this type of research design, either the entire population or a subset thereof is selected, and from these individuals, data are collected to help answer research questions of interest. This was a cross-sectional because the information about the subjects that was gathered was to represent what was going on at only one point in time. For the purposes of the study, all the 5 government tourism agencies in Kenya were targeted thus making it a census survey.

The cross-sectional survey took a perspective of a descriptive study. A description study is concerned with finding out who, what, where, when or how much. It is more formalized and typically structured with clearly stated hypothesis or investigative questions (Orodho, 2003).

3.3 Population of the Study

In research, target population is the entire set of units for which the survey data is to be used to make inferences. The eligible population that was to be included in the research was all the five tourism government agencies under the Ministry of East African Affairs, Commerce and Tourism (see appendix ii).

The five agencies have different responsibilities that are aimed at fulfilling the tourism agenda for the Kenya government and the country at large. For example, the Kenya Tourism Board is responsible for marketing Kenya as a preferred tourist destination whereas the Tourism Finance Corporation is responsible for provision of financial assistance to investors or entrepreneurs in the tourism sector for development, expansion and maintenance of tourism activities and services provision.

3.4 Data Collection

The study used both primary and secondary data. The primary data was collected using a self administered questionnaire. The questionnaire was divided into three sections, section (1) demographics of the respondents, (2) strategic responses employed and, (3) external environment. The questionnaire was delivered to the respondents either by email or by hand (drop and pick). On the other hand the secondary data was obtained from the agencies records such as strategic plan, in-house magazines, websites and publications.

The study was carried out in Nairobi where the headquarters of all the tourism agencies are located and the target respondents based. The respondents comprised senior management employees from the five tourism agencies.

3.5 Data Analysis

The collected data was checked and edited for completeness, comprehensibility, consistency and reliability. The descriptive statistics was adopted for data analysis. Descriptive statistics was used to describe all basic features of the data in the study in order to allow an in depth understanding of issues in the survey.

Descriptive statistics that were used are measures of central tendency and the measures of variability. For measures of central tendency the mean was used while the measures of variability, the standard deviation was used.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter considers the results and findings from the questionnaire survey. The findings of the study are presented according to the research questions. The study targeted a total of 10 respondents from the 5 tourism government agencies under the Ministry of East African Affairs, Commerce and Tourism. All were filled and returned which translated to 100% response rate. This high response rate reduced the risk of bias in the responses. This high response rate was achieved by the great cooperation between the researcher and the respondents. All the returned questionnaires were found fit for analysis.

4.2 Background Information

The Study sought to establish the name of organization, the job title of the respondent, how many years the organization has been in the operation and how long the respondent has worked with the organization. This was to find out if the respondent and the organization has been in operation long enough to understand the strategic responses and the external environments that affect their respective organization. It was noted that all the respondents were in senior management positions.

4.2.1 Year of Operation of the Tourism Agencies

The findings presented in table 4.1 indicate that 20% of the agencies had been operating for a period between 11 and 22 years. 10% point out that they have been in operation for a period of 3 years. It is also indicated that 70% of the agencies had been in business for a period between 21 and 30 years. This is an indication that most of these agencies had been in the business for long to have a good understanding of the strategic responses and external environment.

Table 4. 1: Years of Operation of the Tourism Agencies

No. of Years	Frequency	Percent
Less than 10 years		0%
11-22 years	2	20%
21 -30 years	7	70%
31 years and above	1	10%
TOTAL	10	100%

4.2.2 Number of Years in the Organization

The study sought to establish the number of years the respondents had worked for a particular organization. This was with an intention to find out if the respondent had been involved in the cycle of strategic planning namely; planning, implementation, monitoring and evaluation. Findings are presented in table 4.2

Results presented in table 4.2 indicate that none of the respondents had worked in the organization for less than three years while 40% had worked in their respective organization for between 3-6 years. 60% of the respondents had worked for their organization for a period above 6 years. This is a clear indication that majority of the respondents had worked in the organization long to be able to understand the organization’s strategic management process.

