CONTRIBUTION OF STAKEHOLDER MANAGEMENT TO THE SUSTAINABILITY OF COMMUNITY BASED TOURISM IN THE COAST REGION OF KENYA

Rono, G. K., Theuri, F. S., Ahmed, A, H., & Kising’u, T. M.
CONTRIBUTION OF STAKEHOLDER MANAGEMENT TO THE SUSTAINABILITY OF COMMUNITY BASED TOURISM IN THE COAST REGION OF KENYA

Rono, G. K., *1 Theuri, F. S., 2 Ahmed, A, H., 3 & Kising’u, T. M. 4

*1Ph.D student, Jomo Kenyatta University of Agriculture & Technology (JKUAT), Mombasa, Kenya
2Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology (JKUAT), Mombasa, Kenya
3Ph.D, Lecturer, Technical University of Mombasa, Kenya
4Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology (JKUAT), Mombasa, Kenya

Accepted: August 10, 2018

ABSTRACT

The study aimed at establishing the contribution of stakeholder management to the sustainability of community based tourism in the coast region of Kenya. The target population were members of community based tourism in Kwale, Mombasa, and Kilifi Counties in Kenya. Stratified random sampling method was used during the study and the respondents were selected using random balloting. Structured questionnaires and documented literature were used as the main tools for both primary and secondary data collection. From the study findings, it was established that stakeholder management had a positive relationship with sustainability of community based tourism. The variables were normally distributed and hence no significant differences at 95% confidence level. The study also established that stakeholder management had a strong linear relationship with sustainability of community based tourism. With proper stakeholder management, community based tourism are able to enhance their sustainability options. The study recommended structured involvement of stakeholders in project formulation, implementation, and evaluation is one way of managing them and ensuring a strong relationship that contributes to project success. Community based tourism units should also build networks within the community and outside the community to facilitate exchange of information and participation and hence bring about sustainable community based tourism

Key Terms: Strategic Management, Stakeholder Management, Strategic Resources, Sustainable Tourism
INTRODUCTION

Today’s managers and entrepreneur’s undertake strategic management in the realisation that the environment can change any time. Their plans should therefore follow a strategy that includes contingency planning. Internal and external environmental factors do influence strategic management and that organisations should put into consideration such factors when undertaking their planning processes (Thomas & Ambrosini, 2015). Strategies motivates group members, clarifies the organisational vision, and helps management to emphasize and concentrate on priorities to achieve what at first may seem to be unachievable goals in a competitive environment (Allee & Kotler, 2011). While many companies focus on developing plans and strategies, the most important element in strategic management is the implementation of strategies (Okumu, 2013). Making the plan happen is as critical as the actual execution that leads to results. In addition, all organization members should know why the plan was developed, what it means to the organisation, who will be involved in its implementation and how they can contribute to the organisation’s success (Koech & Were, 2016). Stakeholder analysis helps an organisation to identify interests of all stakeholders who may affect or be affected by a project. Their full and active participation in the project design, implementation, and evaluation is a key though not a guarantee to success (Jenifer, Dodds, & Link, 2017). Active stakeholder engagement is an essential foundation for practical delivery of project outputs. There is need for greater stakeholder collaborations to ensure delivery of expected outcomes (Elias, Jackson, & Cavana, 2014). Strategic management that focuses on improving the level of stakeholder participation is therefore critical in convincing communities to welcome new ideas that improve tourism activities which is an opportunity for livelihood enhancement. The principle of community based tourism is based on inclusion of stakeholders in the development process where local entities control the development process that ensures equitable flow of benefits and incorporation of resident value (Frank & Clare, 2014).

In 2008 the gross domestic product of the international tourism was $7.5 trillion and the tax revenue was US $503 billion. Currently tourism accounts for 9.3% of the global GDP with a 4% annual GDP growth forecast to 2022 greater part of which is community based tourism (WTTC, 2015). CBT is a growing economic activity globally and it currently accounts for 5% of the global tourism market with a growth rate of 20-30% annually. Community Based Tourism (CBT) involves multiple actors from local communities to governments with 9% of the world’s workers connected to tourism (WTTC, 2015). Tourism stimulates economic growth both at the international, regional, national and more important at local levels (Hellen, 2015). The development of tourism infrastructure has improved the livelihood of the community through improvement of tourism-linked service sectors, such as transport, water supply, energy, and health services. The rural village of Ccaccaccollo in Peru is traditionally a livelihood farming community (Lincoln & Neelam, 2012). The village got involved in community based tourism by establishing a weavings cooperative society to provide both employment and income through selling of weavings to the tourists. In 1996 the government of South Africa issued the White Paper of 1996 on the Development and Promotion of Tourism with the realisation that the country’s transition to democracy opened the country’s tourism potential to the rest of the world and more importantly to the previously neglected groups in the society (Hlengwa & Mazibuko, 2018). Communities that were previously neglected have now acquired strategic management capabilities to plan and manage their resources with Kwa Ngcolosi community members deriving livelihood from tourism. The economic linkage to other sectors need to be strengthened by applying appropriate
strategic management skills aimed at improving efficiency and performance.

