

THE INFLUENCE OF GENERIC STRATEGIES ON PERFORMANCE OF TANZANIA'S TOURISM FIRMS IN NORTHERN CIRCUIT

Rukia Mahamud Mkakile, Venance Shillingi Salum*

School of Public Administration & Management, Mzumbe University, Morogoro, Tanzania

vshillingi@mzumbe.ac.tz

rmkakile3@gmail.com

Abstract: Tanzania's northern circuit (Arusha and Kilimanjaro) has continued to be characterized by limited growth of firms' in the tourism industry despite the initiatives made by government in stimulating both performance and growth of the industry. This paper was set out to investigate the influence of generic strategies (low-cost leadership, focus and differentiation) on performance of tourism firms in Tanzania's northern circuit. Cross-sectional survey design was used in 40 tourism firms targeting a sample size of 120 respondents. However, only 100 participants making 83.3% of the valid questionnaires. The study employed explanatory sequential mixed method strategy, where questionnaires and interview guide were used to collect quantitative and qualitative data respectively. Quantitative data were analysed both descriptively and inferentially using SPSS while qualitative data were analysed thematically using content analysis. The study revealed that, the generic strategies positively influence by 62.8% the performance of tourism firms in the Tanzanian northern circuit while 37.2% is contributed by other factors which were not studied. The study concludes that, generic strategies influence performance of tourism firms; and further recommends that, tourism firms are required to implement generic strategies in order to improve their performance and search other factors which can influence the performance of tourism firms.

Keywords: Generic strategies, Performance, Tanzania Tourism firms, Northern circuit, Regression Analysis.

JEL classification: C12, C18, M10, M19

1. Introduction

The concept of competition dates back several years ago, however it has become more vibrant in the last two decades (Ngugi & Waithaka, 2020). Competitiveness at international level is in terms of the country or firm' capacity to coordinate economic growth with external balance. Scholars link the concept of competitive to productivity as contended by Porter (1985), the only meaningful concept of competitiveness at the national level is productivity. According to the World Economic Forum's Global Competitiveness Report, competitiveness is defined as the set of institutions, policies, and factors that determine the level of productivity of a country (Rusu & Roman, 2018). In this study, competitiveness is operationalized in the context of innovation and strategies used by tourism firms leading to growth, productivity and sustainability of the firms in the tourism industry. Specifically, the

* Corresponding author: Venance Shillingi Salum

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study intends to assess the influence of generic strategies in the delivery of tourism services. The tourism sector is chosen because of its important role in the economic and technological development of nations. There is no question at the global level, that tourism sector stimulates the development of basic infrastructure, attracts foreign investment (especially in hotels) and contributes to the growth of tourism-related industries such as transportation, food processing and construction among others (Rusu & Roman, 2018). Tourism has fuelled some of countries in eradicating poverty and transform from the least developing countries to developing countries. These countries include Botswana, Cape Verde, and Maldives (Murphy, 2011). This transformation is possible if operating tourism firms and tourism destinations are attracting tourists as the result of increasing number of tourists which in turn lead into increase of foreign currencies and employment opportunities as well as improving Gross Domestic Product (GDP).

1.1 Tanzania's Tourism Sector

The tourism sector is one of the fast growing sectors in the global economy; where in year 2019 the sector contributed to the tune of 10.3% (US\$ 8.9 trillion) of global GDP and about 330 million jobs, which is 10% of total global employment (WTTC, 2020). Further, the development of the tourism sector in developing countries and Tanzania in particular, has stimulated the growth of hospitality and transport industries (Gisore & Ogutu, 2015; Sokhanvar et al., 2018). Tanzania's tourism sector contributed to the national income about US\$ 6,577.3 million in year 2019, equivalent to 10.7% of the total country's GDP and became second to manufacturing sector (Murphy, 2011; Mathieson, 2014; WTTC, 2020); and in respect to employment the sector created 1,550,100 jobs in 2019, which is equal to 11.1% of the total employment in the country. Moreover, the increase of international tourism receipts has increased forex and balance of payment (Gisore & Ogutu, 2015). In aggregate, Tanzania has sixteen (16) national parks, forty four (44) game-controlled areas; twenty eight (28) game reserves, two (2) marine parks, one (1) conservation area hosting the world's renowned biodiversity, unique ecosystems, wildlife; and several forest reserves (Wamboye et al., 2020). Moreover, for the case of average tourism receipts, over the period 2010 to 2019 compared with other African countries, Tanzania was 23.95%, Uganda 21.17%, Kenya 16.22%, South Africa 9.24%, Ghana 5.85% and Mozambique 4.68% respectively (World Bank, 2021).

