

RELATIONSHIP BETWEEN STRATEGIC PLANNING PRACTICES AND PERFORMANCE OF TOUR FIRMS IN THE TOURISM SECTOR IN KENYA: A SURVEY OF SELECTED TOUR FIRMS IN NAIROBI, KENYA

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ABSTRACT

In today's competitive business sector organizational success highly depends on the planning that is carried out. Strategic planning is therefore essential particular in maintaining a focused, long term vision of the organisation's mission and purpose. Strategic planning is extensively used in business and industry, government, and non-profit organizations worldwide to formulate strategies and align business activities to the vision of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It also aids in decisions making particularly on issues related to the allocation of human and financial resources. The purpose of this study therefore was to determine the relationship between strategic planning practices and performance among tour firms in the tourism sector in Kenya. Specifically the study determined the effect of strategic environmental scanning, goal setting, resource identification strategy and strategy evaluation on performance among tour firms in the tourism sector in Kenya. The study adopted the descriptive research design. 15 tour operating firms were targeted. The target population was 75 respondents; however 61 respondents participated in the study. Questionnaires were used in data collection. Data was analysed using

descriptive and inferential statistics. The study established that majority of respondents with an average mean of 3.549 indicated that strategic environmental scanning influenced performance. It was further established by majority of respondents as indicated by a mean score of 3.872 that goal setting had an influence on performance in tour firms in Kenya. On resource identification the study established that majority of respondents as shown by a mean score of 3.525 indicated that resource identification influences performance. The study established that majority of respondents with an average mean of 3.656 were of the view that strategic evaluation had an influence on performance. On strategic environmental scanning the study recommends that internal scanning should be carried out often. The actual process of scanning the environment and gathering new ideas can, and should, be done by management more often. In relation to goal setting, it is recommended that tour firms should ensure that realistic goals are set. In relation to resource identification, tour firms should focus on delivery of superior service quality. The study also recommends that evaluation should be an on-going process.

Key Words: *strategic planning practices, performance, tour firms, tourism sector, Kenya, Nairobi*

INTRODUCTION

Strategic planning refers to the process of setting guidelines and formulating strategies that control the activities being undertaken to achieve an organizations set goals and objectives (Efendioglo & Karabulut, 2010). Strategic planning examines a company as a system composed of subsystems. It permits managers to look at the organization as a whole and the interrelationships of parts. It provides a framework for coordination and control of organization's activities, decision-making throughout the company and forces the setting of objectives, which provides a basis for measuring performance (Arasa & K'Obonyo, 2012).

Strategic planning is an important performance driver in all work settings and enhances economic performance and organizational innovation (Song, 2011). For an organization to realize its vision it must have reliable strategies that provide the direction to be followed.

Strategic planning assists organization to survive in the market and have a competitive advantage. Strategic planning guides executives in defining the business there is, the ends it seeks, and the means it will use to accomplish those ends (Song, 2011). It also provides sustainability in the market even when there are environmental changes. The primary goal of strategic planning is to guide a firm in setting out its strategic intent and priorities and focus itself towards realizing the same (Kotler & Keller, 2007). Strategic planning helps organizations to anticipate future challenges and opportunities (Volberda, 2010).

One sector in Kenya that has been in dire need of effective strategic planning is the tourism sector (G.o.K, 2008). Kenya's tourism sector, ones a vibrant contributor to its economic development is facing stiff competition globally and grappling with global financial uncertainties Efforts should be made to revitalize the sector as it is among the leading foreign exchange earners and a major generator of employment in Kenya, contributing about 10% of the Gross Domestic Product (G.O.K, 2008). To be competitive, strategic planning practices are therefore essential in this industry. Strategic planning is essential in the tourism sector as it assists in maintaining a focused, long term vision of the organisation's mission and purpose, and aid decisions about the allocation of human and financial resources. The level of strategic planning in this sector will positively contribute to its growth and success.

In Kenya various studies have been conducted on the relationship between strategic planning and organizational performance. Mutoria (2009) studied multi-dimensional strategic planning practices and firm performance. Arasa (2008) carried out a research on strategic planning, employee participation and firm performance in Kenya's insurance industry. Ong'ayo (2012) carried out research on employee perception of the influence of strategic planning on organization performance at the ministry of foreign affairs, Kenya. However hardly any of these studies attempted to analyze the effect of strategic planning on performance in the tourism sector in Kenya. This study will therefore establish the relationship between strategic planning and organization's performance in this sector in Kenya.

