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Analysis of the National Strategy Implementation on Kenya's Global Competitiveness: A Case of Trade, Tourism and Investment Strategies

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Abstract
The study had the main objective of analyzing the national strategy implementation effect on Kenya's global competitiveness: A case of trade, tourism & investment strategies. The target population was public institutions and the foreign missions. The respondents were staff both in management and non-management levels involved in implementation of strategy areas to be evaluated. The data type collected for the study was primary data. The research instrument used for primary data collection was a semi structured questionnaire that had both open ended and closed questions. The two predictor variable are said to be correlated if their coefficient of correlations is greater than 0.5. The correlation matrix also indicated high correlation between the response and predictor variables, that is, Product strategy with the highest correlation followed by International market strategy, Investment strategy and Strategic review respectively. The analysis in table shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R^2 equals 0.843, that is, Strategic review, International market strategy, Product strategy, Investment strategy explain 84.3 percent of Kenya's global competitiveness leaving only 15.7 percent unexplained. The P- value of 0.000 (Less than 0.05) implies that the model of Kenya's global competitiveness is significant at the 5 percent significance. All the independent variables were also linearly related with the dependent variable thus a model of four predictor variables could be used to rate Kenya's global competitiveness. The study found out that there exist a significant relationship between Strategic review, International market strategy, Product strategy, Investment strategy and Kenya's global competitiveness.
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Keywords: National strategies, global competitiveness, investment strategies, trade and tourism,

1. Introduction

The idea of national competitiveness in the global market has become increasingly important. This is because countries seek to have positive economic growth in order for their people to enjoy quality life. The economic growth is achieved through various strategies. The Economic Recovery Strategy (ERS) 2003-2007, enabled the economy to grow from 0.5 % in 2002 to 7% in 2007 (Planning, 2010). The economy thereby expanded remarkably over a short five-year period. This was a growth from -0.1%. The country has therefore identified Vision 2030 as a long term development plan (ERS, 2007).Kenya's Vision as outlined in the Vision 2030, Is to be a globally competitive and prosperous nation with a high quality of life by the year 2030. This is aimed to be achieved through three pillars: economic, social and political. Through the First Medium term plan (MTP) 2008-2012, Kenya aims to transform the country into a modern, globally competitive, middle income country, offering a high quality of life for all citizens by the year 2030. One of the strategies formulated is that of adding value to our products and services that include: tourism, agriculture, trade, manufacturing, Business Processing Off shoring (BPO) & financial services. The tourism sector, Kenya aims to be a top ten long-haul tourist destination in the world offering high-end, diverse and distinctive visitor experience. The vision of the wholesale & retail trade is to move towards greater efficiency in the country's marketing system by lowering costs through transactional costs. Through manufacturing, the country aims at targeting the regional market by producing niche

products. This is to be achieved through improved efficiency and competitiveness at firm level The BPO on the other hand involves providing business services via the internet to companies and businesses in the developed world. Finally for the financial services the aim is to create a vibrant and globally competitive financial sector that will create jobs and also promote high levels of savings to finance overall investment needs. All the aforementioned services form the economic pillar. Tourism in the MTP (GOK, 2008), has been identified that through its multiplier effect has the capacity to promote regional development, create new commercial and industrial enterprises, stimulate demand for locally produced goods and services and provide a market for agricultural goods.

A number of government institutions have the responsibility of representing Kenya both locally and internationally with the sole aim of increasing foreign exchange and placing Kenya at an advantage both socially and economically over its competitors. The Kenya Tourist Board (KTB), a government parastatal, is mandated to perform various functions one of them being destination marketing both locally and internationally (GOK, 1997). Every year KTB participates in tourism exhibitions and trade fairs to represent Kenya and increase tourist arrivals to the country. Additionally, it also engages various strategies to appeal to a wide range of potential tourists. The Kenya Investment Authority on the other hand is responsible for promoting investments both locally and internationally. This it achieves through targeted investment forums (KIA, 2009). The Export Promotion Council has the primary objective of promoting Kenya's exports worldwide (EPC, 2009). The Ministry of Foreign Affairs has the following functions: Foreign Policy, Joint Commissions with other countries International and Regional Organizations Kenya Missions Abroad Foreign Missions in Kenya Treaties, Conventions and Immunities State and Official Visits Protocol Matters Consular Matters Peace Initiatives Pan-African Affairs Commonwealth Affairs International Jobs and Kenyans in Diaspora Foreign Service Institute (MFA, 2009). Each of the afore-mentioned institutions has a role to play in making Kenya gain competitive advantage.