Table 4.2 Number of years in the organization

No. of Years	Frequency	Percent
Less than 3 years	0	0%
3-6 years	4	40%
Above 6 years	6	60%
TOTAL	10	100%

4.3 Strategic Responses

The strategic responses were analysed using a questionnaire to determine the strategic responses to the changes in the external environment in the implementation of Kenya Vision 2030 by the tourism government agencies.

4.3.1 Existence of strategic Plan

On strategic responses, the first inquiry was on whether the organizations had a formal strategic plan in place. Statements were rated on a scale of 1 to 5 and mean scores were computed on the statements to determine their weight. Results are presented in table 4.3 below.

Findings presented in table 4.3 indicate that the tourism agencies had a formal documented strategic plan in place as shown by (Mean= 4.54, Std. Dev, 0.011), and that the strategic plans are well communicated to employee (Mean= 3.70, Std. Dev, 0.071). Results also indicate that the strategic plans are frequently reviewed (Mean= 3.26, Std. Dev, 0.053)

Further, most respondents were of the opinion that all relevant stakeholders are not involved in the formulation and documentation of the strategic plan (Mean= 2.53, Std. Dev, 0.026).

Table 4.3: Rating on Strategic planning formulation

Statement	Mean Scores	STD Deviation
The organization has formal documented strategic plan.	4.54	.011
The documented strategic plan is in line with the Kenya Vision 2030.	3.65	.621
The documentation of the organization's strategic plan involves all relevant shareholders.	2.53	.026
The strategic plan is well communicated to employees	3.70	.071
The organization's strategic plan is periodically reviewed	3.26	.053

4.3.2 Strategies

The strategies were rated on a scale of 1 to 5 and mean scores were computed on the statements to determine their weight. Results are presented in table 4.4 below.

The following were the specific strategies that the government tourism agencies had put in place in response to the changes in the external environment in order to ensure the implementation of the Kenya Vision 2030 include, new product development, new markets development, product and market diversification, product and brand differentiation, rebranding and re-positioning, strategic Partnering/ co-operative marketing, research and development and increased destination awareness. The findings further indicated that the following strategies were not fully utilized which include, resource mobilization, crisis management, competency development, technological innovation, quality management.

Table 4.4 Strategies by government agencies

Strategies	Mean Scores	Std Deviation
New product development	4.760	0.072
New markets development	4.543	0.061
Product and market diversification	3.519	0.036
Product and brand differentiation	4.260	0.021
Rebranding and re-positioning	2.130	0.058
Strategic Partnering/ Co-operative marketing	4.521	0.006
Research and Development	3.582	0.025
Increased destination awareness	3.667	0.114
Resource Mobilization	2.565	0.028
Crisis management	2.504	0.039
Competency Development	2.404	0.042
Technological innovation	2.543	0.077
Quality management	3.542	0.809

4.3.3 New Market Development

Marketing Kenya as a tourist destination, the vision highlights that the Government will promote aggressive advertising to inform potential tourists about Kenya's attractions and facilities in order to increase her global market share. Kenya ran the global brand campaign dubbed "jambo" which was funded by the EU and it ran on major international media for example the CNN. The success of the campaign is evident with the growth of international arrivals and revenues generated from the industry. The agencies have also set up a domestic marketing unit and increased domestic tourism awareness through campaigns and increased funding to promote domestic travel and development.

The agencies had also expanded and diversified its tourist source markets to include new entrants namely: domestic, Brazil, Uganda China, Russia, UAE, India and South Africa.

As one of the key strategy to achieving the Kenya Vision 2030, the government tourism agencies have diversified their key products safari and beach to incorporate cultural tourism, sports tourism, eco-tourism, conference tourism and many others. This has also been emphasized by increased funding to promote the development of the new products. The agencies have also worked with the industry stakeholders to enable and increase connectivity flights between key tourist markets such as India, Korea, China and African states.

To add value, the national parks and reserves had been rebranded according to their various attributes. Mt. Kenya National Park had been rebranded with a new logo, flag and slogan “come touch the sky”. Other parks that had been rebranded include; Hells Gate National Park with the wheel barrow race, Lake Nakuru National Park had introduced the Cycle with a Rhino game. National Reserves such as Maasai Mara had also introduced the Mara Marathon as part of their rebranding initiatives.