Strategic Planning

Odame (2007) defines strategic planning as a method of formulating and implementing long-term plans in a broad and flexible manner in order to achieve the aspirations of the organization. It is the process of diagnosing an organization's external and internal environments, deciding on a vision and mission, developing overall goals, creating and selecting general strategies to be pursued, and allocating resources to achieve the organization's goals (McIlquham-Schmidt, 2010). The objective of strategic planning is to align an organization's activities with its environment, thereby providing for its continuing survival and effectiveness. Strategic planning assists organizations to monitor its internal and external environments constantly for changes that may require modifying existing strategic and tactical plans or developing different ones altogether.

As noted by Mazzarol et al (2009), the key aspects of strategic planning include the formulation of a mission statement, establishing the objectives, crafting and implementing the strategies, and monitoring and controlling the progress in strategy implementation. The key aspects of strategic planning include the long term view of an organization, defining the line of business and ensuring a strategic 'fit' or 'balance' between the business and its environment. Strategic planning helps determine the direction and scope of an organisation over the long term, matching its resources to its changing environment and, in particular, its markets, customers and clients, so as to meet stakeholder expectations

Organizational Performance

Organizational performance is described as an organization's ability to acquire and utilize its scarce resources and valuables as expeditiously as possible in the pursuit of its operations goals (Griffins, 2006). Performance can be measured from the financial aspects for example, return on assets (ROA), return on sales (ROS), and return on equity (ROE). Performance can also be assessed by non-financial measures for example customer and employee's satisfaction (Ong & Teh, 2009).

Tourism Sector in Kenya

The Tourism sector is a services industry that is subject to seasonal fluctuations and multiple external factors (GoK, 2008). Tourism stimulates economic diversification across sectors. It offers strong potential for environmental and cultural linkages. Tourism contributes positively to foreign exchange earnings and serves as a leading demonstration sector fostering enterprise development. In Kenya tourism is the third highest contributor to gross domestic product. It is a source of economic growth and poverty alleviation. It is also a cornerstone of the country's vision 2030 (GoK, 2010). Creating a competitive advantage in this sector involves protecting natural and wildlife asset against degradation, development of dynamic product offerings and creating an enabling and regulatory environment.

PROBLEM STATEMENT

Various studies that have examined the relationship between strategic planning and performance have indicated a relationship between strategic planning and performance (Kiptugen, 2003). It has further been indicated that firms with a proactive strategic plan perform better than those without a plan. However despite these findings, hardly any studies have addressed strategic planning in the tourism industry in Kenya. Odame (2007) examined strategic planning process in general. Murimbika (2011) examined the relationship between strategic planning and entrepreneurial orientation in the financial and business sectors. Naidoo's (2006) study examined the strategic processes in the retail sector, Laljit (2006) evaluated the business strategy development among SMEs, while studies by Nkulu (2012) and Mohutsiwa (2012) focused on strategic planning small- and medium-sized retailers and the relationship between entrepreneurship and performance of SMEs in South Africa, respectively. Although these studies indicated a link between strategic planning and performance none addressed tour firms in the tourism industry in Kenya. Therefore, little is

known about strategic planning and its effect on the performance in this sector. This study addressed the gap.

GENERAL OBJECTIVE

The study was to determine the relationship between strategic planning and performance among tour firms in the tourism sector in Kenya.

SPECIFIC OBJECTIVES

1. To determine the relationship between strategic environmental scanning and performance among tour firms in Kenya.
2. To examine the influence of Goal setting on performance among tour firms in Kenya
3. To assess the influence of resource identification strategy on performance among tour firms in Kenya
4. To examine the relationship between strategic evaluation on performance among tour firms in Kenya.

THEORETICAL REVIEW

Contingency Theory

This theory proposed by Fiedler (1958) states that there is no best way to organize an organization. The optimal course of action is contingent that is that action is dependent upon the internal and external situation. Immediate environments create requirements for organizations and thus appropriate strategies need to be implemented. These strategies in turn create contingencies such as size, technology, level of diversification, for which some organizational structures are better suited than others. When managers of an organization find themselves with a structure that does not match its contingencies, for example because these contingencies have changed, their organization's performance suffers, and they endeavor to change its structure to one with a better fit, to improve performance (Fiedler, 1958).