The sector has attracted the attention of the Tanzania Government into harnessing the potential of tourism in accelerating economic growth, this is supported by Sokhanvar et al. (2018) who confirmed that, tourism development has the potential to the increase in the price of non-traded local services and goods, thus triggers increase of employment and use of local resources. In this context, tourist destinations and tourism firms are doing their best to heighten the attractiveness of natural resources and quality of services (Gisore & Ogutu, 2015). The country also is blessed with many tourism potentials including an unpolluted natural environment with rich, beautiful and diverse tourism resources such as national parks and protected game reserves (Gisore & Ogutu, 2015; Wamboye et al., 2020). Moreover, the country also is politically stable than many other countries in Africa (Mathieson, 2014; WTTC, 2020). This makes Tanzania as a leading country in Africa with many tourist destination (Murphy, 2011; Wamboye et al., 2020).

Tourist Circuit in Tanzania's tourism sector refers to a framework within which the different attractions are linked together based on factors such as accessibility, facilities, supply of resources and products (Mihalič, 2013). The two major circuits include the Northern Circuit and Southern Circuit tourist destinations. Besides natural resources endowment and the fact that Tanzania's tourism sector is among the five top destinations in the world, there is a plethora of literature (Murphy, 2011) showing that Tanzania's tourism firms are characterized by limited growth firms. The limited growth of tourism industry as well as tourism firms is

contrast with the expectations of the first National Tourism Policy of 1991, as well as the Integrated Tourism Master Plan of 2002 which provides strategies and actions. Many reasons have been contributed the decline of tourism firms which includes; globalization that engulfed Small and Medium-Sized tourism firms, the level of ICTs adoption by the tourism firms, the quality of services and products offered by tourism firms. Moreover, lack of firm competitiveness at an international scale is suggested as the leading limiting factor against the growth of the sector and performance tourism firms in Tanzania. Though, governments can contribute to creating conditions that facilitate tourism growth by developing policies that support and encourage tourism firms (Dredge, 2017). Therefore, due to limited studies on influence of generic strategies on performance of tourism firms in Tanzania's northern corridor triggered the need for this study to be conducted in order to fill the existing literature gap.

2. Literature Review

2.1 Firm Performance

Performance is the firm's ability to produce results in the manner determined by the targeted achievement (Laitinen, 2002). The firm performance are of two types namely, perceived business performance and archival data. Archival data involve the aspects related to financial performance determined by secondary sources which are kept in a firm, on the other hand, perceived firm's performance is owners/managers' perceptions towards a firm's performance (Laitinen, 2002). Measurement of performance are three types which are regularly employed in the strategy namely; objective financial performance, subjective financial performance and objective non-financial performance (Laiten, 2002). Furthermore, competitive performance is usually measured by the business volume including sales and profits (Ngugi & Waithaka, 2020). Additionally, business performance indicators are profitability and growth of sales (Dunford, 2000). Therefore, in order to assess firm performance, measures and performance indicators should be clearly articulated in order to establish which performance is measured.

2.2 Generic Strategies

There are three potential successful generic strategies used to outperform other firms in a particular industry namely; differentiation, overall cost leadership and focus (Porter, 1985). Low-Cost Leadership Strategy emphasize on efficiency and charging lower prices to gain competitive advantage and thus outsmart competitors (Porter, 1985). This can be attained through reducing the costs attained in the production and distribution that foster the lowering of the overall price of commodities or services. A firm should keep lowering prices and reducing operating costs to avoid the risks of depleting resources and subsequently becoming insolvent especially in a viciously competitive market (Woodruff, 1997). Some of firms do lower price in order to capture low-income customers and harvesting extra profits (Lynch, 2003). Furthermore, Differentiation Strategy is considered as one of the key strategies in business (Allens & Helms, 2006). A firm distinguishes itself from its competitors if offers unique and valuable products or services to its customers. Murphy (2011) postulated that, differentiation only occurs when a business attempts to make its product or service more attractive to consumers than is the case with a competitor and thereby potentially commanding higher prices. Differentiation is to create something unique as perceived by buyers which mostly depend on technology, branding, positioning and designing or innovativeness (Murphy, 2011). Differentiation is targeted to the customers with high income. Moreover, focus Strategy aims at meeting need of different market segments in a particular geographical area (Murphy, 2011). Focus strategy is about specializing in the