Attaining the top ten long-haul destination status will involve addressing constraints facing the sector and implementing strategic projects to improve the quality and breadth of Kenya’s tourist offering at the Coast, in game parks, and in ‘niche’ products for example cultural and ecotourism. Further attention will be paid to creating an environment where tourists spend more per visit. Although focus is to promote Kenya as a long haul tourist destination, Vision 2030 encourage domestic and regional tourism in order to even out fluctuations occasioned by the decline of visitors during the traditional low seasons.

To ensure quality management**,** all the tourism government agencies are ISO certified for a quality management system (QMS). The QMS enable the organizations achieve the goals and objectives set out in the policies and strategies. It helps provide consistency and satisfaction in terms of methods, materials, equipment, and interacts with all activities of the organization. The organizations had also developed a quality monitoring and evaluation framework and a risk management framework to ensure that there is pro-activeness in all processes and eventual quality in output.

To ensure that products are filling a slot in the consumer's lifestyle and customer needs is necessary to understand their motivations, needs and wants. The government agencies utilizes research which allows identification of opportunities, minimisation of risks (through accurate needs assessment), monitoring of progress, evaluation of performance and consequently aid strategic marketing and budget planning to maximize return on investment. Research tools used are both qualitative and quantitative in nature and encompass a diverse range of surveys.

Lastly, other strategies that have been employed are crisis management to avert tainting the destination negatively, resource mobilization for sufficient funding. Competency developments to ensure the organization are managed by competent staff for functional excellence and leadership. Lastly, there is continued strategic partnerships and collaboration effort between industry stakeholders that had helped to gain time and cost efficiencies and indentify new market potential. These partners include the Ministry of East Africa Affairs, Commerce and Tourism, the Treasury, the Central Bank of Kenya, Ministry of Planning, Ministry of Foreign Affairs (through functional liaisons in Kenya embassies, missions and consulates abroad) and industry partners (KTF, KAHC, KATO, KATA, KQ, KWS, KAA) among others.

4.4 External Environmental Changes

There have been a number of changes in the external environment globally, within the last ten years that have resulted in a changing competitive situation and have posed various challenges to the tourism industry. The study established that there had been many changes in the external environment variables. As shown in table 4.5 below, the respondent identified the key environmental factors in the order of percentages as Political (35%), Economic (30%) Social (12%), Technology (10%) Ecology (7%) and Legal (6%). The variables had impacted the tourism industry to extent given leading the government tourism agencies drafting strategic responses to address the changes in those variables.

Table 4.5 External Environmental Changes

NO.	FACTOR	PERCENTAGES
1.	Political	35%
2.	Economic	30%
3.	Social	12%
4.	Technology	10%
5.	Ecology	7%
6.	Legal	6%

In the political framework which had the most impact (35%) had adversely and periodically affected the tourism sector not only in relation to volume of business but also in creating a negative and unstable image of Kenya as a tourist destination. The recent grenade attacks in Garissa and Nairobi, perceived risk from outlawed groups such as Mungiki and MRC at the Coast. The history of Kenya on clashes and election violence - post election violence (PEV) in 2008 had also adversely affected the industry negatively.

Economic environment is second according to the respondents with (30%) score. Global economic growth remains polarised, with emerging economies performing strongly, and the developing countries continuing to stagnate. Euro Zone crisis - the jobless rate in the 17 countries using the Euro as their currency was 10.3%. This is approximately 16.3 million people out of work, this has led most people to cut costs by doing short haul travel which leaves Kenya out. On domestic market, inflation had been at 14% down from 19% last year. This high inflation had been exacerbated by high fuel prices and high cost of borrowing. This inflation impacts on cost of tourist product due to the expensive inputs for example hotel food. Central bank of Kenya had reduced the CBR from a high of 18% in 2012 to 10% in 2013. This had affected the level of investment in the tourism industry with many hotels staying away from bank loans for capital expenditure. The Tourism Finance Corporation which is also supposed to advance loan to private investors had also increased it lending rates. However, there is development in transport infrastructure across the country which will open up new markets for Kenya's tourism and the tourism agencies will take advantage to promote new products and regions.

