

Strategic Positioning and Performance in the Tourism Sector: Evidence from Nigeria

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Abstract

This research work examined the relationship between the different strategic positioning typologies and tourism performance. The population consists of one hundred and seventy (170) staffs of tourism industry in Nigeria, while the sample size comprises of one hundred and fourteen (114) staffs. The study utilized a descriptive research design. However, the study adopted questionnaire as a reliable source of data collection, whereby primary data was used to elicit respondents' opinions on the research topic. The findings revealed that analyzer and reactor typologies strategy positioning have a statistical significant relationship with both monetary and non-monetary performance in the tourism industry.

Keywords: Strategic positioning, tourism performance, analyzers, reactors.

1. INTRODUCTION

The success of any organization in an aggressive and competitive environment usually depends on the capability of the organization to adopt a best strategy that will make it survive a competitive advantage in the industry. This relates generally to all tourism industry across the world because it is a segmented market which includes travel agency, tour guide, hotel and restaurant have reached a point of full capacity in various countries (Umut Avci, Melih Madanoglu & Fevzi Okumus, 2011). Hence, for firms to have a chance of survival in the industry, it is important for them to develop a focus and positioned strategy that align with the speedily evolving business environment (Pechlaner & Sauerwein, 2002).

Strategic positioning or strategic orientation could be viewed as "the overall strategic direction of the company and the need to design new initiatives" (Okumus, 2001:328). Many environmental occasions, market positioning, investment strategies, and competitive advantages have been studied in the classification structures in relation to strategic positioning development (García Lillo & Marco Lajara, 2002; Hofer & Schendel, 1978; Williams & Tse, 1995).

This has led to the application of descriptive research in the 70s and early 80s which studied how competition takes place among firms in the market place (Ansoff & Stewart, 1967; Davig, 1986; Dess & Davis, 1984; Miles & Snow, 1978; Miller & Friesen, 1984; Mintzberg, 1973; Porter, 1980) so as to show the best strategic position and type to be adopted by firms. (Williams & Tse, 1995).

Miles and Snow (1978) have established that one of the widely used types of strategy which was further studied and gathered strong backing in various environments, industries and firms. However, Miles and Snow's type of strategy have gathered limited use in developing countries because there seems to be a gap in the research work that studied the relationship between the strategy type and the performance of the firm especially in the framework of tourism industry in Nigeria.

This study hence aims at investigating the performance of tourism firms based on their strategic positioning in Nigeria. It focuses mainly on the monetary and non-monetary strategy and how it relates with the performance of tourism firms in Nigeria. Tourism in Nigeria has not been given much attention in the past years and it currently occupies the 115th position in the world ranking. The current study adds to the works in two ways. The first is the investigation on the relationship between strategic positioning and tourism performance while the second is how strategic positioning affects the firms' monetary and non-monetary performance in Nigeria.

2. LITERATURE REVIEW

2.1 Strategic positioning

Strategic positioning has been described as the method by which a firm adapts and adjusts to its external

environment or market (Miles & Snow, 1978; Mintzberg, 1973). There have been series of research in the strategic management field that focuses attention on the selection and the acceptance of a strategic position level of a firm internally and through industries (Moore, 2005). A critical analysis of the structural contingency theory of Weber (1947) reveals that firms are categorized into structures and configurations which are based on the form in which they adapt well to their environment (Ketchen et al., 1997). These forms are generally called strategic positioning in which researchers normally use to determine the relationship between strategy and performance (Dess, Newport, & Rasheed, 1993).

As earlier stated, one of the widely used strategy type that best describe the relationship between strategic positioning and performance was the one established by Miles and Snow (1978). The typology indicates that for a firm to perform and have competitive advantage over others, it must adopt one of the four strategic positioning which are (prospector, defender, analyzer, and reactor).

2.1.1 Prospector

This is an externally strategic position which tends to establish the competitive advantage of a firm by being proactive in nature, generating new products and engaging in highly innovative process. Firms that adopt this kind of strategic position frequently engage in examining and observing the external environment continuously for possible opportunity and threats, and in order to take advantage of any slight opportunity in exploiting the payback of a new product produced by them. Firms in this domain have a high commitment and requisite for marketing and a very wide technological base; they also have an expansive and flexible market area because they occasionally adjust them to take full advantage of any alleged opportunity.

2.1.2 Defenders

Firms that adopt this kind of strategic position are always internally oriented in a way that they are compactly organized and they focus on how to maintain already acquired market with their product or services. Their main assignment is to show how to improve the efficiency of their operations, thus, they do not make major alteration in their technological development, structure or mode of operation. Generally, defender firms are risk-shy which is why they are always behind in innovativeness.

2.1.3 Analyzers

Firms in this category usually combine both the prospector and defender strategy position together so as to achieve their predetermined result. They shift attention on efficiency and productivity in a stable market, while they tend to move to a new area by being innovative in a dynamic or turbulent market, though they have to confirm from the prospectors the feasibility of the new area before moving their attention to it. They are rational laggards.