chosen segment of a particular market which is useful in the attainment of competitive advantage. A business can select to focus on a selected product range, consumer group, service line or geographical area (Rusu & Roman, 2018). Focus strategy is more efficient when consumers have distinct preferences and when the niche market has not been pursued by rival firms (Murphy, 2011). Presence of different market segments with different cost structures allow a company to use focus strategy.

2.3 Theory Underpinned the Study

The study was governed by Porter's generic business strategy as the theory of this study, the theory was discussed below in detail.

2.3.1 Porter's Typology of Competitive Business Strategy

According to porter, in business strategy such as focus, cost leadership or differentiation should be selected to enable a business to avoid the risk of wasting its valuable resources. Understanding these strategies is useful in analysing the competitiveness of a firm with the logic that competitive advantage is realized after knowing how to deal with strengths, weaknesses, opportunities and threats confronting an organization (Lu, Shem & Yam, 2008). Moreover, a business can have two basic types of competitive advantage: differentiation and low-cost leadership. On the other hand, focus strategy has two alternatives namely, cost focus and differentiation focus (Porter, 1985). Though, in low-cost leadership strategy, a business intends to be the lowest-cost producer in its industry, but sources of cost advantage differ and depend on the industrial structure (Porter1985). Moreover, a low-cost producer exploits all the sources of cost advantage to enjoy preferential access to raw materials, economies of scale, proprietary technology and other related factors. Similarly focus strategy is based on selecting a segment or group of segments in a particular industry which is aimed at reaching all type of markets of the same industry.

Generic Strategies are generally accepted by researcher and other academicians who proposed the application of all generic strategies (focus, cost- leadership and differentiation) in order to improve firm performance as insisted by Kim, Nam, & Stimpert (2004) who argued that, the application of a single generic strategy may lead to lowering the performance of firm. Also, a study on manufacturing firms in Kenya which used Porter's competitive business strategies (focus, cost-leadership and differentiation) revealed that, the majority of manufacturing business in Kenya adopted these strategies. Therefore, the theory is relevant in this study since Porter's generic strategies seems to have a great contribution on the performance of firms especially tourism firms in the northern circuit (Kilimanjaro and Arusha). In this case the study proposed those tourism firms to apply all generic strategies as suggested by Michael Porter in order to improve their performances.

2.4 Empirical Literature Review

Number of studies carried out on the effects of competitive strategies on firm performances in different industries and sectors. A study by Tehrani (2003) focused on the impact of competitive strategies on the performance of prominent sixteen segments of high-tech industries in the US and EU. The results revealed that, a correlation between performance and competitive strategy depend on the geographical location of the firm. Further, US firms which adopted product differentiation, low cost and focus product differentiation had higher performance than other companies while in Europe, low-cost operating firms outperformed other types of firms. Mutunga and Minja (2014) studied firms that adopted competitive strategies in the beverage industries in Kenya and found that, 52.2% of the companies adopted dual strategies of differentiation and cost leadership concurrently whilst 25% adopted cost leadership exclusively and 18.8% used differentiation exclusively. On the other hand, Waweru (2008) identifies three strategic groups namely; low-cost leaders,