The third key variable of the external environment is the social factors (12%). Moral degradation as a result of tourist activities – child sex tourism, human trafficking, drug abuse are some of the activities affecting the industry. Discrimination of the domestic tourist at some facilities in country had elicited public outrage on radio and online mediums. There is also a new trend of multi-generational travel where there more grandparents travelling with their grand children exposing the young ones to the culture of travel at early age.

Technology (10%), Ecological (7%) and Legal (6%) are other key variables that have continued to affect the tourism industry. On technological aspect, one key massive effect on tourism is the rapid increase in online booking that has given consumers more opportunity to make holiday. Mobile phones are another handy channel already some agents on the Kenya market have started using MPESA as a payment mode. Ecological front, the destination had been affected by filth from poor waste disposal, poaching has had a negative impact on conservation efforts and overcrowding in some national parks and game reserves is putting a strain on the eco-system.

Lastly, Legal – the new Tourism Act No. 28 of 2011 was recently enacted and it aimed to provide for the development, management, marketing and regulation of sustainable tourism and tourism-related activities and services. There is lack of a clear policy and framework on tourism management. The classification of tourism facilities was last done 10 year ago. Changes on labour laws and wage bill is impacting negatively on the industry eliciting unrest and high turnover among the work force.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study set out to identify changes in the external environment that affect the tourism government agencies in the implementation of the Kenya Vision 2030 and the strategic responses that the agencies had put in place to deal with these changes. The study made use of both the secondary data and the primary data. The secondary data was collected from journals, newspapers, websites and in-house publications. The primary data was collected using a self administered questionnaire. The study targeted a total of 10 respondents from the 5 tourism government agencies under the Ministry of East African Affairs, Commerce and Tourism.

5.2 Summary

The following were the specific strategies that the government tourism agencies had put in place in response to the changes in the external environment in order to ensure the implementation of the Kenya Vision 2030: new product development, new markets development, product and market diversification, product and brand differentiation, rebranding and re-positioning, strategic partnering/co-operative marketing, research and development and increased destination awareness. The findings further indicated that the following strategies were not fully utilized which include, resource mobilization, crisis management, competency development, technological innovation and quality management.

The study also found that to ensure that products are filling a slot in the consumer's lifestyle and customer needs is necessary to understand their motivations, needs and wants. The government agencies utilizes research which allows identification of opportunities, minimisation of risks (through accurate needs assessment), monitoring of progress, evaluation of performance and consequently aid strategic marketing and budget planning to maximize return on investment. Research tools used are both qualitative and quantitative in nature and encompass a diverse range of surveys.

The study also found that the vision highlights that the Government will promote aggressive advertising to inform potential tourists about Kenya's attractions and facilities in order to increase her global market share which facilitates expansion of tourism market share.

5.3 Conclusion

Tourism is a key pillar to the country economy and is the 2nd largest source of foreign exchange revenue after Agriculture. However, the industry is faced with a lot of challenging mainly the external environment that directly or indirectly affect the performance of the industry. The government tourism agencies have employed a great mix of strategic responses in various facet of their business in order to cope with the environment changes.

The study concludes that economic factors like inflation affect the tourism industry. This high inflation has been exacerbated by high fuel prices and high cost of borrowing. This inflation impacts on cost of tourist product due to the expensive inputs for example hotel food. This has affected the level of investment in the tourism industry with many hotels staying away from bank loans for capital expenditure.

Other external factors affecting tourism include the moral degradation as a result of tourist activities – child sex tourism, human trafficking, drug abuse are some of the activities affecting the industry. Discrimination of the domestic tourist at some facilities in country has elicited public outrage on radio and online mediums. There is also a new trend of multi-generational travel where there more grandparents travelling with their grand children exposing the young ones to the culture of travel at early age.

