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EFFECT OF STRATEGIC FACTORS ON TOURISM PERFORMANCE IN KENYA; A SURVEY OF MOMBASA COUNTY

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ABSTRACT

Tourism in recent times has developed significantly to become one of most rapidly growing industries in the world. The current tourism industry allows for a robust influx of tourists both international and domestic. Due to this, there is a lot of competition in the market prompting the key players to adopt and implement strategic management in their organization. The purpose of the study was to therefore establish the effect of strategic factors on tourism performance in Mombasa County. It specifically established the effect of strategic planning on tourism performance; determined the influence of competitive advantage on tourism performance; assessed the effect of product differentiation on tourism performance; and established the effect of cost leadership on tourism performance in Mombasa County. This study was based on Resource Based View theory and Porters five forces model and employed the descriptive survey design to target top management, and departmental heads in tourist destinations in Mombasa County. Simple random sampling was used to select 17 top managers and 103 departmental heads. Purposive sampling was used on a tourism business expert. Data was collected using questionnaires and interview schedules. Reliability was measured using Cronbach Coefficient Alpha and its reliability figure was 0.714 and data analyzed descriptively by means of percentages, Standard deviations and means and later presented in tables. Pearson Correlations and linear regression analyses were also used to test hypotheses. SPSS version 20 aided in data analysis.The findings of the study were: Strategic planning (β=.393, t=5.968, $p<0.000$), competitive advantage (β=.193, t=2.593, $p<0.004$), product differentiation, (β=.324, t=4.383, $p<0.000$), and cost leadership, (β=.352, t=5.129, $p<0.000$), had a significant influence on tourism performance in Mombasa County, Kenya. The study therefore recommends: The tourist destinations' management should draw a comprehensive strategic plan with which they can chart their success path that will help them improve on their performance. The tourist destinations' management should employ the resource based view of the firm strategy in order to effectively harness their resources to compete in a cutthroat market. They should further continue to differentiate their products to make them more attractive, top quality and most preferred by customers and employ cost leadership strategies by being a low cost destination to tap into the domestic tourism market which would inevitably improve their tourism performance.

Key terms: Competitive Advantage, Cost leadership, Product Differentiation

Strategic Planning, Tourism Performance

INTRODUCTION

Tourism in recent times has developed significantly to become one of most rapidly growing industries in the world (Arana & Leon 2007). According the World Trade Organization (W.T.O) (2009), global economy is presently driven by three major industries and these are technology, telecommunication and tourism. This assertion clearly corroborates the view of Poirier (2000) who opines that tourism today is second only to oil as the world's leading export commodity, accounting for global earning of more than $300 billion dollars or nearly 25% of total world gross national product (GNP) in the last decade.

Obviously tourism growth and its resultant effect on economic fortunes of nations globally are not uniform (Ryan, 2008). It is a true that irrespective of how naturally endowed a location can be, or well developed the physical infrastructure are, without peaceable environment such resources may never yield their full tourism potentials (Page & Connell, 2003).It has been established that the global tourism industry is quite sensitive. Thus, the driving force for tourism demand and supply can be susceptible to extreme events such as terrorism, political violence, natural disaster and overall insecurity (Arana and Leon 2007; Ryan 2008; Page and Connell 2003;Glenn 2014)

Tourism is an example of a straight-forward concept and is defined by Essner (2003) as a service based industry which is made up of several elements including transportation, accommodation, food and beverage, tours and merchandising.

For any organization to remain relevant in the face of the turbulent environment, it has to come up with effective strategies that will enable the organization remain relevant and competitive (Wooldridge and Floyd, 2009). However much that these strategies will be implemented does not guarantee that the business will achieve its objectives, this could probably be attributed to ineffective strategy implementation. Successful strategy formulation does not guarantee successful strategy implementation (Ginsberg, 1988). It is always more difficult to do strategy implementation than to do strategy formulation (David, 2007). Failure in the implementation process is usually the main weakness for most strategic management processes (Wooldridge and Floyd, 2009).

Organizations are environment dependent and environment serving and the strategy that the organization adopts is what connects it to the environment hence all organizations operate in an open system (Wheatley, 2006). Open systems theory posits that organisations are affected by a number of factors that occur in the external environment and that they can have an effect on factors that exist in the internal environment (Burnes 2006). The business environment is comprised of a set of relationships between agent and stakeholders in the environment relationships that are changed by individual decisions taken (Wheatley, 2006).

Moreover, today's organizations have to deal with dynamic and uncertain environments in order to remain highly competitive (Ehmke, 2009). In order to be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes. Organizations must be able to act quickly in response to opportunities and barriers in a bid to maintain competitive advantage and consequently overall competitiveness (Ehmke, 2009; Papulova&Papulova, 2010).

Strategies are central to the achievement of sustainable development (Amit&Zolt, 2001). These are the driving force of practically every organization that are motivated to grow fast ahead of the competitors, grow in line with the industry or to simply catch-up and defend an existing status. The orientation of these organizations is to expand, to reach and to penetrate into new market segments despite of all the hindrances that the market environment imposes. Organizations are also initiated by efforts to maximize profit and minimize risks through strategizing. Such initiatives were undertaken to drive sustainable competitive advantage of the company. As such, sustainable competitive advantage should be the basis of above average performance (Betz, 2002).

One important strategy that has been touted as an important component in improving performance in any organization, and particularly the tourism sector, is the product differentiation strategy (Ehmke, 2009; Papulova&Papulova, 2010). Differentiation strategies are attractive whenever customers' needs and preferences are too diverse to be fully satisfied by a standardized product or bysellers with identical capabilities. Cost leadership, strategic planning are other strategies that Papulova&Papulova, (2010) have noted to be strategic factors that are useful but which empirically have not been linked to tourism performance in developing nations like Kenya.

There exists a noticeable symbiotic relationship between certain strategic factors and tourism development in a destination. Evidences have proven that the absence of terror or security for instance, that includes acts of violence along with related factors is usually a pre-condition generally accepted for the development of destinations by would-be investors (Wahab2005; Reichel 2014; So'nmez2008). Researchers have equally shown that poor marketing strategies, poor infrastructure and relations influence the images of destinations in tourists-generating regions (Hall and Sullivan, 2006; Goodrich, 2012).

Empirical findings evinced that often the responses of tourism industry to crisis of any nature is predictable; usually resulting in a sudden reduction in the numbers of in-bound tourists and deepening economic fortunes of the host region or tourist destination (Essner, 2012). Further, there seems to be a consensus among scholars on the negative impacts that ineffective strategic factors are having on the global tourism industry. (Wahab, 2014; Abraham and Yoel, 2013 ; Adam and Sinclair 2022), Wahab (2014) opined that ineffective strategies curtails travel activities and may remain so until the public memories of the publicized failures fade.

The impact of strategic factors however, can be more severe on developing economies and emerging tourist destinations (Wahab, 2014). This is because competition for global tourism business is keen, and developing a world class tourist destination requires huge investment in infrastructural facilities and security outfits (Mwathe, 2011).

There is a growing global concern by analysts that if strategic factors are not systematically dealt with characterized byaccess infrastructure, curbing of insecurity, good marketing strategies and effective competitvenessamong others is capable of wiping off the giant strides witnessed in the tourism industry in the last three decades (Adora, 2010; Mwathe, 2011;Essner, 2012).