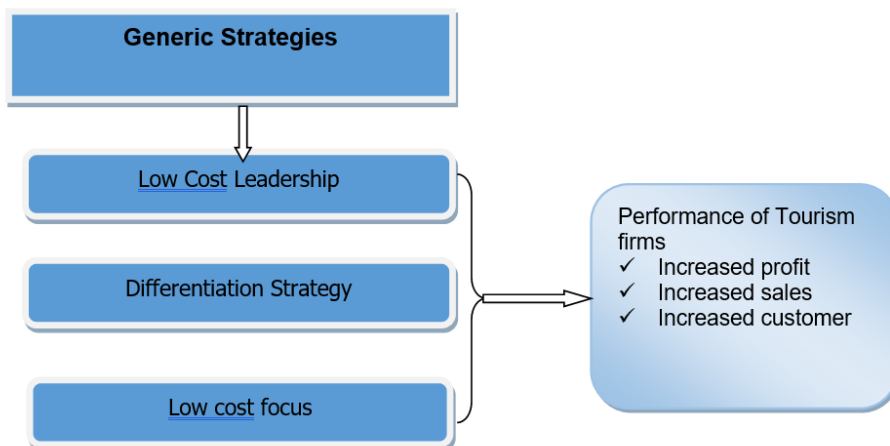
differentiators, and duo strategists. Similarly, Bitu, Kabaison & Muketha (2016) revealed that, competitive strategies were adopted by commercial banks that participated in clearinghouses. The study revealed further that focus and product differentiation are among the main strategies, which the banks have adopted in their quest for outperforming rivals in their industry. However, much have been written by literature on the effects of competitive strategies on the performance of firms in different sectors and industries how little studies investigated the effects of generic strategies on the performance of tourism firms in Tanzania's northern circuit. The null hypothesis of this study was:

H₀: *Generic strategies do not influence the performance of tourism firms in Tanzania's northern circuit.* The null hypothesis will be rejected if the p-value will be equal or less than the significance level of $\alpha = 0.05$; and the study will fail to reject the null hypothesis if the p-value is greater the significance level of $\alpha = 0.05$.

2.5 Conceptual Framework

The conceptual framework explains the narrative or graphics form of the main variables to be studied and their relationship (Mathieson et al., 2001). The framework indicates the existing relationship between independent variables, that is generic Strategies (low cost leadership, differentiation and focus) and a dependent variable which is the Performance of tourism firms. In this study, while other things remain constant, it is assumed that the performance of tourism firms is theorized as the dependent variable to competitive strategies namely, Low-cost leadership, differentiation and focus. The literature acknowledges that Porter's framework of generic strategies is also inherently related to firm performance (Allen & Helms, 2008). Figure 1 shows this relationship.

Figure 1: Conceptual framework of the study



Source: Researcher's construct, 2021

3. Methodology

Research design is the overall plan of the research, it is a blueprint for data collection, variable measurements and data analysis (Kothari, 2004). The study was a survey to 40 tourism firms in northern circuit in Tanzania using Explanatory Sequential Design as a mixed-method strategy, where quantitative data were collected first followed by qualitative data. The type of mixed Method design involved large QUAN and small qual. Time horizon was cross-sectional where data on cost leadership, differentiation and focused were

collected in one point in time in order to determine their effect on the performance of tourism firms. QUAN was employed in the study in order to understand the level of contributions among surveyed tourism firms for validation and generalization. On the other hand, qual was used to understand variations in the performance outcomes to explain contributions of generic strategies in the surveyed tourism firms. The study applied both probability and non-probability sampling, for the case of probability sampling (stratified random sampling) was used to select 120 respondents from 40 tourism firms. On the other hand, purposive sampling was employed to select the key informants. Furthermore, questionnaires, interviews and documentary reviews were used to gather both quantitative and qualitative data. Qualitative data thematically were analysed by using content analysis while quantitative data were analysed descriptively and inferentially by using SPSS. The data which were analysed descriptively presented mean, standard deviation, tables and figures. Similarly, inferential analysis was conducted through a multiple regression model that establish the effects of generic strategies on performance of tourism firms at significant level of 0.05. The regression model of this study was; $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Whereby Y = dependent variable (performance of tourism firms), β_0 is a constant that explaining the level of influence given the Y -value when all the predictors' values (X_1, X_2, X_3) are zero while $\beta_1, \beta_2, \beta_3$ - are constant regression coefficients representing the conditions of the independent variables to the dependent variables. On the other hand, X_1 - Low-cost leadership, X_2 - Differentiation, X_3 - Focus (indicators of generic strategies) and ε - Extraneous variable (An error term explaining factors influencing performance of tourism firms but were not accounted for in this model).