The growth of community based tourism in Kenya varies from time to time with the number of tourist arrivals dropping in the late 1980’s and picking up again in 1992 and 1996. The coast region of Kenya is well endowed with diverse natural resources that provide for a wide range of business opportunities ranging from production, value addition and service provision (Republic of Kenya, 2014). Over 60% of Kenya’s tourism is coastal based providing jobs both directly and indirectly with a considerable size of coastal population directly depending on tourism for their livelihoods. In the recent past, there have been efforts towards diversification of tourism attractions to make the destinations unique and to offer quality products and services (Ondicho, 2017). These efforts have resulted in the development of cultural, ecological and sports tourism under the category of community based tourism. CBT projects such as Ngwesi and Tassia in Laikipia and Shompole in Magadi have gained essential managerial capabilities ranging from community management to partnership with investors who provide capital for investment (Owuor, Knerr, Ochieng, Wambua, & Magero, 2017). CBT operates on commercial orientation and is implemented through community private sector partnerships which in turn support investment promotion at the community level for sustainability development. Despite the fact that Kenya has many attractive tourist destinations, the sector has not developed as expected. There has been minimal utilization of the resource endowment resulting in high levels of poverty and unemployment. Community based tourism requires appropriate strategic management of locally available resources (Saurombe, Plessis, & Swanepoel, 2018). Competitiveness and innovativeness are essential factors for the success and sustainability of community based tourism projects.

Statement of the Problem

Despite the growth potential for community based tourism at the globally level, the Kenyan scenario paints a relatively slow growth. Sustainability of community based tourism in has been dismal a scenario largely attributed to weak strategic management focus amongst community groups (Mayaka, Croy, & Cox, 2017). Skills to undertake data collection, analysis, and reporting are lacking amongst community based tourism groups thus negatively impacting on strategic decision making and management by community managed groups (Peterlin, Pearse, & Dimovski, 2015). The study on identification of strategy factors influencing performance indicated that most strategies fail at implementation stage and that many important factors are usually ignored at strategy implementation stage and hence strategies become ineffective. Community based tourism groups have not measured up to their full potential. On the other hand, community based tourism contribute to employment creation, wealth creation, environmental conservation, and reduction in regional disparities (Owuor, Knerr, Ochieng, Wambua, & Magero, 2017). The World Economic Forum (2013) recommended strategic management approach as a tool to enhance sustainability of community based tourism as a deliberate strategic management initiative. The study on strategic management factors influencing sustainability of community based tourism was conducted to bring out a clear understanding on sustainability challenges with respect to community based tourism enterprises and recommend appropriate steps to be undertaken in addressing identified challenges.

Hypothesis of the Study

The following Null Hypotheses were tested during the research:

\[ H_01: \text{Stakeholder analysis does not contribute to sustainability of community based tourism in the coast region of Kenya} \]

\[ H_02: \text{Stakeholder communication does not contribute to sustainability of community based tourism in the coast region of Kenya} \]
**H03:** Stakeholder engagement does not contribute to sustainability of community based tourism in the coast region of Kenya

**THEORETICAL FRAMEWORK**

**Stakeholders Theory**

Stakeholder theory was developed in mid 1980s through the publication of Richard Edward Freeman Book entitled Strategic Management, A Stakeholder Approach in 1984. The purpose of stakeholder management was to create methods to manage different groups and relationships that resulted in strategic failures. The theory suggests that managers must formulate and implement processes which satisfy all groups with a stake in the business. The main task is to manage and integrate relationships and interests of stakeholders which include employees, customers, community, government entities, and other interested groups so as to guarantee long term success of the organisation. Stakeholder approach focuses on active management of the business, relationships and shared interest (Elias et al., 2014). Stakeholder theory can be seen as three branches namely descriptive, instrumental, and normative (Vinit, 2017). Participatory planning requires active involvement all concerned stakeholders. Stakeholder theory enables managers to move from organisation-based approach towards an approach based more on relationships and networks. This shifts the understanding of stakeholders as dependant bodies to the one where managers need to care about stakeholder needs. Stakeholder concepts include existing relationships, power dependence, basis for legitimacy of relationships and stakeholder interests. Stakeholder theory has been applied to research, construction, water projects, donor funded projects. The managers require necessary skills and experiences so as to manage stakeholders as deficiencies in this respect result in project failures. Successful completion of construction projects is dependent on meeting respective stakeholders’ expectations (Muli, Bwisa, & Kihoro, 2016).