Some of the strategic factors that the tourism sector might face include competitive advantage factors that distract attention from implementing the decision, lack of and changes in strategic planning,. Lack pf product differentiation and cost leadership issues. Further, issues like responsibilities of key employees not clearly defined, key formulators of the strategic decision not playing an active role in implementation, problems requiring top management involvement not communicated early enough, advocates and supporters of the strategic decision leaving the organization during implementation and implementation taking more time than originally allocated (Al-Ghamdi, 2008).

This project is therefore a contribution to the empirical discussion on the effect of strategic factors on tourism performance in Kenya, a typical survey in the hub of tourism in Kenya, Mombasa County. While studies had been done on other strategic factors like organizational structure, innovations and its relationship with tourism in developed nations (Al-Ghamdi, 2008;Wooldridge and Floyd, 2009); studies on effect ofstrategic factors like strategic planning, cost leadership, competitive advantage and product differentiation on tourism performancehad either been neglected or insufficiently studied in emerging tourist destinations on the African continent and particularly in Kenya. This study hoped to fill the gap.

Statement of the Problem

Ansoff (1965) noted that while implementing strategy is such an important activity, it is not easy. A reason for this difficulty may be that strategy formulation and implementation are multifaceted and highly complex organizational phenomenon (Wernham, 1985). DeLeon (2009) argues that the complexity of implementation is more than daunting and apparently impenetrable and results in lacking predictive powers. Implementation is difficult and complex because the process is messy, ambiguous and often involves many departments in the firm (Schofield, 2004). Part of this complexity arises from the social and political aspects of an implementation, which need to be taken into account. The current tourism industry allows for a robust influx of tourists bothinternational and domestic. Due to this, there is a lot of competition in the market prompting the key players to adopt and implement strategic management in their organization.

Despite the adoption of these strategies, there was a gap in the tourism performance and this could probably be due to disconnect between strategy and performance. Although there are many studies done on strategy implementation (Aosa, 1992; Awino, 2000; Koske, 2003;

Muthuiya, 2004; and Machuki, 2005), in Kenya, their findings, recommendations and challenges may not be applicable to the tourism performance because the studies were done in different contexts and time. This study therefore hoped to fill the gap.

RELATED LITERATURE

Theoretical Framework and Conceptual Frameworks

This study was based on two notable theories, the resource based View of the firm theory and Porters five forces.

Resource Based View of the Firm (RBV) Theory

The RBV as argued by Wernerfelt (1984) as basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 1984). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991). If these conditions hold, the firm's bundle of resources can assist the firm sustaining above average returns.

The key points of the theory are: 1) Identify the firm's potential key resources. 2) Evaluate whether these resources fulfill the following criteria (referred to as *VRIN*):

Valuable – A resource must enable a firm to employ a value-creating strategy, by either outperforming its competitors or reduce its own weaknesses. Relevant in this perspective is that the transaction costs associated with the investment in the resource cannot be higher than the discounted future rents that flow out of the value-creating strategy (Mahoney and Prahalad, 1992, p370; Conner, 1992, p131).

Rare – To be of value, a resource must be rare by definition. In a perfectly competitive strategic factor market for a resource, the price of the resource will be a reflection of the expected discounted future above-average returns (Barney, 1986).

In-imitable – If a valuable resource is controlled by only one firm it could be a source of a competitive advantage. This advantage could be sustainable if competitors are not able to duplicate this strategic asset perfectly (Peteraf, 1993). The term isolating mechanism was introduced by Rumelt (1984) to explain why firms might not be able to imitate a resource to the degree that they are able to compete with the firm having the valuable resource. An important underlying factor of inimitability is causal ambiguity, which occurs if the source from which a firm's competitive advantage stems is unknown (Peteraf, 1993). If the resource in question is knowledge-based or socially complex, causal ambiguity is more likely to occur as these types of resources are more likely to be idiosyncratic to the firm in which it resides.

Non-substitutable – Even if a resource is rare, potentially value-creating and imperfectly imitable, an equally important aspect is lack of substitutability (Dierickx and Cool, 1989). If competitors are able to counter the firm's value-creating strategy with a substitute, prices are driven down to the point that the price equals the discounted future rents resulting in zero economic profits.

3) Care for and protect resources that possess these evaluations, because doing so can improve organizational performance (Crook, Ketchen, Combs, and Todd, 2008).For the tourism industry to retain its performance, it must develop quality products and services that consider value, rarity, in-imitability and non-substitutability of the products to conform to RBVs argument that when such actions are taken, the firm will improve on competitive advantage and perfomannce. Qualities such as access infrastructure, good marketing strategies, security and competitiveness are the qualities in the tourism sector whose resource management need to be considered for better performance.

Porter's Five Forces Model

One of the basic areas of concern in industrial economics is the interaction between firm and the characteristics of the market forces. Economists, belonging to this school of thought, perceive the significance of the link between environment and strategies employed by the firm. They use the structure–conduct-performance diagram. Such a paradigm assumes basic conditions of supply (input, technology, etc.) and demand (growth of demand, price elasticity, etc...). Market structure is then put into perspective in terms of number of market players (buyers and sellers), barriers to entry, cost structure and product differentiation in relation to conduct that is illustrated in the pricing, product strategy, research and innovation (Porter 1985). The interaction would follow through and lead to the enterprise's performance represented by its production efficiency, employment of resources and degree of progress. In this respect, the market structure comprises the environment within which the firm operates. Within such a paradigm, market structure, strategy and performance would comprise the variables that influence the firm's competitiveness (Kazem 2004).

Porter (1980) attempts to explain the existence of the above-normal profits, as an expression of the firm's market power, and his starting point was the "Structure-Conduct-Performance (SCP)" paradigm (Van Gils 2000). In this paradigm, the industry-structure determines the firm conduct (e.g. pricing, advertising and differentiation), which in turn determines the economic performance. Porter (1980) interpreted this line of thought by substituting conduct with strategy, and arguing that the firm performance is dependent on industry structure. Therefore, the level of analysis is the industry rather than the individual firm.

Industry attractiveness depends on the level of the opportunity and the threat in an industry. The average performance of firms in the economically very attracted industries will be greater than the average performance of firms in the economically unattractive industries as explained by Barney (2002).

Chaffey (2002) supports Porter's classic model of the five main competitive forces and he says that it still provides a valid framework for reviewing threats arising in the e-business era.

The value of Porter's model enables managers to think about the current situation of their industry in a structured, easy-to-understand way as a starting point for further analysis.

Some of the critiques on Porter's theory of the five forces are: Traditional Porter's thinking was largely limited to achieve a better competitive position against other players. Now it is more important to form co-operations for mutual benefits. With this focus, it does not really take into consideration strategies like strategic alliances, electronic linking of information systems of all companies along a value chain, virtual enterprise-networks or others (Bertz, 2002; Chan et al, 2004). However, Porter (2001) says that the Internet has a powerful impact on the supply of information to customers and relationship between firms and their suppliers and there is no need to change the theory of strategy to deal with the Internet.

According to Porter (1985), the rules of competition are represented in "five competitive forces" as shown in figure (2.1). These competitive forces are entry to the new competitors, threat of substitutes, bargaining power of buyers, bargaining power of suppliers, and rivalry among the existing competitors. Porter (1985) explains that the industry structure is relatively stable, but can change over the time as an industry evolves, and the strength of the five competitive forces varies from one industry to another. The five forces determine the industry's profitability because they influence the price, cost, and the required investment of the firms in an industry. The buyer's power influences the price that a firm can charge and influence cost and investment. The bargaining power of suppliers determines the costs of raw materials and other inputs. The intensity of rivalry influences prices as well as the costs of competing. The threat of entry places a limit on prices, and shapes the investment required to deter entrants.