4. Presentation of Findings

4.1 Descriptive Analysis

The data were collected from 40 tourism firms, the study sample size was 120 and the returned questionnaires were 102 out of 120 which made 85% and 18 questionnaires were not returned which equal to 15% respectively. However, among the returned 102 questionnaire, only 100 questionnaires were valid for analysis. Thus the response rate was 100/120 which equals to 83.3%. This is supported by Kothari (2011) who attest that, response rate of 70% is suitable for a study, therefore this study has response rate of 83.3% which was appropriate.

4.1.1 *Generic Strategies and Performance of Tourism Firms*

The study examined the influence of generic strategies (low-cost leadership, focus and differentiation) on the performance of tourism firms Tanzania's Northern Circuit and below were finding obtained.

Low-Cost Leadership Strategy and Performance of Tourism Firms

The study sought to determine the contribution of low-cost leadership strategy on the performance of tourism firms in Tanzania's Northern Circuit comprising Arusha and Kilimanjaro Regions. The findings in Table 1 show that among tourist firms some executed the Low-Cost Leadership Strategy (LCLS) by accident in a bid of improving the firms' performance, without knowing that they were executing competitive strategies. The following indicators with their respective frequencies were used to demonstrate the applicability or use of low-cost leadership strategies in the tourism industry. These include Reduced operation cost (33 per cent), reduced labour cost (27 %), reduced distribution cost (24 %) and utilised shared management cost in the tourism firms or organizations (16 %).

Table 1: Types of Used Low-Cost Leadership Strategy in Firms' Performance

Type of Low-Cost Leadership Strategy	Participants in the Tourism Sector	Frequency
Low operation cost in the organization	33	33
Reduced labour cost in the organization	27	27
Reduced distribution cost in the organization	24	24
Utilization of a shared management cost	16	16
Total	100	100

Source: Field Data, 2021

Various narrations were reported to in supporting those findings. One of the key informants from a group of tourism firms in the Arusha region had this to say during an interview,

"... Ah!, our tourist firm for example undertakes bulk procurement of firm items/needs such as the purchase of glossary (products for the clients especially in hotels or sending vehicles for services such as repairs at once, thus lowering the cost of products or services. This is an example of the applicability of low cost leadership strategy" (Interview, Field Manager in Asilia Tourism Firm, Arusha; 26/10/2020).

The Cost Focus Strategy and Performance of Tourism Firms

The study assessed the contribution of the cost focus strategy on the performance of tourism firms in Tanzania's Northern Circuit. It is important to note that each cost focus strategy executed contributed not only to performance efficiency but also to the firm efficacy. The findings in Table 2 show that many tourist firms executed the Cost Focus Strategy (CFS) not for lowering costs to improve firms' performance, but instead for offering higher quality services to improve firms' performance. A good example is a shift from 3rd Star to 5th Star hotels. The following indicators in frequencies were used to demonstrate the applicability of the cost focus strategy. These include focusing on the market (39 per cent), focusing on easiness to manage input cost (33 per cent), focusing on the reduction of distribution cost (14 per cent), and focusing on the provision of higher quality service (16 per cent). Various narrations were reported as supporting the use of cost focus strategy among the key informants from tourism firms in Arusha and Kilimanjaro Regions.

Table 2: Types of Cost Focus Strategy used by Firms' to improve Performance

Types of Cost Focus Strategy	Participants in the Tourism Sector	Frequency
i. The one that focuses on the market	39	39
ii. The one that is easy to manage input cost	33	33
iii. The one with reduced distribution cost	14	14
iv. The one with the higher level of service	16	16
Total	100	100

Source: Field Data, 2021

In an in-depth interview with one of the respondents in Arusha region confirmed that:

"... In my view, in the use of Focus Strategy, a firm analysis and utilises either speciality of product/service or look for an un-served market. In the context of our firm, our camps are located far away (prime areas) to avoid congestion. Further, our services are gender-sensitive in Tanzania. This is because we offer ladies camps with a lady who guides clients in every aspect of their needy" (Interview, Head Training, African Environment-Arusha; 20/10/2020).