**Performance Theory**

The Performance Theory (PT) utilizes the concept of performance which allows for monitoring of organization’s performance so as to achieve identified goals. The organization’s overall performance is analyzed in four ways namely financial perspective, customer perspective, innovation and learning perspective and internal perspective. The theory has six fundamental concepts used in explaining performance and performance improvements. The current level of performance depends on the context, level of knowledge, level of skills, level of identity, personal factors, and fixed factors (Sull, Homkes, & Sull, 2015). The theory puts across an understanding that humans are capable of extraordinary accomplishments. Performing is taking a complex series of actions that integrate skills and knowledge and produce valuable results such as cost reduction, capability increase, capacity increase, knowledge increase, skills increase, and identity increase. By improving own performance, one empowers himself to help others learn and grow and are empowered to create results that make a difference (Bryson, Edwards, & Slyke, 2018). The elements of the scorecard depend on organisation’s vision, mission, and objectives. A case study in higher education in Malaysia showed that majority of the institutions are yet to implement the BSC to measure their performance and hence there is need to overcome BSC implementation (Fahmi & Sofian, 2015). The County adopted a decision making model by placing customer and stakeholder satisfaction as priority steps in service provision. The framework is to this day in use in the Mecklenburg County as an integral part of how the county is managed and has become a model for other municipal governments around the country. The study on the use of the Balance Scorecard for strategy implementation analysed its use as part of Management Control System (MCS) on strategy implementation in a Brazilian Company. It was observed that BCS is very useful in allowing follow-up of performance of financial and non financial
factors (Jordao & Novas, 2013). Performance is the last result of activities which involves actual outcomes of the strategic management process which needs feedback that aims at correcting decisions made earlier in the process (Hax & Majluf, 2016).

**Systems Theory**

The Systems Theory (ST) treats an organization as either open or closed system (Tima & William, 2016). The key message is that organizations should be regarded as systems composed of regularly interacting groups that perform defined set of activities. The theory is of much help to the management of community groups in recognizing how different sub-systems work internally and how the whole system relates to the external environment that comprise of various stakeholders (Elias, Jackson, & Cavana, 2014). The theory further indicates that business value creation is related to both the sub-systems and supra-systems and the quality in a system is strengthened by placing emphasis on the relationships of the sub-systems for the attainment of the overall goal (Bryson et al., 2018). The decision maker analyses the structure of his system as well as the structure of supra systems and make the organization and the environment as labels for patterns of activities (Peteraf & Bergen, 2013). Organizations are viable if they can survive in a particular context due to continual dynamic processes and internal adaptation (Elias, Jackson, & Cavana, 2014). They are required to plan for adjustments to guarantee the survival of the whole system so as to promote sustainability and long lasting performance (Tima & William, 2016). Given the real world complexities, the systems theory can effectively contribute to strategic management due to their dual approach, holistic view, and specific component view. It emphasizes the need to comply with policies and procedures for harmonious and well functioning of systems.

**Conceptual Framework**

**Stakeholder Management**
- Stakeholder analysis
- Stakeholder communication
- Stakeholder engagement

**Sustainability of Community Based Tourism**
- Economic Sustainability
- Social Sustainability
- Environmental Sustainability

**Independent Variables**

**Dependent Variable**

**Figure 1:** Conceptual Framework

**METHODOLOGY**

The study used quantitative research to assess influence of stakeholder management on the sustainability of community based tourism in the coast region of Kenya (Cresswell, 2013). The study focused on members of community based tourism enterprises in Kwale, Mombasa, and Kilifi counties (Republic of Kenya, 2014). A total of 220 members of community based tourism groups were identified from the three counties under the study. The sample size was determined through the use of stratified random sampling which involved determining the population in the three counties of study. The sample size was 69 respondents from the management committee and 124 respondents from the general membership giving a total of 193 determined using the Yamane formula:

\[
n = \frac{N}{1 + N(e)^2}
\]

Where \( n \) = number of samples, \( N \) = number of total population, \( e \) = error designated to be at 95% significant level (Uwemedimo, 2014).