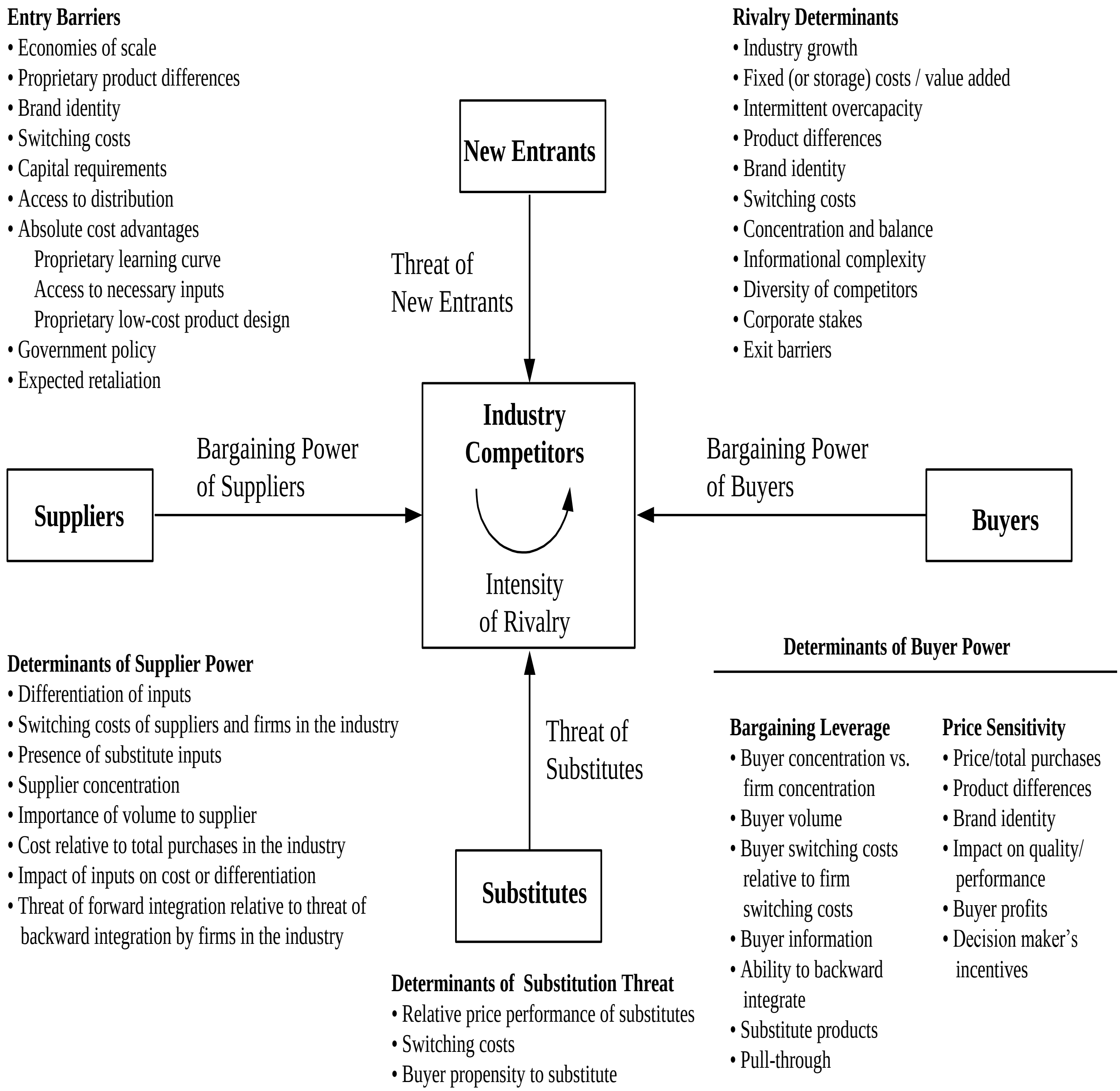


Fig 2.1: Porter's 5 Forces - Elements of Industry Structure (source: Porter, 1985)

At the most fundamental level, firms create competitive advantage by perceiving or discovering new and better ways to compete in an industry and bringing them to market, which is ultimately an act of innovation (Maskus and Chen, 2000). Innovations shift competitive advantage when rivals either fail to perceive the new way of competing or are unwilling or unable to respond (Rae *et al*, 2006; Brekke*et al*, 2007). There can be significant advantages to early movers responding to innovations, particularly in industries with significant economies of scale or when customers are more concerned about switching suppliers. Grabowski and Vernon (2010) say that the most typical causes of innovations that shift competitive advantage are the following: new technologies, new or shifting buyer needs, the emergence of a new industry segment, shifting input costs or availability and changes in government regulations

In Porter's theory of competitive advantage, a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average (Aeserud*et al*, 2010). The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation (Porter, 1985). The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus (Porter, 1985).

Rae *et al* (2000) say that in cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average

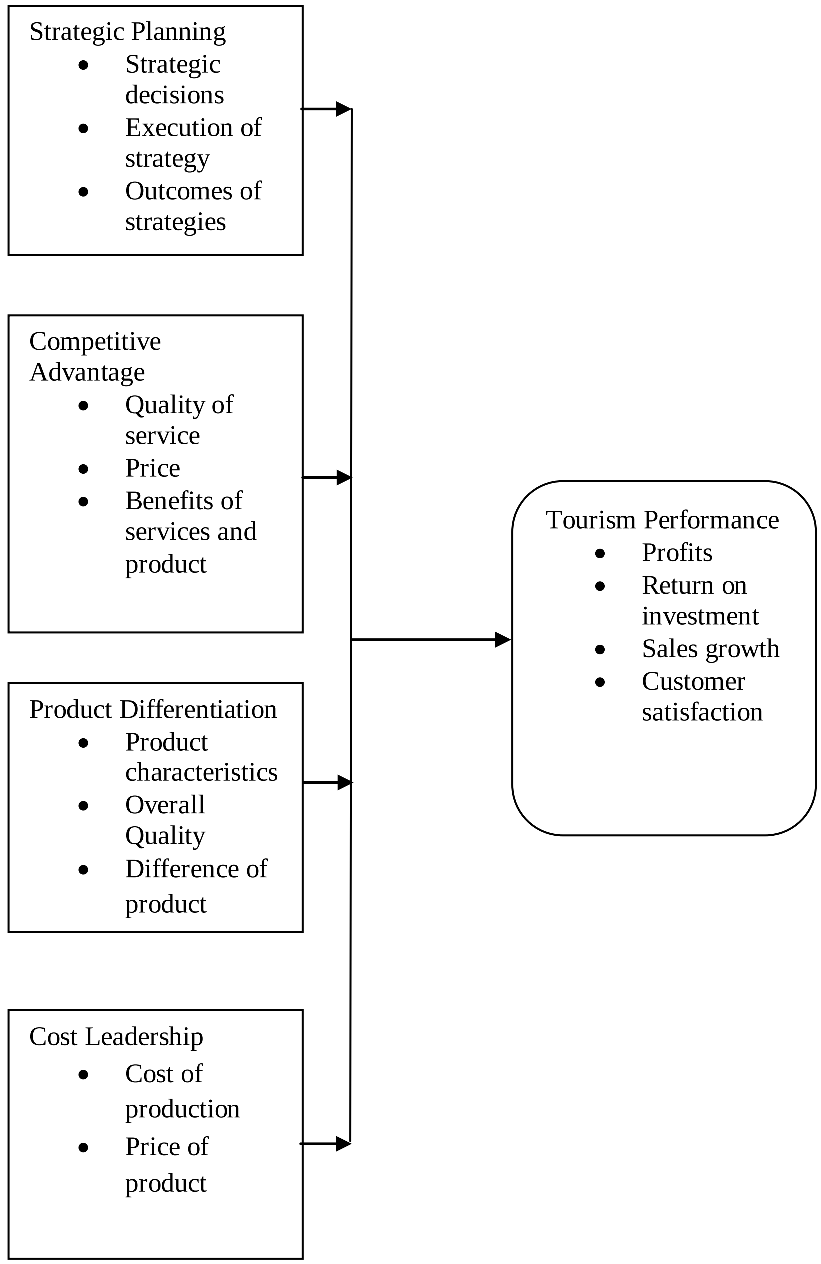
Cook *et al* (2008) say that in a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to