Differentiation Strategy and Performance of Tourism Firms

The objective examined the contribution of differentiation strategy on performance of tourism firms in Tanzania's northern circuit. The findings revealed that, in differentiation strategy, a tourism firm may decide to use both of the two cost focus strategies based on the type of customers, preferences and access to services. Differentiation strategy however emphasises brand loyalty or product/process innovation. Table 3 provides an overview of the types of differentiation strategies used by the tourism firms to improve their performance.

Table 3: Types of Differentiation Strategy used by Firms' to improve Performance

Types of Cost Focus Strategy	Participants in the Tourism Sector	Frequency
Customer specification determines the service/product selection	41	41
Products /services are positioned for ease access by customer of different kinds	31	31
The firm uses celebrities for advertisement and promotion of the company's product	14	14
There is higher level of service/product provision	14	14
Total	100	100

Source: Field Data, 2021

The finding in Table 3 summarizes and presents several indicators with their respective frequencies, which were used to demonstrate the applicability of differentiation strategy. These indicators include having tourism firms that, customer's specification determines the service and product selection (41 per cent), products and services are positioned for ease of access by a customer of different kinds (31 %). It was also reported that, tourism firms used celebrities for advertisement and promotion of their products (14 %), and also, the firms being characterised with a higher level of service or product provision (14 %). In the same vein, various narrations were reported by key informants from a group of tourism firms in Arusha and Kilimanjaro Regions to justify the use of differentiation strategy; where one respondent validated the above findings by attesting that:

"...Our Company offers full board packages for tourists and whether you take the service or not, that is none of their business. For example, a transport firm and an accommodation firm may combine management operations and offer unique services to clients such as walking safaris, and night game drives, thus being at the pick" (Interview, Head, Department of logistics, Abakombe- Arusha; 19/11/2020).

4.2 Inferential Analysis

Inferential analysis was used to indicate the relationship between generic strategies (low cost leadership, focus and differentiation strategies) as independent variable on the performance of tourism firms as dependent variable.

4.2.1 The Impact of each Generic Strategy on Firm Performance

To measure the impact of Low-Cost Strategy, Cost Focus Strategy, and Differentiation strategy on the firm's performance, the study utilised a multivariate regression analysis. The findings are shown in Table 4.

Table 4: The Impact of each Generic Strategies on Firm Performance

Model	R ²	ΔR	B	B	S. E	F-statistic	t-statistic	P-Sig. level
	0.671	0.628				9.979		
Constant				0.448	0.800		0.560	0.038
Low-Cost Strategy			0.245	0.310	0.141		2.207	0.031
Focus Strategy			0.246	0.316	0.163		1.934	0.028
Differentiation Strategy			0.312	0.436	0.182		2.410	0.019

Source: Field Data, 2021

Whereby:

R² is known as R Square; ΔR is known as adjusted R Square; β is known as the standardized coefficient; b is known as the non-standardized coefficient; S.E is known as Standard Error of Variables; F-is known as F-statistic; t-is known as t statistic; P-is known as a significant level.

According to the findings of the regression model, the firm's performance of 67.1% is contributed by generic strategies while 32.9% is realised by other factors which were not considered in this study. The F value is 9.976 (using sig. 0.000), which infers that the model is statistically crucial with the significance level of $\alpha = 0.05$. The study findings show that Low-Cost Strategy is positively related with Firm Performance from the prediction of 31.0% when $b=0.31$ and $p=0.031$. This infers that for each 1-unit change in pursuing low-cost strategy the firm performance will change positively by 0.31, all the other variables remaining unchanged. Also, the study authenticated that the focus strategy is positively related to the firm's performance in a situation when performance is predicted for 31.6 at $b=0.315$ and $p=0.028$.

This also infers that for each 1% change in the execution of focus strategy, the firm performance will change by 31.6%. In terms of differentiation strategy, the study reveals a positive relationship between differentiation strategy and the firm's performance. The predictions show that a performance level of 43.6 ought to be reached when $b=0.436$ and $p=0.019$. Since all variables tested (low-cost strategy, cost focus strategy and differentiation strategy) had shown a positive impact on the firm's performance, involvement of each strategy improves the performance of a firm. Therefore, t-test and F-test concluded that, individually and collectively generic strategies influence firm performance in the Tanzania's northern circuit.