The study used the questionnaires the main tools for primary data collection while literature review was used to collect secondary data (Andrea & Chantelle, 2012). The areas of focus included stakeholder analysis, stakeholder communication, and stakeholder engagement. To guide in establishing contribution of stakeholder management to sustainability of community based tourism. The study was designed to generate both quantitative and qualitative data which were both
structured and unstructured with structured portion helping respondents to respond more easily and allowing the researcher to summarize the responses more efficiently (Battaglia, Dillman, & Frankel, 2016). Testing for normality and reliability were undertaken using Cronbach’s Coefficient to ensure the instruments used were consistent. Hypothesis testing was undertaken using the probability (P) value method of hypothesis testing (Solomon, Tarus, & Cheruiyot, 2015).

FINDINGS AND DISCUSSIONS

Reliability Test

The internal consistency for each of the variables was tested using Cronbach’s coefficient alpha (Khawaja, Haim, & Dileep, 2012). The reliability test results as shown in Table 1 indicate that strategy analysis has Cronbach’s coefficient alpha of 0.875, stakeholder communication has a coefficient of 0.880, stakeholder engagement has a coefficient of 0.807, and sustainability of community based tourism has a coefficient of 0.851. The Cronbach’s coefficient alpha for each variable was higher than 0.7 considered “acceptable” in most social science research (Hatice, Esin, Eda, & Selahattin, 2017).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s alpha</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Analysis</td>
<td>.875</td>
<td>Accepted</td>
</tr>
<tr>
<td>Stakeholder Communication</td>
<td>.805</td>
<td>Accepted</td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td>.807</td>
<td>Accepted</td>
</tr>
<tr>
<td>Sustainability of community based tourism</td>
<td>.851</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Test for Normality

The Skewness and Kurtosis method was used in testing for normality. The value of skewness is within ±2.00 and the value of Kurtosis is within ±3.00 of their respective standard error at 95% significance level (Kising’u, Namusonge, & Mwirigi, 2016).

<table>
<thead>
<tr>
<th>Variable</th>
<th>n</th>
<th>Kurtosis</th>
<th>Skewness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Statistic</td>
<td>Std Error</td>
</tr>
<tr>
<td>Stakeholder Analysis</td>
<td>178</td>
<td>.599</td>
<td>.362</td>
</tr>
<tr>
<td>Stakeholder Communication</td>
<td>178</td>
<td>-1.128</td>
<td>.362</td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td>178</td>
<td>-1.396</td>
<td>.362</td>
</tr>
<tr>
<td>Sustainability of community based tourism</td>
<td>178</td>
<td>-.904</td>
<td>.362</td>
</tr>
</tbody>
</table>

The skewness statistic for stakeholder analysis was -1.146 and the kurtosis statistic was -.599. Stakeholder communication had a skewness statistic of -.280 and a kurtosis statistic of -1.128 while stakeholder engagement had a skewness statistic of -.466 and a kurtosis statistic of -1.396. Sustainability of community based tourism had a
skewness statistic of -.304 and kurtosis statistic of -.904. From these results, the skewness and kurtosis values did not exceed the absolute values of 3 for kurtosis and 2 for skewness and hence the study results showed a normal distribution.

**Linear Regression Model for Sustainability of Community Based Tourism**

The relationships among the variables, the overall model fit, and how well the dependent variables predict the independent variable were defined using the regression analysis. Multiple Regressions determines how predictors (assessing milestones and timeframes, assessing reporting mechanism, and assessing communication framework) predicted the dependant variable (sustainability of community based tourism).

**Table 3: Multiple Regression Coefficients**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>Std. Error</td>
</tr>
<tr>
<td>Constant</td>
<td>1.375</td>
<td>.188</td>
</tr>
<tr>
<td>Stakeholder Analysis</td>
<td>.033</td>
<td>.044</td>
</tr>
<tr>
<td>Stakeholder Communication</td>
<td>-.031</td>
<td>.077</td>
</tr>
<tr>
<td>Stakeholder Engagement</td>
<td>.667</td>
<td>.054</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SUS (Sustainability of Community Based Tourism)

The coefficients β0 is the Y-intercept and is given as 1.375), while β1 is the first regression coefficient for stakeholder analysis with a value of .033, β2 is the second regression coefficient for stakeholder communication with a value of -.031 and β3 is the third regression coefficient for stakeholder engagement with a value of .667. Using the regression coefficients, the regression model is: \( Y = 1.375 + 0.033X_1 - 0.031X_2 + 0.667X_3 \). When all other independent variables has a zero value, then one unit change in stakeholder analysis will give rise to the predicted value of \( Y \) as .033 (Pandis, 2016).