meet those needs. It is rewarded for its uniqueness with a premium price. The generic strategy of focus rests on the choice of a narrow competitive scope within an industry (Cook *et al*. 2008; Ramsay and Storm, 2010). The focuser selects a segmentor group of segments in the industry and tailors its strategy to serving them to the exclusion of others. In the tourism industry, high product quality, attractive rates, product innovation are some of the differentiation aspects a firm can cut an edge with.

2.3 Conceptual Framework

Independent Variables- Strategic Factors-

Figure 2.1 Conceptual Framework



Review of Variables

Concept of Performance

Investorwords (2011) defines performance as the results of activities of an organization or investment over a given period. Lumpkin and Dess (2006) point out that it is essential to recognize the multidimensional nature of the performance construct. Thus, research that only considers a single dimension or a narrow range of the performance construct (for example, multiple indicators of profitability) may result in misleading descriptive and normative theory building. Research should include multiple performance measures. Such measures could include traditional accounting measures such as sales growth, market share, and profitability. In addition, factors such as overall satisfaction and non-financial goals of the owners are also very important in evaluating performance, especially among privately held firms. This is consistent with the view of Zahra (2009) that both financial and non-financial measures should be used to assess organisational performance.

Hudson *et al*. (2011), Phillips *et al*. (2013) and Chong (2008) assert that industries like tourism may be charecterized by a number of key characteristics such as personalised management, with little devolution of authority, severe resource limitations in terms of management, manpower and finance, reliance on a small number of customers, and operating in limited markets; flat, flexible structures and reactive, fire-fighting mentality.

Similarly, the reliance on a big number of customers suggests that to remain competitive, tourism companies must ensure that customer satisfaction remains high and that they can be flexible enough to respond rapidly to changes in the market (Chong, 2008).

Chong (2008) declares that there are four main approaches to measure the performance of organisations. These are the goal approach, system resource approach, stakeholder approach and competitive value approach. The goal approach measures the extent an organization attains its goals while the system resource approach assesses the ability of an organization obtaining its resources. For the stakeholder approach and the competitive value approach, these evaluate performance of an organization based on its ability to meet the needs and expectations of the external stakeholders including the customers, suppliers, competitors. Among these, goal approach is most commonly used method due to its simplicity, understandability and internally focused. Information is easily accessible by the owners managers for the evaluation process. The goal approach is a better fit for the companies where targets are being set internally based on the owners-managers' interests and capability to achieve.

According to Richard *et al*. (2008), the goal approach directs the owners-managers to focus their attentions on the financial (objective) and non-financial measures (subjective). Financial measures include profits, revenues, returns on investment (ROI), returns on sales and returns on equity, sales growth, and profitability growth. Non-financial measures include overall performance of the firm relative to competitors, employment of additional employees, customer satisfaction, employee satisfaction, customer loyalty, brand awareness and owner's satisfaction with way the business is progressing.

Strategic Planning and Tourism Performance

Over the past decades, researchers have investigated the effects of formal strategic plans on overall performance in organizations. Many have concluded that there is no consistent association between the process leading to strategic plans and performance (Cappel, 2000). Welch, (2004) gives a view that emphasizes on strategic process rather than only on the strategy content and outcome. Steiner (2009) provides a thorough conceptualization of a strategic plan. According to Steiner, a plan is an attitude and an outcome of a process concerned with the future consequences of current decisions. He further argues that formal strategic planning links short, intermediate, and long-range plans. Strategic plans do not attempt to substitute future decisions or even forecast future events. Despite research by Steiner (2009) and others founded on the critical assumption that strategic plans are important, the debates rages on in the literature; the key question being if there is really a link between strategic plan formulation, implementation and organizational performance.

According to Godiwalla, Meinhart and Warde (2001), the existing literature is inundated with the apparent advantages of strategic plans, most notably their ability to improve the fit between the organization and its external environment. Other researchers have argued that strategic plans aid in the identification of future threats and opportunities, elicit an objective view of managerial problems, create a framework for internal communication, promote forward thinking, and encourage a favorable attitude to change (Wilson, 2009).

Langley (1998) also provided support for the benefits of strategic plans, identifying four roles of formal planning. In the public role, formal strategic plans are intended to impress or influence outsiders. The information role provides input for management decisions. The group therapy role is intended to increase organizational commitment through the involvement of people at all levels of the organization. Finally, the direction and control roles are fulfilled when plans serve to guide future decisions and activities toward some consistent ends.

According to Roach and Allen (2003), the strategic plans are the product of the best minds inside and outside the corporation. The process considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, and links, directs, and controls complex enterprises through a practical, working management system. This process plays a vital role in firm performance (Roach and Allen, 2003).

Cartwright (2007) suggests that effective strategic plans are not as rational and analytical as it has been portrayed in the literature. He contends that planning process is both a generic activity whose success determinants are partially independent of the area in which it is applied, and an area where judgment, intuition, and creativity are still important. Robinson and Pearce (2004) argues that formal strategic plans are a conceptual activity suited solely to larger firms and therefore have no effect on the performance of small firms.

Wortman (2006) reviewed a set of small business planning-performance studies in the context of a broad survey of the methodologies employed in the small business literature. He developed typologies but did not focus on the particular issue of the effect of formal strategic plans on small firm performance. However, he clearly addressed the need for continued refinement in planning-performance relationships and recommended the use of sophisticated statistical techniques for addressing such substantive research questions.

Finally, Sinha (2010) appears to have empirically established some kind of a planning-performance linkage. He examined 1087 decisions made by 129 Fortune 500 firms between 1992 and 1996. Consequently, he concluded that characteristics of the decisions accounted for 15 percent of the variance in data and therefore should be regarded as important determinants of the contribution strategic plans make to decision making. However, Sinha (2010) concedes that the quality of plans is critical to the relationship.

Implementing a strategy, according to Pearce and Robinson (2007), is the process through which a set of agreed work philosophies is translated into functional and operational targets. Kotter and Best (2006) support this position when they state that implementation addresses the who, where, when and how, and it is thus the tactic that drives the strategy of the company. According to Hussey (2000), implementation follows a five step process namely, envision, activate, install, ensure, and recognize. He further states that the implementation of strategy remains one of the most difficult areas of management. Its success depends both on the selection of an appropriate strategy and converting that strategy into action. If these aspects are deficient the strategy may either fail or be less effective than it should be, but it is often difficult to know after the event which aspect went wrong.