This theory is applicable to the current study in that organizations are open systems that need to strategically plan in order to satisfy and balance internal needs and to adapt to environmental circumstances. There is no one best way of planning. The appropriate strategy depends on the kind of task or environment one is dealing with. In tour firms, management must be concerned, with achieving alignments and good fits. They need to realize that different types of strategies are needed in different types of environments.

Modern Portfolio Theory

This theory was developed by Harry Markowitz (1952). It assists in the selection of the most efficient by analysing various possible portfolios of the given securities. By choosing securities that do not 'move' exactly together, the HM model shows investors how to reduce their risk. This theory indicates ways of achieving a higher return in organizations. Combining a strong portfolio that beats the market in the long-run would be the ultimate goal

for most investors. Asset allocation and risk management are vital components in the MPT. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk", measuring how much worse than average an investment's bad years are likely to be. The goal is to identify the acceptable level of risk tolerance, and then find a portfolio with the maximum expected return for that level of risk.

This theory is applicable in the current study in that it is important that tour firms understand how to design portfolios that best align with a client's wishes and risk tolerances. It is also important that tour firms understand what drives portfolio risk and return and how these forces can be manipulated for the maximum benefit. Diversifications of assets in tour firms may increase returns at given risk levels or provide the same results at a reduced risk level.

Resource Advantage Theory

According to this theory by Hunt (1995), sustained, superior financial performance in an organization occurs when a firm's comparative advantage in resources continues to yield a position of competitive advantage despite the competitive actions of rivals. Firms are rewarded because they deliver superior value. Superior performance and a sustainable competitive position depends primarily on the resources of the firm. This theory is applicable to the current study in that managers in tour firms must strategically plan to transform basic resources into core competencies, which form the foundation of superior competitive positions in specific market segments. Managers in these firms should realize that it is resources that are difficult to imitate and substitute that are the basis for superior performance. These resources are embedded as core competencies within the tour firms. Managers need to realize that the most effective barrier to imitation is when their competitors do not understand the competencies on which the advantage is based. Sustainable advantage will be achieved if tour firms continue to invest and accumulate resources that led to advantage and that cannot be easily imitated by their rivals.

RESEARCH METHODOLOGY

Research Design

A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). The study used descriptive research design, because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data (Kothari, 2010). This enabled the researcher to collect original data from the population and this saved time and resources. Mugenda and Mugenda (2003) recommended use of descriptive research design in situations where the problem has been defined and the researcher wants to establish certain facts about the problem. Descriptive design was therefore the most appropriate design for the study.

Target Population

Target population is the specific population about which information is desired. It consists of a group that share common characteristics from which individuals or units of analysis are then chosen out of the population for the study. According to Cooper and Schindler (2003) a population is a well-defined set of people, services, elements and events, group of things or households that are being investigated. Mugenda and Mugenda (2003) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. The study focused on 15 top performing tour firms in Nairobi that are members of the Kenya association of tours in Nairobi County. The top five senior members of the tour firm were targeted. This was mainly because strategic planning is often carried out by senior officials in tour firms.

Sample Size and Sampling Procedures

This study used the census method in order to ensure that all the top officials of the tour firms participate in the study. All the targeted respondents were included in the study. Census involved a study of every unit, everyone in the target population. It is known as a complete enumeration, which means a complete count. Seventy five respondents participated in the study.

Data Collection Instruments

Data was collected using questionnaires. According to Mugenda and Mugenda (2003) questionnaires are commonly used to obtain important data and the researcher can reach a large sample within a limited time. The respondents were assured of confidentiality. The use of questionnaires allowed the researcher gather more data due to its flexibility. The questionnaire was divided into two parts. Part one gathered general and demographic data of the respondents while part two solicited data linked to the study objectives. All the items in section two had a five point Likert scale, with responses ranging from strongly agree to strongly disagree.