1.2 Kenya's Competitive Advantage

The overall aim of developing a strategic plan and executing it is for a firm or country to gain competitive advantage. This it does by executing the strategy while monitoring and developing emergent strategies to manage environmental factors that may affect or cause a detour in achievement of strategic goals. An ideal strategy implementation scenario assumes that as firms implement the strategic objectives, constant monitoring of immediate external and external environments of the organization is taking place alongside the implementation. Depending on the dynamism of the operating environment and other emerging factors, these may turn out to be a boost to achievement of the strategic goals or a detour leading to failure of the strategies. The internal environment comprises of physical resources, personnel competencies and the way in which value chain analysis can be used to bring these together in the most profitable manner. It also includes assessment of the vision and mission of the company. The external environment on the other hand focuses on scanning economic forces, politico-legal forces, cultural and technological forces (Aswathappa, 2008).

Strategy surveillance means that an institution monitors a broad range of events inside and more often outside the firm that are likely to affect the course of the strategy over time: ensuring that the strategy being executed remains relevant towards contribution of the nation's goals. However, in 2008, the economic performance was below the targeted 10% growth rate per annum (KIPPRA, 2009). Two key questions therefore arise regarding how the government agencies monitor and assess the operation environment and whether there are emergent strategies formulated to take advantage of opportunities or manage the undesirable situations. The process of strategic management and the importance of strategy review is to ensure that implementation is on course to ensure achievement of identified goals. However, if no emergent strategies are developed, then a gap arises and the environmental changes are likely to affect the successful strategy implementation.

2. Literature Review

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel (Wikipedia, 2009). An institution gains competitive advantage when it implements a value creating strategy (Barney, 2006). Successfully implemented strategies ensure that an institution achieves high performance compared to its competitors. To gain competitive advantage a business strategy manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Reed and Fillippi 1990 cited by Rijamampianina 2003, p.362). The theory of absolute advantage argues that countries differ in their ability to produce goods efficiently based on certain factors that work in the favour of the country (Aswathappa, 2008) Thus countries should specialize in the production of goods for which they have an absolute advantage and then trade these goods for the goods traded by other countries. In so doing, each country would have an advantage and gain by trading. According to this theory, nations should produce those goods for which they have

the greatest relative advantage. According to Ricardo, it makes sense for a country to specialize in the production of those goods it produces most efficiently. (Aswathappa, 2008). It looks at the concept of opportunity cost in determining the goods a country should produce.

The development of this theory was based on Michael Porter's opinion that the classical theories on comparative advantage failed to explain why trade takes place across countries (Aswathappa, 2008).Competitive advantage stems from four factors namely: factor conditions, strategy and rivalry, demand conditions, related and supporting industries (known as national diamond). The National Diamond highlights that strategic choices should not only be a function of industry structure and a firms resources, it should also be a function of the constraints of the institutional framework. Institutional analysis (such as the National Diamond) becomes increasingly important as firms enter new operating environments and operate within new institutional frameworks. It recognizes four pillars of research (factor conditions, demand conditions, related and supporting industries, firm structure, strategy and rivalry) that one must undertake in analyzing the viability of a nation competing in a particular international market, but it also can be used as a comparative analysis tool in recognizing which country a particular firm is suited to expanding into (Aswathappa, 2008).

This theory explains how organizations can develop competitive advantage in a systematic and structural way. by structurally and systematically coordinating and committing resources for the realization of the organizations goals and objectives. In addition, the organization needs to create and deliver customer value, in order to develop competitive advantage. To achieve this, the management requires being competent. Additionally, the speed with which resources are exploited and developed, plus the costs which are involved, is determinative for the realization of the organizations competitive advantage (Sanchez, 2002). This theory advances that knowledge is the most strategically significant resource of an organization. Its proponents argue that because knowledge based resources are usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms are the; major determinants' of sustained competitive advantage and superior organizational performance (Alavi, 2001). This knowledge is embedded and carried through multiple entities including organizational culture and identity, policies, routines, documents and employees (Wikipedia, 2009).

3. Methodology

The research was an analytical study of the relationship between the dependent variable (Kenya's global competitiveness) and predictor variables (Strategic review, International market strategy, Product strategy, and Investment strategy). The advantage of this design is that they are carried out in natural settings and permits researchers to employ random probability samples. It also permits the researchers to make statistical inference to broader populations and permits them to generalize their findings to real life situations, thereby increasing the external validity of the study.

The target population was public institutions and the foreign missions. The respondents were staff both in management and non-management levels involved in implementation of strategy areas to be evaluated. The public institutions were those that have been assigned responsibility under the Vision 2030 plan. According to Bartlett, Kotrlik and Higgins a population size of 200 at five percent significance level should be represented with a sample size of 75 respondents.

Table 3.1 Study Population

Institution	Population size	Sample size
Kenya Tourist Board	25	14
Kenya Investment Authority	25	14
Export Promotion Council	35	20
Foreign Missions	30	15
Kenya Wildlife Service	3	3
Kenya ICT Board	3	3
CBK	3	3
KICC	3	3
TOTAL	127	75

The data type collected for the study was primary data. The research instrument used for primary data collection was a semi structured questionnaire that had both open ended and closed questions. The questionnaires were administered management and non-management staff involved in execution of the strategic plan in the various public institutions as well as officers from the diplomatic corps in Kenya dealing with the strategies under the study, these included commercial and cultural attaché s. The questionnaire was administered using drop and pick later method.