Kotter and Best (2006) see the real challenge in strategic planning resting with turning tactic into a strategy for the company and doing this requires effective implementation. Implementation involves activities that effectively put the plan to work. Implementation of the tactic drives the strategy of the company. Strategy implementation is likely to be successful when congruence is achieved between several elements crucial to this process. This may be grouped into two groups of structure and process elements. Structure defines the configuration of a company showing the relationships that exists between the various parts of the company. The process element includes leadership, culture, resources and other administrative procedures. The structure of the company should be compatible with the chosen strategy. If there is incongruence, adjustment will be necessary either for the structure or for the strategy itself. Chandler (2002) points out that while structure follows strategy, there is also evidence that structure influences strategy in certain situations.

Hussey (2000) explores the subject of successful strategy implementation by introducing the concept of “soft” and “hard” aspects of implementation. He argues that there are soft and hard elements which need to fit together if the strategy is to be implemented. The soft elements comprise the behavioural dimensions while the hard elements comprise the analytical dimensions to the process making and the subsequent implementation of strategy. He contends that the issue then becomes one of creating a strategic fit between the soft and hard elements and organizational variables.

To be successful, the strategic plan must have the support of every member of the firm. This is why the top office must be involved from the beginning. A company's leader is its most influential member. For effective implementation of strategy, there is need for adequate leadership in the organization. This will ensure that all the organizations effort is united and directed towards achievement of the organizations goals (Pearce and Robinson, 2007).

Positive reception and implementation of the strategic plan into daily activities greatly increases the likelihood that all dependant units will do the same. The more often employees hear about the plan, its elements, and ways to measure its success, the greater the possibility that they will undertake it as part of their daily work lives. It is especially important that employees are aware of the measurement systems and that significant achievements be rewarded and celebrated. This positive reinforcement increases support of the plan and belief in its possibilities (Bechtell and Michele, 2005).

It is important that the culture of the organization be compatible with the strategy being implemented. The chief executive can play an important role in setting company values. It is argued that organization can run into trouble when they fail to take into account the corporate culture as they make changes in their strategy. Roy (1994) argues that corporate culture is one of the important attributes characterizing the management of excellent organizations. Such organizations achieve a fit between their strategies and culture. Lack of this fit can lead to resistance that in turn may frustrate the strategy implementation effort. The strategy to be implemented should be realistic in relation to available resources. Human capital is an important resource in the organization, therefore training and development is very important for improved performance. Such training is important for enhancing ability to develop and strategy implementation. In order to enhance effective strategy implementation, there is need to have adequate administrative process and procedures in place.

Competitive Advantage and Tourism Performance

Competitiveness of a firm is its capacity to achieve its targets. These targets are likely to be expressed in a variety of terms depending on the context (Barney 2012). Within a macroeconomic perspective, a competitive firm develops and sustains a level of performance that contributes to the Gross Domestic Product (GDP), employment opportunities, and the wealth of the people. From an entrepreneurial perspective, a competitive firm needs to survive in the market and to achieve market share and profitability. The success of a competitive firm can be measured by both objective and subjective criteria. Objective criteria include return on investment, market share, profit and sales revenue, while subjective criteria include enhanced reputation with customers, suppliers, and competitors, and improve quality of delivered services (Barney 2012).

Barney (2012) discusses four approaches to measure the firm’s competitiveness. These measurements are firm's survival, stakeholder approach, simple accounting measures, and adjusted accounting measures. Feurer and Chaharbaghi (1994) measure competitiveness quantitatively by profit, ability to raise capital and cash flow in terms of liquidity status. Soliman (2008) adds cost, quality, delivery dependability, flexibility and innovation as factors formulating such a competitive position. M. Porter (1985) indicates that a firm experiences a competitive advantage when "its actions in an industry create economic value and when few competing firms are engaging in similar actions." De Wit and Meyer (1999), Buffam (2010), and Christensen (2011) indicate that a firm has a competitive advantage when it has the means to edge out rivals when competing for the favor of customers.

Barney (2012) explains that a firm experiences a competitive parity when the firm's action creates economic value applied in several other firms engaging in a similar action. An important goal of a business enterprise is to optimize shareholders returns. However, optimizing short-term profitability does not necessarily ensure optimal shareholders returns since shareholder value represents the net present value of expected future earnings. One of the techniques that reflect the shareholders return is the concept of the Balanced Scored Card (BSC) as an indicator for the firm's competitive advantage.

Whereas Porter (1980) intended to see the competitiveness of the firm as a result of its market position, resource-based theorists do claim that if firms within an industry are doing well, the reason for this is their core competencies. Core competencies are the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies as explained by Prahalad and Hamel (1990).

A study of the tourism oriented firms in the Netherlands adopted a resource-based approach to identify the source of competitive advantage in a sample of 63 tourism firms(Tilley and Tonge 2013). According to this study, "front runners" were distinguished from "back members" by the way in which they combined three sets of competencies: market, technological and organizational. Wickham (2001) also apply the resource-based theory in their analysis of competitive advantage in entrepreneurial firms.

Product Differentiation and Tourism Performance

According to Porter (1991), the major agenda of management was how to beat competitors. Even if an organization is able to satisfy its customers, then competitors might fill customers' needs better and faster at a lower price. This means that it is no longer competitive. To Porter, Corporations need to develop strategies differentiating themselves from competitors. Differentiation strategies require superior engineering and design capabilities. With development capabilities, corporations can offer distinctive products and services to customers. The efforts of many corporations are concentrated on technologically superb products, and naturally engineers lead this drive. As engineers become a driving force in developing new products, technologies and new functions are the starting points. The problem is that when functions and features are added, customers neither notice nor find value.

According to Jay (2006), there are two types of product differentiation: (i) Horizontal: Goods/services are different but at the same price some consumers will buy one and some will buy other, it really depends on their preferences. Example: Pepsi v Coca Cola; (ii) Vertical: Goods are different and all consumers would prefer one to the other if they were sold at the same price. Goods are of different qualities. Example: Pentium III v Pentium II, BMW v Fiat.

Horizontal differentiation refers to differences between brands based on different product characteristics but not on different overall quality. When products are different according to features that can't be ordered in an objective way, a horizontal differentiation emerges in the market. Horizontal differentiation can be linked to differentiation in colours (different colour version for the same good), in styles (e.g. modern / antique), in tastes. Normally in horizontal differentiation, the supplier of many versions decides a unique price for all of them. For horizontally differentiated products, informative advertising enables a consumer to find a product that best matches his or her preference. A consumer's preferences can be graphed as locations in a spatial market or city, (Hotelling, 1929).

The distance between the locations of a firm and a consumer represents the difference between a product and the consumer's preference. Therefore, an advertisement about a product's location helps the consumer find out which product is closer to one's location; (Valentino Piana, 2003).

Vertical differentiation is considered to cope with the heterogeneity of sector types. It is introduced by allowing consumers‘ preferences to depend on the type of the institution they are dealing with by considering that the relevant interest rate for customers‘ decisions is the sum of the explicit interest rate and the implicit interest rate. (Banks and Bank Systems, 2009).

Vertical product differentiation results into less competition, derived from a company's ability to differentiate its services from those of its rivals through quality, is positive because it helps to provide a more stable system. Moreover, the market power generated by investing in quality does not prevent companies from operating efficiently from a production point of view.When products are vertically differentiated (for example by quality), truthful advertising may solve the problem by signaling quality. If all customers are informed about product quality, a high quality good should command a higher price than a low quality good. If advertising is truthful and credible, higher price means higher quality (Piana, 2003).