2.1.4 Reactors

Firms in this kind of strategic position respond to the competitive market only when forced to do so, and do not have a reliable market orientation. They have an unbalanced position and behavior in the market and only make decisions based on the short-term need. They neither engage in taking advantage of opportunities nor do they maintain an already acquired market.

2.2 Tourism Performance

The word 'performance' has a dynamic meaning and it changes with the way the researcher perceives it (Lebas, 1995). Reserches of recent scholars who have studied performance indicates that monetary measurement which include return on investment (ROI) or net income are of less importance to managers in observing their firms' performance (Kaplan & Norton, 1996, 2001; Lynch & Cross, 1991; Otley, 1999). However, this concept can be analyzed as a hypothetical concept in its own right (Capon, Farley, & Hoenig, 1990).

The general measurement of the word "performance" can be linked with market share, profit and cost (Laitinen, 2002). However, it was noted by Sink and Tuttle (1989) that performance should not be taken only as a monetary idea. They (1989) further recommended that non-monetary performance should also have a severe attention predominantly in the service sector (Fitzgerald, Johnston, Brignall, Silvestro, & Voss, 1991; Kaplan & Norton, 1992) which was generally supported by scholars and researchers because it places emphasis on long-term achievement and customer's satisfaction that are duly measured (Kaplan & Norton, 1996, 2001; Lynch & Cross, 1991; Otley, 1999; Van Veen- Dirks & Wijn, 2002).

It was recommended by Latinen (2002) that there should be the same attention given to both monetary and non-monetary measurement of performance so as to assist managers in making concurrent review for better decision making. The view was further supported by Law, Pearce, and Woods (1995) in which they suggested that non-monetary performance are important especially in tourism establishment because they are labour intensive and customer oriented.

Conversely, it should be noted that there have been different results among various researchers on the use of non-monetary performance to measure a firm performance (Banker, Potter, & Srinivasan, 2000; Brancato, 1995; Fisher, 1995; Ittner & Larcker, 1998). This may be due to earlier researches that tend to ignore the vagueness that an environment can be although there is always vagueness in a business environment (Hoque,

2005) prompting contemporary researchers to be conscious of the changing environmental demographics in business when relating non-monetary measurement to firm performance.

2.3 Strategic positioning and tourism performance

There have been several postulations by researchers that only three out of the four typologies proposed by Miles and Snow (1978) expected to perform well and these three include prospectors, defenders and analyzers. (Conant et al., 1990; Hrebiniak & Joyce, 1985; Miles & Snow, 1978; Smith, Guthrie, & Chen, 1986, 1989; Snow & Hrebiniak, 1980). However, it is expected for the fourth typology which is the reactors to perform poorly because it reacts in an undefined way (Garrigó s-Simo'n et al., 2005). However, it was noted by Hambrick (1983) and Snow and Hrebiniak (1980) that there are certain changes in the performance among strategic positioning which depend on the environment and the performance measurements (Zahra & Pearce, 1990).

There was another argument which was initiated by Smith et al. (1986) which involved the relationship between strategic positioning and performance and such argument deals with the size of the firm. Smith et al. (1986) discovered that when looking at small firms, it is the defenders that perform well more than the analyzers and the prospectors. This is more reliable because Camison (1997) used profitability, productivity, and market share to measure performance and found that "the most profitable and productive organizations, whatever the index chosen, are those with more proactive strategic behaviours integrated into groups oriented towards innovation and quality, and towards customer satisfaction, in that order" (Camison, 1997:413). In addition, the comments of Segev (1987:574) gives a detailed analyses of the arguments on strategic positioning and business performance "on average, the performance level of defenders, prospectors, and analyzers is similar; however, a higher performance or efficiency level requires a greater degree of alignment by organizations with their environment."

There exist some other critical factors by Punnett & Shenkar, (1994) which must be deliberated when examining the relationship between strategic positioning and tourism performance and these factors include: trade practices, fiscal circumstances, trade philosophies and policies. Cultures, demography and security may equally be considered. Having said that, Jennings et al. (2003) examined the relationship between strategy type and performance in the service industry and testified that out of the four strategy typology which was measured by sales growth rate, return on investment, return on sales, earnings growth rate and the overall performance, the reactors performed the least. They (2003) further discovered that there exist no statistical difference amongst defenders, analyzers, and performance.

Garrigó s-Simo'n et al. (2005) also studied the relationship between strategic types and performance in the tourism industry as measured by profitability, total performance, competitive position, stakeholder satisfaction and growth. It was revealed in their findings that there exist major differences in the performance of the typologies of the strategic positioning.

It is against this theoretical underpinning the following hypotheses will be tested in Nigeria in this study:

- H₀₁:** Analyzer strategy type has no significant relationship with monetary performance.
- H₀₂:** Analyzer strategy type has no significant relationship with non-monetary performance.
- H₀₃:** Reactor strategy type has no significant relationship with monetary performance.
- H₀₄:** Reactor strategy type has no significant relationship with non-monetary performance.