Validity and Reliability of Research Instruments

To ensure validity of this study, a pilot study was conducted involving five respondents who did not participate in the final study. The purpose of this pilot study was to check completeness, ambiguity and gauge time taken to collect data using proposed data collection instrument. It was also test reliability, testing the extent to which the measure is without bias using the Cronbach's alpha, which ranges in value from 0 to 1. Comments made by the respondents during piloting were used to improve on the data collection instrument.

Data Collection Procedure

Data collection instruments were constructed to aid data collection. Both structured and unstructured questionnaires were prepared and their feasibility analysed during the pre-test study. The list of question reflected key variables under study. The researcher used drop-and-

later-pick method to deliver and collect the questionnaires. Each questionnaire was accompanied by a transmittal letter, explaining the purpose and importance of the study.

Data Analysis and Presentation

The completed questionnaires were analysed for consistency and then coded. The coded questionnaires were then be entered into the IBM Statistical Packages for Social Scientist (SPSS) version 20 for analysis. The data was analysed using descriptive statistics including frequency distribution diagrams, and percentages. In addition, multiple regressions were used to measure the quantitative data. The regression equation thus was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Performance

β_0 = Constant term; β = coefficients of determinants

X_1 = Strategic environmental scanning; X_2 = Goal setting; X_3 = Resource identification

X_4 = Strategic Evaluation; E = error term

RESEARCH RESULTS

Reliability Analysis

Reliability analysis was subsequently done using Cronbach's Alpha which measures the internal consistency by establishing if certain items within a scale measure the same construct. Frankfort-Nachmias and Nachmias (2012) established the Alpha value threshold at 0.7, thus forming the study's benchmark. The average Cronbach's Alpha value was 0.725 as shown in Table 4.1 meaning the items under each variable were consistent.

Table 1: Reliability Analysis

| | Cronbach's Alpha | Number of Items |
|----------------------------------|------------------|-----------------|
| Strategic environmental scanning | .715 | 4 |
| Goal setting | .819 | 4 |
| Resource identification | .721 | 4 |
| Strategic Evaluation | .732 | 4 |
| Average Cronbach Alpha | 0.725 | |

Multicollinearity Test Results

The correlation matrix shows the strength or degree of linear association of a variable with itself or between variables (Gujarati, 2003). Collinearity between variables is shown in the table 4 below. From the test results, the main diagonal entries from the upper left to the lower right corner give the correlation of one variable with itself, which is and should always be one. The other variables are pair-wise correlation among variables. Severe Multicollinearity

problem is present if the correlation figures are high and there is no collinearity problem if the figures are low. From the matrix, the conclusion is that the model does not have Multicollinearity challenges.

Table 2: Bivariate Correlations

| | | Performance | Strategic Environmental scanning | Goal Setting | Resource identification | Strategic Evaluation |
|----------------------------------|---------------------|-------------|----------------------------------|--------------|-------------------------|----------------------|
| Performance | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 61 | | | | |
| Strategic Environmental scanning | Pearson Correlation | 0.6449 | 1 | | | |
| | Sig. (2-tailed) | .000 | | | | |
| | N | 61 | 61 | | | |
| Goal Setting | Pearson Correlation | 0.464 | 0.464 | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |
| | N | 61 | 61 | 61 | | |
| Resource identification | Pearson Correlation | 0.4139 | 0.5224 | 0.5224 | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | |
| | N | 61 | 61 | 61 | 61 | |
| Strategic Evaluation | Pearson Correlation | 0.21 | 0.6801 | 0.8364 | -0.7128 | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 61 | 61 | 61 | 61 | 61 |

From the analysis it can be concluded that there is a positive correlation between strategic planning practices and performance in tour firms in Kenya and Strategic Environmental scanning, Resource identification, goal setting as well as Strategic Evaluation. In addition, the study reveals that strategic evaluation is related to performance ($r=0.210$, $p < 0.00$) implying that strategic evaluation affects performance of tourism sector in Kenya and the relationship is statistically significant. Further, the study reveals that resource identification are related to performance of tour sector in Kenya ($r=0.4139$, $p < 0.00$) implying that resource identification affects performance of tourism sector in Kenya and the relationship is statistically significant. Further, the study reveals that goal setting is related to performance ($r=0.464$, $p < 0.00$) implying that goal setting affects the performance of tour firms in Kenya and the relationship is statistically significant. Finally the study established that strategic environmental scanning is related to performance of tour sector in Kenya ($r=0.6449$, $p < 0.00$) implying that strategic environmental scanning affects performance of tour sector in Kenya and the relationship is statistically significant. This implies that all the variables had a positive and significant correlation with performance and the correlation coefficient were not high (less than 0.8) implying that there was no problem of Multicollinearity.