Certain complex markets are characterized both by horizontal and vertical differentiation. For instance, apparel, garments and shoes have an amazingly rich combination of shapes, colours, materials, complementarities, seasonal and territorial specificities, and appropriateness to social events, relative distance to ideals promoted by media, stylists and the show business. The quality of the materials can often be seen as a vertical differentiation but some other elements are clearly horizontal, like shapes. In such an environment, consumers can develop fairly different styles of comparison, with some spending large amount of time getting exposed and evaluating versions, talking with others and sharing judgments, while others drastically reducing the difficulty of the comparison through repurchase of very classical items (Piana, 2003).

Cost Leadership and Tourism Performance

At the most fundamental level, firms create competitive advantage by perceiving or discovering new and better ways to compete in an industry and bringing them to market, which is ultimately an act of innovation (Maskus and Chen, 2000). Innovations shift competitive advantage when rivals either fail to perceive the new way of competing or are unwilling or unable to respond (Rae *et al*, 2006; Brekke*et al*, 2007). There can be significant advantages to early movers responding to innovations, particularly in industries with significant economies of scale or when customers are more concerned about switching suppliers. Grabowski and Vernon (2010) say that the most typical causes of innovations that shift competitive advantage are the following: new technologies, new or shifting buyer needs, the emergence of a new industry segment, shifting input costs or availability and changes in government regulations

In Porter's theory of competitive advantage, a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average (Aeserud*et al*, 2010). The fundamental basis of above average profitability in the long run is sustainable competitive advantage. There are two basic types of competitive advantage a firm can possess: low cost or differentiation (Porter, 1985). The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus (Porter, 1985).

Rae *et al* (2000) say that in cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

METHODOLOGY

Research Design

This study adopteddescriptive survey research design. In such a design, research inferences about relationships among variables are made systematically and empirically without direct control of independent variables because their manifestations have already occurred and also because they are inherently non-manipulatable (Kothari, 2004). This design used the descriptive survey method because it wassuitable for studying the effects of strategic factors on tourism performance.

Population

The population of the study consisted ofall the 34 top managers of the 34 tourist destination in Mombasa County, the 139 departmental heads (Mombasa County Government Records, 2015). This brought the total number of targeted population to 173 respondents.

Table 3.1 Target Population

Respondents	**No**
Top managers	34
Departmental heads	139
Total	**173**

Sampling Procedure and Techniques

Sampling Frame

The sample frame for the top managers constituted 50% of target population; a percentage that wasacceptable because of their relatively manageable number of 34.This brought their sample to 17 top managers. The departmental heads wascalculated according to the formula recommended by Yamane, (1967), but also used by Kathuri and Pals (2006) which is as below;

$$n = \frac{N}{1+Ne^2}$$

Where, n is size of sample

N is population of sample

e^2 is probability of error

Therefore the sample size for the departmental heads study will be:

$$n = \frac{139}{1+139(0.05)^2}$$

n = 103Departmental Heads

The total sample size was120, being a sum of top managers and departmental heads who had been selected because they clearly understood the issues of strategic factors in their respective tourist destinations and how they affect tourism performance.

Data Collection Instruments

Data wascollected using questionnaires and interview schedule.

a. Questionnaire

A structured Likert scale type questionnaire wasused.According to Kothari (2004) likert scale questionnaire is best for measuring attitudes. A structured questionnaire is preferred for collecting data. According to Mugenda and Mugenda (1999), a structured likert scale questionnaire has the advantage of obtaining standard responses to items in the questionnaire, making it possible to compare between sets of data. The questionnaire wasadministered to top managers, and departmental heads.

b. Interview schedule

An interview schedule to elicit in depth responses that wasrelevant for the study wasemployed. Cresswell (2004) says those interview schedules are important to elicit in-depth responses relevant in descriptive and case research studies. The interview schedule also works best for few respondents, even one. The interview schedule wasadministered on tourism business expert,

Data Analysis and Presentation

The researcher analysed data using descriptive analysis. The data collected wassystematically organized to facilitate analysis. The response in the questionnaire wasassigned numerical value to aid in processing. Numbers were then assigned to the close ended questionnaires. For open ended questionnaire, the researcher categorised all the responses given and assigned numbers to them.

Data wasthen converted to numerical codes representing attributes of variables. Data wasthen described quantitatively using descriptive statistics which included frequencies, means, and percentages through tables. This wasdone with the aid of a computer programme-Statistical Package for Social Sciences (SPSS) version 17 for windows. Both Pearson Correlations test of independence and Regression wasused to test the hypothesis.

Regression Model

$P = \beta_0 + \beta_1 (SP) + \beta_2 (CA) + \beta_3 (PD) + \beta_4 (CL) + e$

Where the variables are defined as:

P- Performance

SP- Strategic Planning

CA-Competitive Advantage

PD- Product Differentiation

CL- Cost Leadership

e- Error term

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

Response Rate

There were 120 respondents comprising of hotel staff. All the targeted respondents gave their responses in all questions asked and so the response rate was 100%.

Demographic Information

The study was informed by key hotel staff and managers who are critical in determining the effect of strategic factors on tourism performance in Mombasa County. Respondents were asked to give general information regarding their background.

Gender and Age Distribution of Respondents

The respondents were asked to give their gender and age distribution. The response is as seen in table 4.1.

Table 4.1 Gender of Respondents * Age of Respondents Cross tabulation

			Age of Respondents					
			18-25 years	26-35 years	36-45 years	46-55 years	Over 55 years	Total
Gender of Respondents	Male	Count	10	48	38	0	0	96
		% within Age of Respondents	100.0%	96.0%	90.5%	.0%	.0%	80.0%
		% of Total	8.3%	40.0%	31.7%	.0%	.0%	80.0%
	Female	Count	0	2	4	10	8	24
		% within Age of Respondents	.0%	4.0%	9.5%	100.0%	100.0%	20.0%
		% of Total	.0%	1.7%	3.3%	8.3%	6.7%	20.0%
Total		Count	10	50	42	10	8	120
		% within Age of Respondents	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	8.3%	41.7%	35.0%	8.3%	6.7%	100.0%

Source: Survey Data (2014)

From the table, majority of respondents at 80.0% were male while only 20.0% were female. This implies a male dominated top manager and departmental heads positions at the tourist destinations in Mombasa County. This is supported by Ghosh (2008) who argued that it's becoming rare to get female employees and CEOs or managers in tourism business because the business has been overtime male dominated. On the age of the respondents, majority at 41.7% were aged between 25-35 years followed by 35.0% between 36-45 years, 8.3% for those between 18-25 years and 46-55 years and only 6.7% over 55 years of age. This is an indication that majority of respondents were adequately exposed to issues of strategic factors , having created the impression from their ages that they were mature enough to comprehend the issues of effect of strategic factors on tourism performance.

Level of Education and Work Experience

Education is important for the acquisition of necessary skills and competencies for proper work (Cook et al, 2008). Further, the respondents had served for varied number of years at their work stations at varied positions in the company. The result is as seen in Table 4.2.