The study further concludes that technological aspect that has key massive effect on tourism is the rapid increase in online booking that has given consumers more opportunity to make holiday. Mobile phones are another handy channel already some agents on the Kenya market have started using MPESA as a payment mode. Ecological front, the destination had been affected by filth from poor waste disposal, poaching has had a negative impact on conservation efforts and overcrowding in some national parks and game reserves is putting a strain on the eco-system

5.4 Recommendations

The Kenya Vision 2030 is the country's long term development plan, which aims to create a globally competitive and prosperous country. Tourism has been identified as one of the six priority sectors that will support this growth. The government tourism agencies under the Ministry of East African Affairs, Commerce and Tourism are tasked with the responsibility of fostering the tourism agenda in the country. In order for the tourism agencies to achieve their agenda they have to constantly scan their external environment in order to match their operations to the environment for their prosperity.

Whereas the tourism industry in Kenya has been improving in terms of increased tourist arrivals and revenues earned from the industry which has been occasioned by increased and aggressive marketing and improvement of the tourism infrastructure by all the parties involved. From the research findings, it was evident that political and economic are the external factors that are adversely affecting the tourism industry in Kenya, it is recommended that there is dire need to mitigate the specific varies that are hindering the growth of the destination.

On the political front that has continually contributed to the negative tainting of the destination, there is need for the tourism agencies to foster a positive image for the destination to push messages of peace and stability to re-assure potential tourists. They need to lobby the government and relevant stakeholders on the need of maintaining peace and stability in the country. A clear pre and post election peace keeping strategy needs to be developed and implemented immediately.

5.5. Limitation of the Study

The time available for this study was limited and especially in data collection considering that most of the respondents were senior management and were either busy attending a series of meetings and conferences or outside the country on official duty. In addition, due to their busy schedule, the senior managers preferred to fill in the form with the presence and assistance of the researcher.

Lastly, this study focused on management only which the organization's stakeholders are many. The findings of this study are therefore limited to the views from the senior management as opposed to all relevant stakeholders.

5.5 Areas for Further Research

The study focused on the tourism agencies responses to environment changes. These environmental changes affect all agencies in an industry, to understand, the strategic responses possible for these changes, further studies could be carried out in other agencies affected by the same environmental changes.

Different agencies respond to environmental changes in different ways. Tourism agencies had applied the strategic responses identified in this study. However, to gain a full understanding of why the tourism agencies had chosen to use these strategies, a further study could be carried out. This could focus on the strategic responses available and why the tourism agencies had chosen to use the responses it had adopted in the implementation of the Kenya Vision 2030.

Lastly, the study was only confined on to strategic responses to changes in the external environment in the implementation of Kenya vision 2030 by Kenya tourism government agencies. The study recommends a further research should be conducted on other agencies in other sectors implementing the Kenya vision 2030**.**

5.6 Implication of the Study on Policy, Practice and Theory

The study aimed to find out the strategic responses to changes in the external environment in the implementation of Kenya Vision 2030 by the Kenya Tourism Government Agencies. The study analysis of the changes in the external environment gives a clear guidance and knowledge of tourism industry dynamics to the policy makers in designing policies which will be in line with the implementation of the Kenya Vision 2030.

For the practitioners in the tourism industry, the study has given actual highlights and insights to the changes in the external environment. The insights will help them on how to strategically respond to the changes in the external environment in the implementation of the Kenya Vision 2030. The academicians will find useful gaps that will stimulate interest for further studies.

On the theoretical perspective, the findings provided an affirmation of the Resource Based View theory that certain unique existing resources will result in superior performance and ultimately build a competitive advantage. An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments. The study finding revealed that the Kenya's tourism product had been differentiated and diversified due to their distinctive nature. The study findings also supported the Chaos theory on the premise that systems no matter how complex they rely on underlying order and any disruption to that order can make the industry very volatile.

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APPENDICES

Appendix I: Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

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P.O. Box 30197
Nairobi, Kenya

DATE 31/08/2013

TO WHOM IT MAY CONCERN

The bearer of this letter SUZANNE MUTIKE JOSEPH

Registration No. D61/63242/2011

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
31 AUG 2013
MBA OFFICE
P.O. Box 30197 – 00100, NAIROBI

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

Appendix II – Research Questions

Serial No………………………

INSTRUCTIONS:

Respondent's questionnaire on "**Strategic responses to changes in the external environment in the implementation of Kenya vision 2030 by Kenya Tourism Government Agencies"**.