**Goodness-of-Fit**

Using the regression analysis, it was established how independent variables predicted sustainability of community based tourism. The square of R (R²) indicated that 65.1% of the variance in sustainability of community based tourism is explained by the predictors represented by stakeholder analysis, stakeholder communication, and stakeholder engagement. The adjusted R² shows that 64.5% of the changes in sustainability of community based tourism is explained by the model and the remaining 35.5% is explained by factors outside the model. Stakeholder management was therefore found to have a strong influence on sustainability of community based tourism.

**Table 4: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.807</td>
<td>.651</td>
<td>.645</td>
<td>.414</td>
</tr>
</tbody>
</table>

a: Predictors (constants)
b: Dependant variable (Sustainability of Community Based Tourism)
Analysis of Variance (ANOVA)

The significance of the independent variables on the dependent variables was tested using Analysis of Variance. The test results established existence of variations in the variables (Rotich, 2017). From the study, the test result revealed F-statistic of 108.186 which was significant at 0.05 (P<0.05) given the P value was 0.000. The independent variables given by stakeholder analysis, stakeholder communication, and stakeholder engagement had significant influence on sustainability of community based tourism thus indicating a linear regression model.

Table 5: ANOVA*

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>55.536</td>
<td>3</td>
<td>18.512</td>
<td>108.186</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>29.773</td>
<td>174</td>
<td>.171</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>85.309</td>
<td>177</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Sustainability of Community Based Tourism

b. Predictors: (Constant), forming implementation teams, developing milestones, and developing group tasks and activities

Discussion of Key Findings

The three variables in the study were stakeholder analysis, stakeholder communication, and stakeholder engagement. The study revealed a positive relationship existed between stakeholder management and sustainability of community based tourism. When stakeholders’ are actively involved, it results in community cohesion and cooperation (Giampiccoli & Kalis, 2012). With appropriate internal mechanisms to support stakeholder management, harmony with cultural traditions and values will be given due attention thereby leading to community cohesion. Where the government facilitates interactions in the tourism sector, the same enhances a system of clearing decisions quickly and predictably which is one of the essential secrets of success in a dynamic tourism enterprise. Maintenance of high technical and ethical standards in the tourism enterprise is essential so as to endear the enterprise to more customers (Anisur & Shahriar, 2016). Private sector voluntary schemes perform certification of tourism operations. The study documented what the community groups put forward as issues that need further improvement in the overall promotion of community based tourism which include targeted marketing for the community based tourism sites, continued capacity building particularly in M&E and resource mobilization as key aspects that promote community based tourism (Niska & Vesala, 2013). To attain sustainability, efforts must go beyond improvement of operational efficiencies. The best policy is worth little if it is poorly implemented. A clear and two-way communication will help to ensure better performance during policy implementation. The greater the involvement of members, the greater is the chance for productive and fruitful implementation of policies. Working with the mainstream tourism is needed to strengthen linkages between tourism and the local community. By creating participatory mechanism for engaging with the mainstream policy process, the local community is empowered to have a greater say in the management of CBTs. Supporting communities to access direct jobs in the tourism sector is the most effective way of achieving sustainability benefit flow to the poor communities. The challenge however is to identify challenges to local participation so as to enhance sustainability for the required change in the local economy.
Conclusion

From the study it was established that stakeholder management positively influences sustainability of community based tourism. The partnership between the community, the private sector, and the government is critical in enhancing sustained growth of community based enterprises. Despite the fact that some CBTs have strategic plans that guide their operations, there is no evidence to link this strategy to sound business practices. Although community group members have participated in workshops and voluntary service provisions, this has not resulted to better employment and ownership. Despite this, community based tourism positively impacts on livelihoods of the local communities with good potential to spread the benefits to remote areas.

Recommendations

The study on the contribution of stakeholder management to sustainability of community based tourism recommended that management of community based tourism groups should build networks within the community and with other communities to facilitate exchange of information, wider participation, and demonstration of best practices. A more coordinated exchange programme will improve management skills of community members thereby enhancing management of tourism enterprises. It also identified the need for community groups to put in place specific sub-committees to undertake monitoring & evaluation so as to enhance performance, and sustainability. The groups should put in place signage to provide first hand information on the location of the group sites and the services they provide.

Areas for Further Research

The findings from the study demonstrated a positive relationship existed between stakeholder management and sustainability of community based tourism. Nevertheless, the analysis revealed existence of other factors that contribute to sustainability of community based tourism. The regression analysis showed that independent variables namely stakeholder analysis, stakeholder communication and stakeholder engagement explained 64.5% of the variance in sustainability of community based tourism and the remaining 35.5% is explained by factors outside the model. Future studies should therefore focus on the contribution of governance, organizational culture resource mobilisation skills on sustainability of community based tourism.

REFERENCES