Table 4.2 Level of Education * Level of Experience Cross tabulation

			Level of Experience				
			Below 5 years	5-10 years	10-15 years	Over 15 years	Total
Level of Education	Diploma	Count	0	2	2	6	10
		% within Level of Experience	.0%	11.1%	8.3%	9.7%	8.3%
		% of Total	.0%	1.7%	1.7%	5.0%	8.3%
	Higher dip	Count	0	2	16	48	66
		% within Level of Experience	.0%	11.1%	66.7%	77.4%	55.0%
		% of Total	.0%	1.7%	13.3%	40.0%	55.0%
	Degree	Count	10	14	6	2	32
		% within Level of Experience	62.5%	77.8%	25.0%	3.2%	26.7%
		% of Total	8.3%	11.7%	5.0%	1.7%	26.7%
	Masters	Count	6	0	0	6	12

	% within Level of Experience	37.5%	.0%	.0%	9.7%	10.0%
	% of Total	5.0%	.0%	.0%	5.0%	10.0%
Total	Count	16	18	24	62	120
	% within Level of Experience	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	13.3%	15.0%	20.0%	51.7%	100.0%

Source: Survey Data (2015)

From the Table, it is evident that majority at 55.0% were Higher diploma holders, 26.7% were first degree holders, 10.0% were master's degree holders and only 8.3% were Diploma holders. This implies that there had been efforts by the respondents to further their studies. As a result the respondents who had higher diplomaand above were more knowledgeable compared to the others. More so, we can infer that the respondents had a quest to further their studies and therefore become more suitable to the changing requirements of the job market. Moreover, the fact that majority of the respondents had degree qualification and above implies that they were qualified to reliably answer questions about effect of strategic factors on tourism performance in their respective works.

On work experience, it is clear that majority at 51.7% had worked for over 15 years, followed by 20.0% who had worked for between 10-15 years, 15.0% for between 5-10 years and 13.3% for below 5 years. This implies that majority of respondents were fairly experienced. The level of experience indicated above is significant because Christensen, (2001) argues that the credibility of the information gathered in any study is informed by the many years of the respondents' service to the company. The experience proves the validity and reliability of the information obtained. Their skills, knowledge and expertise had been tested for a long period hence their perception on the matter under study had been influenced by their experience. From the table you would notice that the respondents seeking higher education was proportionate with the number of years worked, basically, implying a need to improve on education as years go by.

Tourism Performance

The study sought to find out the concept of tourism performance exercised by the managers and departmental heads. The results are as seen in table 4.3

Table 4.3Tourism Performance

	SA		A		N		D		SD		Mean	SD
	F	%	F	%	F	%	F	%	F	%		
We have a high sales growth, averagely above the 1 Million mark	30	25.0%	46	38.3%	16	13.3%	20	16.7%	8	6.7%	3.79	.84
We have a markedly high market share of averagely over 40%	10	8.3%	22	18.3%	16	13.3%	54	45.0%	18	15.0%	3.06	.95
Our profitability is high and has reached the 1 billion mark and above	24	20.0%	8	6.7%	18	15.0%	62	51.7%	8	6.7%	3.89	.85
The owners are satisfied with the performance of the business.	12	10.0%	16	13.3%	16	13.3%	60	50.0%	16	13.3%	2.06	1.1
Generally, the growth of the firm has been steady and very satisfactory in terms of return on investment and sales	16	13.3%	16	13.3%	20	16.7%	56	46.7%	12	10.0%	1.89	.93

Source: Survey Data (2015)

From table 4.3 it is evidently clear that majority at 63.3% agreed that they had a high sales growth, averagely above the 1 Million mark. Only 23.3% disagreed and 13.3% were neutral. This implies that the company had a high sales volume indicative of high business performance. Lumpkin and Dess (2006) point out that it is essential to recognize the multidimensional nature of the performance construct. Such measures could include traditional accounting measures such as sales growth, market share, and profitability and for our purposes high tourism packages to customers.

The respondents were then asked if they had a markedly high market share of averagely over 40%. On this, 60.0% disagreed, 26.7% agreed and only 13.3% were neutral. This implies that while there was a high sales volume no one enjoyed a superior market share which could then say something about their overall growth rate and performance. Further, this is an indication that tourist destination performance while getting encouraging returns were hampered because of small market share. From an entrepreneurial perspective, a competitive firm needs to survive in the market and to achieve market share and profitability. The success of a competitive firm can be measured by both objective and subjective criteria. Objective criteria include return on investment, market share, profit and sales revenue, while subjective criteria include enhanced reputation with customers, suppliers, and competitors, and improve quality of delivered services (McCabe, 2006).

When asked whether profitability was high and had reached the 1 billion mark and above, 58.3% disagreed, 26.7% agreed and 15.0% were neutral. This implies that as far as profit margins were concerned banking firms were not making high returns further showing a slip in performance for most tourism destination. Feurer and Chaharbaghi (1994) had argued that a measure of competitiveness and performance is measured quantitatively by profit, ability to raise capital and cash flow in terms of liquidity status and a firm that is not bringing in high profits compromises on its competitiveness a factor that the result here seems to indicate.

When asked if the owners were satisfied with the performance of the business, 63.3% disagreed, 23.3% agreed and 13.3% were neutral. This implies that in spite of indications of high sales, the owners still felt that something more needed to be done.

Finally, the respondents were asked if generally, the growth of the firm had been steady and very

	SA		A		N		D		SD		Mean	SD
	F	%	F	%	F	%	F	%	F	%		
Our programs, budgets and procedures are quickly translated to action	14	11.7%	12	10.0%	12	10.0%	58	48.3%	24	20.0%	2.70	1.0
Workable approaches to execute strategy is available	16	17.3%	14	11.7%	14	11.7%	66	55.0%	10	8.3%	3.05	.87
There is too much talk about strategic planning and formulation and little on implementation.	24	20.0%	56	46.7%	14	11.7%	16	13.3%	10	8.3%	2.67	.83
The quality of work done out of the strategic plan is often of top quality	20	16.7%	54	45.0%	12	10.0%	26	21.7%	8	6.7%	2.87	.94
The implementation of strategic plan at our place is so far timely and sustainable	10	8.3%	16	13.3%	20	16.7%	64	53.3%	10	8.3%	2.69	.74
Currently, the strategic plan is overall working to improve performance	8	6.7%	16	13.3%	10	8.3%	66	55.0%	20	16.7%	3.16	.81

Table 4.4 Effect of Strategic Planning on Tourism Performance

Source: Survey Data (2015)

Maximum=5 Minimum=1

satisfactory in terms of return on investment and sales. On this, 56.7% disagreed, 26.7% agreed

and 16.7% were undecided. This is an indication that despite posiive indications of sales, the managers and departmental heads felt that growth had not been steady as far as return on investment was concerned. Zahra (2009) in agreeing with this result noted that both financial and non-financial measures should be used to assess organizational performance and when this is done, even in situations where sales is significantly favorable, other indicators may slow business performance.

From the responses obtained, lack of profitability was a significant reality as it had the highest mean score of 3.89. All the above data was reliable.

Influence of Strategic Planning on Tourism Performance

The first objective sought to establish the influence of strategic planning on tourism performance. The results are clear in table 4.4

From table 4.4 it is clear that majority at 68.3% disagreed that their programs, budgets and procedures quickly translated to action. Only 21.7% disagreed and 10.0% were neutral. This is an indication that there was a lag in executing strategy at the tourist destinations which affected implementation of tasks and goals. This aspect of implementation is agreed to in literature. Implementing a strategy, according to Pearce and Robinson (2007), is the process through which a set of agreed work philosophies is translated into functional and operational targets. Kotter and Best (2006) support this position when they state that implementation addresses the who, where, when and how, and it is thus the tactic that drives the strategy of the company and ensures that programs, budgets and procedures quickly translated to action. This result shows that the ideal is not the case and may thus negatively affect tourism performance.