3. METHODOLOGY

Population of the study can be defined as the total number of a defined class of people, objects, places or events selected because of the relevance to your research question. Having analyzed what population meant, the population of this research work was drawn from one hundred and seventy (170) staffs of tourist centres across Nigeria. The study population was evenly distributed among staffs, consisting of males, females, different age brackets, working experience and qualifications of the respondents under study.

Sampling is a process used in statistical analysis in which a predetermined number of observations are taken from a larger population. The methodology used to sample from a larger population depends on the type of analyses performed. The sampling procedure adopted in selecting the sample size was a stratified random sampling method in which one hundred and thirty eight (138) respondents were randomly selected by casting yes or no of lots. Staffs were administered alphabetically which totalled 170 staffs of which forty seven (47) respondents failed to return their questionnaires. One hundred and twenty three (123) questionnaires were returned out of which nine (9) respondents failed to completely fill their questionnaires which prompted the usage of one hundred and fourteen (114) completely filled and returned questionnaire as the sample size of this research study.

A research design is a detailed outline of how an investigation takes place. Kerlinger (1992) described research design as the plan and structure to investigate answers to research questions. Thus, a survey research design was adopted for this research study. This method of research design was adopted to describe the relationship between strategic positioning and tourism performance in Nigeria. This study adopted a positivist

philosophy to survey research design.

The type of data used in this research was a primary data. The primary data was gathered through a well-structured research instrument. The research instrument used was a well-structured questionnaire. Questionnaire is a method of obtaining specific information about a defined problem so that after analysis of data and interpretation, the result will be in a better appreciation of the problem. It is a remarkable versatile method of gathering information about a wide variety of topics. Hence, standard questions were administered in the same way to all the respondents.

In determining the validity of the research instrument employed in this study, the content and expert validity were used. In doing this, researchers the questionnaire and corrections were made accordingly, thus content validity. To further strengthen the validity of the instrument, it was given to three experts of management strategy for thorough proofreading, which was accordingly done by them and corrections made where necessary. The research instrument used to test the hypotheses in this study was Pearson correlation analysis.

Table 1:
 Correlation table between analyzer strategy and monetary performance

		my organization is efficient	our sales volume has decreased in the past two years
my organization is efficient	Pearson Correlation Sig. (2-tailed) N	1 114	-.817(**) .000 114
our sales volume has decreased in the past two years	Pearson Correlation Sig. (2-tailed) N	-.817(**) .000 114	1 114

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

Table 2:
 Correlation table between analyzer strategy and non-monetary performance

		my organization is always careful when entering a market	employee turnover in our organization has decreased in the past two years
my organization is always careful when entering a market	Pearson Correlation Sig. (2-tailed) N	1 114	-.817(**) .000 114
employee turnover in our organization has decreased in the past two years	Pearson Correlation Sig. (2-tailed) N	-.817(**) .000 114	1 114

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

Table 3:
 Correlation table between reactor strategy and monetary performance

		my organization is always forced to make the necessary changes	our cost has decreased in the past two years
my organization is always forced to make the necessary changes	Pearson Correlation Sig. (2-tailed) N	1 114	1.000(**) .000 114
our cost has decreased in the past two years	Pearson Correlation Sig. (2-tailed) N	1.000(**) .000 114	1 114

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

Table 4:
 Correlation table between reactor strategy and monetary performance

Correlations		my organization make long term decisions	employee satisfaction in our organization has increased in the past two years
my organization make long term decisions	Pearson Correlation Sig. (2-tailed) N	1 114	1.000(**) .000 114
employee satisfaction in our organization has increased in the past two years	Pearson Correlation Sig. (2-tailed) N	1.000(**) .000 114	1 114

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

4. DISCUSSION

The tables above show the relationship between the strategy positioning typologies and the monetary and non-monetary performance. Table 1 and 2 revealed that analyzer strategy positioning have a strong negative relationship with both monetary and non-monetary performance at $r=-.817$, $n=114$, $p<0.005$. This implies that H_{01} , and H_{02} should be rejected.

Table 3 and 4 indicated that reactor strategy positioning have a perfectly significant relationship with both monetary and non-monetary firm performance at $r=1.000$, $n=114$, $p<0.005$. Thus, H_{03} and H_{04} should be rejected.

5. CONCLUSION AND IMPLICATION FOR MANAGEMENT

The result of the tables above shows that analyzer and reactor typologies strategy positioning have a significant relationship with both monetary and non-monetary performance in the tourism industry. This research work was constrained majorly by inadequate information and non-compliance of some staffs for personal and corporate reasons. Other challenges include time constraint, lack of adequate research assistance and financial constraint. Further researchers may be conducted in other industries apart from tourism for universal applicability

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