REGRESSION ANALYSIS

Regression analysis shows how dependent variable is influenced with independent variables. The study sought to determine performance of the tour firms in Kenya.

Table 3: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------|----------|-------------------|----------------------------|
| 1 | 1.769 | 0.591 | 0.562 | 1.776 |

Table 3 is a model fit which establish how fit the model equation fits the data. R (coefficient of determination) of 1.769 implies that there is a strong positive relationship between the independent variables and the dependent variable. The adjusted R² was used establish the predictive power of the study model and it was found to be 0.562 implying that 56.2% of the variations performance of the tour sector in Kenya is explained by strategic environmental scanning, goal setting, resource identification and strategic evaluation leaving 43.8% unexplained. Therefore, further studies should be done to establish the other factors (43.8%) affecting performance the tour sector in Kenya.

Table 4: ANOVA results

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|------|
| 1 | Regression | 255.69 | 4 | 63.92 | 20.26 | .000 |
| | Residual | 176.66 | 56 | 3.15 | | |
| | Total | 432.35 | 60 | | | |

The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how strategic environmental scanning, goal setting, resource identification and strategic evaluation affect performance of the tour sector in Kenya. The F calculated at 5 percent level of significance was 20.26 since F calculated is greater than the F critical (value = 2.4495), this shows that the overall model was significant.

Table 5: Coefficients of Determination

| | | Unstandardized Coefficients | | Standardized Coefficients | | t | Sig. |
|-------------------------|---------------|-----------------------------|------------|---------------------------|--|-------|-------|
| | | B | Std. Error | Beta | | | |
| (Constant) | | 4.731 | 4.839 | | | 0.978 | 0.332 |
| Strategic scanning | Environmental | 0.32 | 0.105 | 0.368 | | 3.053 | 0.003 |
| Goal Setting | | 0.193 | 0.187 | 0.186 | | 1.034 | 0.306 |
| Resource identification | | 0.584 | 0.129 | 0.832 | | 4.517 | 0 |
| Strategic Evaluation | | 0.079 | 0.122 | 0.062 | | 0.652 | 0.517 |

The established model for the study was:

$$Y = 4.73 + 0.32 X_1 + 0.19 X_2 + 0.584 X_3 + 0.079 X_4$$

The regression equation above established that taking all factors into account (strategic environmental scanning, goal setting, resource identification and strategic evaluation) constant at zero, the performance of the tour sector in Kenya was 4.731. The findings presented indicate that taking all other independent variables at zero, a unit increase in strategic environmental scanning would lead to a 0.32 increases on performance of the tour firms in Kenya. This variable was significant since p-value (0.003) was less than 0.005. This is in line with Babatunde et. al (2012) who on the impacts of Strategic Environmental Scanning on Organization performance revealed that there was a significant relationship between strategic environmental scanning and organization performance.

The study also found that a unit increase in goal setting would lead to a 0.193 increase in performance of the tour sector in Kenya. This variable was insignificant since p-value (0.306) was greater than 0.005. The findings also concur with Dulo (2013) who indicated that goal setting had a positive effect on performance. Further the study found that a unit increase in the scores of resource identification would lead to a 0.584 increase of performance of the tour sector in Kenya. This variable was significant since p-value (0.00) was less than 0.005. This finding was in line with Barney (2001) who notes that a firm resource must, be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage.

Further, the findings show that a unit increase in strategic evaluation would lead to a 0.079 in performance of the tour sector in Kenya. This variable was insignificant since p-value (0.517) was greater than 0.005. This corresponds to Miller and Friesen (2013) who say that strategy evaluation influences efficiency and effectiveness of the strategic plans. Overall, resource identification had the greatest effect on performance of the tour sector in Kenya, followed by strategic environmental scanning, then goal setting while resource identification had the least effect on performance of the tourism sector in Kenya.