Quantitative analysis was used in the study. To allow for quantitative analysis, data was first converted into

numerical codes representing measurements of variables. Regression analysis was also used to come up with the model expressing the relationship between the dependent variable (Kenya's global competitiveness) and predictor variables (Strategic review, International market strategy, Product strategy, Investment strategy). A multiple regression model was developed to describe the relationship between the dependence and independent variable. The regression equation assumed the following form:

$Y= \beta o+\beta_1X_1 +\beta_2X_2 +\beta_3X_3+\beta_4X_4$

Where Y= Kenya's global competitiveness

X_1=International Market strategy
X_2=Product strategy
X_3=Investment strategy
X_4=Strategy review

Correlation analysis was used to check on the overall strength of the established regression model and also the individual significance of the predictor variables.

4. Results

Two predictor variable are said to be correlated if their coefficient of correlations is greater than 0.5. In such a situation one of the variables must be stop. As shown in table 4.2.1, none of the predictor variables had coefficient of correlation between themselves more than 0.5 hence all of them were included in the model. The matrix also indicated high correlation between the response and predictor variables, that is, Product strategy with the highest correlation followed by International market strategy, Investment strategy and Strategic review respectively.

Table 4.1: Pearson Correlation Correlations

	Kenya's global competitiveness	International market strategy	Product strategy	Investment strategy	Strategic review
Kenya's global competitiveness	1.000				
International market strategy	.536	1.000			
Product strategy	.752	.118	1.000		
Investment strategy	.467	.128	.247	1.000	
Strategic review	.307	.254	.254	.380	1.000

4.1 Strength of the model

Analysis in table 4.1 shows that the coefficient of determination (the percentage variation in the dependent variable being explained by the changes in the independent variables) R^2 equals 0.843, that is, Strategic review, International market strategy, Product strategy, Investment strategy explain 84.3 percent of Kenya's global competitiveness leaving only 15.7 percent unexplained. The P- value of 0.000 (Less than 0.05) implies that the model of Kenya's global competitiveness is significant at the 5 percent significance

Table 4.2: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.918(a)	.843	.805	.51038	.843	1.242	4	36	.000

Predictors: (Constant), Strategic review, International market strategy, Product strategy, Investment strategy
Dependent Variable: Kenya's global competitiveness

Table 4.3: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.852	4	.213	1.242	.000
Residual	6.173	36	.171		
Total	7.024	40			

Predictors: (Constant), Strategic review, International market strategy, Product strategy, Investment strategy
Dependent Variable: Kenya's global competitiveness

ANOVA findings (P- value of 0.00) in table 4.2.3 shows that there is correlation between the predictors variables (Strategic review, International market strategy, Product strategy, Investment strategy) and response variable (Kenya's global competitiveness)

4.2: Regression equation
The established multiple linear regression equation becomes:
$Y = 0.260 + 0.131X_1 + 0.170X_2 + 0.051X_3 + 0.048X_4$
4.2.1 Elasticity
Constant = 0.260, shows that if Strategic review, International market strategy, Product strategy, Investment strategy were all rated as zero, Kenya's global competitiveness rating would be 0.260
X_1= 0.131, shows that one unit change in International market strategy results in 0.131 units increase in Kenya's global competitiveness
X_2= 0.170, shows that one unit change in Product strategy results in 0.170 units increase in Kenya's global competitiveness
X_3= 0.051, shows that one unit change in Investment strategy results in 0.051 units increase in Kenya's global competitiveness
X_4= 0.048, shows that one unit change in Strategic review results in 0.048 units increase in Kenya's global competitiveness

Table 4.4: Coefficients of regression equation

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.260	.460		0.565	.231
International market strategy	X_1	.131	.048	.254	2.729	.001
Product strategy	X_2	.170	.045	-.300	3.778	.000
Investment strategy	X_3	.051	.023	.113	2.217	.002
Strategic review	X_4	.048	.022	.093	2.182	.000

Dependent Variable: Kenya's global competitiveness

The study used regression analysis to find the association between Strategic review, International market strategy, Product strategy, Investment strategy and Kenya's global competitiveness. Forecasting model was developed and tested for accuracy in obtaining predictions. The finding of the study indicated that the model was significant. This is demonstrated in the part of the analysis where R^2 for the association between Strategic review, International market strategy, Product strategy, Investment strategy and Kenya's global competitiveness was 84.3%>70%. All the independent variables were also linearly related with the dependent variable thus a model of four predictor variables could be used to rate Kenya's global competitiveness. The study found out that there exist a significant relationship between Strategic review, International market strategy, Product strategy, Investment strategy and Kenya's global competitiveness

5. Conclusion
The study recommend that for Kenya to improve its global competitiveness rating a lot of focus should be put on Product strategy and International market strategy. It was also noted that Strategic review rating was very low; it is therefore recommended that measures be put in place to improve on the Strategic review processes.

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