Please note that your views in form of answers to these questions will be treated confidentially. Note that also there are no right or wrong answers.

	D D	M M	Y Y Y Y
DATE FILLED:	☐☐	☐☐	☐☐☐☐

PLEASE ENSURE THAT YOU:

a) Fill in your answers to all questions in the spaces provided.
b) Do not indicate your name on the questionnaire
c) It is absolutely important that all the sections have a response
d) You are going to give your opinions based on a five point likert scale rating of 1 – 5 where, 5 represented very great extent, 4, Great extent, 3, Moderate, 2, Low extent and 1, very low extent
e) For questions where there are no numbers to be ticketed, I request you write your answers in your own words in the spaces provided.

SECTION A:

Background information of the respondent:

1. Name of organization;

…………………………………………………………………………

2. Job title

Managing Director/CEO ☐

Head of Department/Unit ☐

Manager ☐

Other ☐

(Specify) …………………………………………..

3. How old is the organization?

a) Less than 10 years ☐

b) 11-20 years ☐

c) 21-30 years ☐

d) 31 years and above ☐

4. For how long have you worked for your current organization?

a) Less than 3 years ☐

b) 3-6 years ☐

c) Above 6 years ☐

SECTION B:

Strategic responses adopted by tourism government agency in Kenya towards implementation of Vision 2030.

1. To what extent do you agree with the following statements on strategic measures adopted by tourism government agencies? Use a scale of 1-5 where 1 is to strongly disagree while 5 is strongly agree.

Strategic Plan	*1*	*2*	*3*	*4*	*5*
The organization has formal documented strategic plan.					
The documented strategic plan is in line with the Kenya Vision 2030.					
The documentation of the organization's strategic plan involves all relevant shareholders.					
The strategic plan is well communicated to employees					
The organization's strategic plan is periodically reviewed					

2. To what extent do the tourism government agencies adopt the following strategies to remain competitive towards the implementation of Vision 2030? Use a scale of 1-5 where 1 is to a very low extent while 5 is a very great extent.

Strategies	*1*	*2*	*3*	*4*	*5*
New product development					
New markets development					
Product and market diversification					
Product and brand differentiation					
Rebranding and re-positioning					

Strategic Partnering/ Co-operative marketing					
Research and Development					
Increased destination awareness					
Resource Mobilization					
Crisis management					
Competency Development					
Technological innovation					
Quality management					

SECTION C:

External environmental changes facing the Tourism Government Agencies in the implementation of Kenya Vision 2030

1. To what extent do the following external environmental changes affect the tourism government agency in the implemention of Vision 2030? Use a scale of 1-5 where 1 is to a very low extent while 5 is a very great extent.

POLITICAL FACTORS	*1*	*2*	*3*	*4*	*5*
History of Kenya on clashes and Political/election violence					
Political Stability					
Terrorism and piracy					
Travel advisories					
ECONOMIC FACTORS	*1*	*2*	*3*	*4*	*5*
Global economic crisis					
Fluctuating foreign currency exchange rates					

Economic growth rate					
Budget/resources					
SOCIAL FACTORS	*1*	*2*	*3*	*4*	*5*
Influence on culture					
Negative social effects of tourism for example- sex tourism and drug use.					
Population demographics					
Family life cycle					
TECHNOLOGICAL FACTORS	*1*	*2*	*3*	*4*	*5*
Limited internet accessibility					
Advanced technology					
Rate of obsolescence					
Speed of technology transfer					
ECOLOGICAL FACTORS	*1*	*2*	*3*	*4*	*5*
Global warming					
Poor waste disposal					
Congestion and traffic					
Mass Tourism					
LEGAL FACTORS	*1*	*2*	*3*	*4*	*5*
New laws and legislation - New constitution and tourism act.					
Lack of policy and regulatory framework on tourism management					
Classification of tourism facilities					
Labour laws					

THANK YOU

Appendix III: List of Tourism Government Agencies

1. Tourism Finance Corporation
2. Tourism Fund
3. Kenya Tourism Board
4. Kenya Utalii College
5. Kenyatta International Conference and Convention Centre

Source: Ministry of African Affairs, Commerce and Tourism (2012)