5. Discussion of Findings

The findings from descriptive analysis indicated that tourism firms in Tanzania's Northern Circuit (Arusha and Kilimanjaro) executed generic strategies (Low-Cost Leadership, Focus and Differentiation Strategies) accidentally in a bid of improving firms' performance. Those findings concur with the findings in a study by Ngugi and Waithaka (2020) who revealed that cost leadership strategy has some influence on the performance of insurance firms in Nyeri County, Kenya. Also, the results from the inferential analysis showed that both indicators of generic strategies (low-cost leadership, focus and differentiation strategies) as independent variables individually and collectively had influence on the performance of tourism firms as dependent variable. The results from the regression model, the firm performance of 67.1% is realised in the dependent variable when independent variables enter the regression

analysis. The F value is 9.976 (using sig. 0.000), which implies that the model is statistically crucial with the significance level $\alpha = 0.05$. From the first hypothesis (H1), the study has concluded that low-cost strategy has a positive relationship with firm performance given $p=0.031 < \alpha = 0.05$. Similarly, the second hypothesis (H2), the study has confirmed that focus strategy is positively related to the dependent variable "firm performance" given $p=0.028 < \alpha = 0.05$. On the other hand, the third hypothesis (H3) differentiation strategy, the study reveals a positive relationship between differentiation strategy and firm performance whereby $p=0.019 < \alpha = 0.05$. Those results concur with by Ngugi & Waithaka (2020) who revealed that businesses that adopt low-cost strategy have the following advantages, (a) in terms of low cost, the business is capable to sell products and services at lower prices than is the case with its rivals and attain the similar amount of profits, (b) raising competition makes the cost leader more resistant as opposed to the rivals.

5. In conclusion

The study investigated influence of generic strategies (low-cost leadership, focus and differentiation strategies) on the performance of tourism firms in Tanzania's Northern Circuit (Arusha and Kilimanjaro), the majority of findings from descriptive analysis confirmed that, some of tourism firms executed competitive strategies (cost-leadership, focus and differentiation strategies) accidentally without knowing, and this seems to improve the performance of tourism firms. On the other hand, the result from individually and collectively linear regression model of predictors of generic strategies (low-cost leadership, focus and differentiation strategies) had positive influence on the performance of tourism firms in Tanzania's Northern Circuit. For instance, low-cost leadership has positively significant influence on the performance of tourism firms given; $p=0.031 < \alpha = 0.05$ while focus strategy positively influence the performance of tourism firms whereby $p=0.028 < \alpha = 0.05$. On the other hand, differentiation strategy has positive significant influence on the performance of tourism industry given; $p=0.019 < \alpha = 0.05$. Moreover, generic strategies contributed about 67.1% in the pperformance of Tanzania's tourism firms in northern circuit. Furthermore, the study recommended that based on the findings participants from tourism firms were found unfamiliar with the issues related to the execution of generic strategies in the tourism industry; however, they practiced accidentally without knowing due to low level of education. Thus, there is a need for strengthening of human capital in the tourism industry in Tanzania.

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Bio-note

Ms. Rukia Mahamud Mkakile is a postgraduate student at the school of *Public Administration and Management (SOPAM)* of *Mzumbe University in Tanzania*. She works with the Tanzania National Parks (TANAPA).

Dr. Venance Shillingi (PhD) is a Lecturer and Strategic Management consultant at *Mzumbe University, School of Public Administration and Management (SOPAM)*, Morogoro - Tanzania. He holds a PhD in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nairobi Kenya; MBA (corporate Management) and Bachelor of Public Administration (BPA) both from Mzumbe University, Tanzania; and has published widely in area of strategic management, conflict management, and quality service delivery in health sector. Dr. Shillingi has over 15 years of lecturing, research and consultancy. He has also trained broadly in areas of strategy, strategic management, Strategic leadership, performance management (with balance score card & OPRAS), change management, business ethics, human resource management and other related general management courses. He has also consulted extensively in formulation and review of strategic plans (more than 10 organisations in public sector), business plans, client service charter, Training Needs Assessments (TNA), and other performance tools in private and public sector such as client service charter.