DISCUSSION

The purpose of this study was to find out the relationship between strategic planning practices and performance of tour firms in the tourism sector in Kenya. Specifically the study determined the relationship between strategic environmental scanning, goal setting, resource identification and strategic evaluation on performance in tour firms in Nairobi Kenya. On the general view of whether strategic planning influenced performance, majority of the respondents, with an average mean of 3.656 were of the view that strategic planning influenced performance in tour firms in Kenya. This is in line with vies expressed by Mazzarol (2009) who indicated that strategic planning offers direction in organizations by focusing on the formulation of mission statement, establishing objectives, crafting and implementing the strategies, and monitoring and controlling strategy implementation.

The study established that majority of respondents with an average mean of 3.549 indicated that strategic environmental scanning influenced performance. Respondents indicated that environmental scanning had assisted tour firms identify area and changes that helped the firms achieve competitive advantages. It was further indicated that the use of environmental

scanning had assisted tour firms identify areas that needed improvement. Environmental scanning ensured that the business environment was conducive. This supports views raised by Babatunde et al (2012) who indicated that there was a significant relationship between strategic environmental scanning and organization performance.

It was further established in the study by majority of respondents as indicated by a mean score of 3.872 that goal setting had an influence on performance in tour firms in Kenya. Respondents pointed out that challenging goals had encouraged respondents to set their aims higher and thus achieve better performance. Respondents also indicated that goal setting had helped employees to direct efforts to goal relevant activities. Respondents pointed out those clearly defined goals assisted in eliciting specific form of behaviour from employees. This corresponds to views expressed by Mierlo and Arends (2011) who found that specific difficult goals yield considerably higher group performance compared with nonspecific goals.

On resource identification the study established that majority of respondents as shown by a mean score of 3.525 indicated that resource identification influences performance. Respondents pointed out that to be competitive tour firms should ensure that the resources are valuable, rare, and imperfectly imitable and substitutable. Respondents highlighted the importance of creativity within the sector. It was further indicated that the key for the tour firms to survive and succeed would be through the delivery of superior service quality. These findings correspond with views expressed by Rhyne (2015) who noted that a firm resource must be valuable, rare, and imperfectly imitable and substitutable in order to be source of a sustained competitive advantage.

The study established that majority of respondents with an average mean of 3.656 were of the view that strategic evaluation had an influence on performance. Respondents pointed out that strategic evaluation had improved performance in tour firms. It was indicated that evaluation had assisted tour firms to assess their set targets and make improvements. Evaluation also ascertains the degree of achievement in organizations. Respondents indicated that internal auditing had assisted tour firms identify weak areas that needed improvement and that bench marking activities had positively improved performance. These findings are in line with Volberda (2010) who claims that evaluation of strategy assists managers in ensuring that the strategic choices made address the set objectives of the organization.

CONCLUSIONS

There was a significant positive relationship between strategic environmental scanning and performance in tour firms in Kenya. environmental scanning had assisted to identify changes that help the firm achieve competitive advantages and that use of the environmental scanning has assisted the firm identify area that need improvement. There was a positive relationship between goal setting and performance in tour firms. This is because the results show that an increase in goal setting would lead to an increase in performance. The study established that goal setting has helped employees to direct efforts to goal relevant activities and that the goals set have enhanced organization performance.

There was a positive relationship between resource identification and performance in the tour sector in Kenya. The study established that resource identification contributed to competitive advantage through superior service quality. There was a positive relationship between strategic evaluation and performance. This is because the results show that an increase in strategic evaluation lead to an increase in performance. Through strategic evaluation tour firms were able to identify and address weak area.

RECOMMENDATIONS

In regard to strategic environmental scanning the study found that internal scanning is not often carried out. Therefore the study recommends that internal scanning should be carried out often. The actual process of scanning the environment and gathering new ideas can, and should, be done by management more often.

In relation to goal setting, it is recommended that tour firms should ensure that realistic goals are set. This helps employees to direct efforts to goal relevant activities. Specific and ambitious goals should be focused on as this lead to better performance improvement.

In relation to resource identification, the key for the tour firms to survive and succeed will be through the delivery of superior service quality. The study recommends that that it is imperative for the tour firms to enhance intangible assets, which include information, knowledge and dynamic capabilities. The study also recommends that the firms should focus on evaluation particular through the identification of specific area that needs improvement. The firms should come up with effective strategies on how to solve these challenges.

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