When asked whether workable approaches to execute strategy and getting people to accomplish their jobs in a strategy supportive manner was available, 63.3% disagreed, 25.0% agreed and 11.7% were neutral. This implies that tourism destinations did not have significant approaches to help them with effective execution of strategy and could thus hamper tourism performance. According to Hussey (2000), implementation follows a five step process namely, envision, activate, install, ensure, and recognize and all depend on a workable approach to execute. He further states that the implementation of strategy remains one of the most difficult areas of management. Its success depends both on the selection of an appropriate strategy and approach and converting that strategy into action. If these aspects are deficient the strategy may either fail or be less effective than it should be, but it is often difficult to know after the event which aspect went wrong.

When asked whether there was too much talk about strategic planning and formulation and little on implementation, 66.7% agreed, 21.7% disagreed and 11.7% were neutral. This is an indication that strategic planning endeavors were in the offing but not eventually actualized. In tandem with this result, Kotter and Best (2006) saw the real challenge in strategic planning resting with turning tactic into a strategy for the company and doing this requires effective implementation. Implementation involves activities that effectively put the plan to work. Implementation of the tactic drives the strategy of the company.

When asked if the quality of work done out of the strategic plan was often of top quality, 61.7% agreed, 28.3% disagreed and 10.0% were neutral. This suggests that the staff saw the benefits of implementing a strategic plan on the parts and sectors they had implemented and they thus needed to go full throttle to implement every facet of the strategic plan. This is in agreement with literature with Hussey (2000) exploring the subject of successful strategy implementation by introducing the concept of "soft" and "hard" aspects of implementation. He argues that there are soft and hard elements which need to fit together if the strategy is to be implemented. The soft elements comprise the behavioural dimensions while the hard elements comprise the analytical dimensions to the process making and the subsequent implementation of strategy. He contends that the issue then becomes one of creating a strategic fit between the soft and hard elements and organizational variables and once this is done the benefits would be seen instantly.

However, when asked if the implementation of strategic plan at the place was so far timely and sustainable, 61.7% disagreed, 21.7% agreed and 16.7% were neutral. This implication agrees with reviewed literature that argued that for effective implementation of strategy, there is need for adequate leadership in the organization to ensure that the implementation of strategy was timely and sustainable. This will ensure that all the organizations effort is united and directed towards achievement of the organizations goals (Pearce and Robinson, 2007). Positive reception and implementation of the strategic plan into daily activities greatly increases the likelihood that all dependant units will do the same.

Finally, the respondents were asked if currently, the strategic plan was overall working to improve performance. On this, 71.7% disagreed, 20.0% agreed and 8.3% were neutral. This gives an implication that there was a lag in executing strategy at the tourist destinations which affected implementation of tasks and goals. Cartwright (2007) suggests that effective strategic plans are not as rational and analytical as it has been portrayed in the literature. He contends that planning process is both a generic activity whose success determinants are partially independent of the area in which it is applied, and an area where judgment, intuition, and creativity are still important

From the responses obtained, the tourism destinations considered strategic plans working as an influence on tourism performance as it had the highest mean score of 3.16. All the above data was reliable as most of the respondents indicated that strategic planning helped to manage organizational operations.

Influence of Competitive Advantage on Tourism Performance

One factor that has been found to influence the performance of tourism destinations is the competitive edge. To find out if it was also true for the tourism sector in Mombasa, this study's second objective sought to determine the influence of competitive advantage on tourism performance. The result is as seen in table 4.5.

Table 4.5 Effect of Competitive Advantage on Tourism Performance

	SA		A		N		D		SD		Mean	SD
	F	%	F	%	F	%	F	%	F	%		
My tourist workplace is highly Competitive	18	15.0%	32	26.7%	6	5.0%	38	31.7%	26	21.7%	3.18	.81
My tourist workplace has the required resources to effectively compete in the market	16	13.3%	24	20.0%	6	5.0%	62	51.7%	12	10.0%	3.28	.82
My tourist workplace has a high market share in Mombasa due to our high competitive advantage	24	20.0%	48	40.0%	8	6.7%	24	20.0%	16	13.3%	2.67	.87
We have strategies to help us maintain high competitive advantage	12	10.0%	66	55.0%	4	3.3%	28	23.3%	10	8.3%	2.65	.93
The level of Competitive advantage is high	16	13.3%	72	60.0%	6	5.0%	16	13.3%	10	8.3%	2.60	.84

Source: Survey Data (2015) Maximum=5 Minimum=1

From table 4.5, it is clear that majority at 53.3% agreed with the assertion that the respondents' tourist workplace was highly Competitive. Only 41.7% agreed and 5.0% were undecided. This implies that there was competitiveness in the tourism sector which could help improve tourism performance. Competitiveness of a firm is its capacity to achieve its targets. These targets are likely to be expressed in a variety of terms depending on the context (Barney 2002). Therefore, tourism sectors' competitiveness in this regard is expected considering the need to meet targets.

However, when asked whether the tourist workplace had the required resources to effectively compete in the market, 61.7% disagreed, 33.3% agreed and 5.0% were neutral. This implies that majority of tourism destinations while being highly competitive lacked the resources to further the effective competitiveness in future and did not employ the resource based view of the firm to compete effectively. A study of the tourism oriented firms in the Netherlands adopted a resource-based approach to identify the source of competitive advantage in a sample of 63 tourism firms (Tilley and Tonge 2013). According to this study, "front runners" were distinguished from "back members" by the way in which they successfully combined three sets of competencies: market, technological and organizational. Wickham (2001) also apply the resource-based theory in their analysis of competitive advantage in entrepreneurial firms and finds that it works to improve performance.

The respondents were then asked if the tourist workplace had a high market share in Mombasa due to the high competitive advantage. On this, 60.0% of respondents agreed, 33.3% disagreed and 6.7% were undecided. This is a positive indication that competitiveness was driving the improvement of market share. From an entrepreneurial perspective, a competitive firm needs to survive in the market and to achieve market share and profitability. The success of a competitive firm can be measured by both objective and subjective criteria. Objective criteria include return on investment, market share, profit and sales revenue, while subjective criteria include enhanced reputation with customers, suppliers, and competitors, and improve quality of delivered services (McCabe, 2006).

The respondents were asked if they had strategies to help them maintain high competitive advantage. The result shows that 65.0% agreed, 31.7% disagreed and 3.3% were neutral. This implies that firms have a deep need to remain competitive in a highly cutthroat market and that strategic implementation has become a strategic option for the tourism destinations to remain or introduce competitive advantage for higher business performance. Such an option, it has been seen, cannot be effectively used if firms maintain their incompetent employees and as a result, strategy to improve can offer such a competence.

When the respondents were finally asked if the level of Competitive advantage was high, 73.3% agreed, 21.7% disagreed and only 5.0% were neutral. This implies again that there was competitiveness in the tourism sector which could help improve tourism performance. Competitiveness of a firm is its capacity to achieve its targets. These targets are likely to be expressed in a variety of terms depending on the context (Barney 2002). From the responses obtained, the need for a resource based view of the firm was important and significant as it had the highest mean score of 3.28. All the above data was also reliable.

Influence of Product Differentiation on Tourism Performance

The third objective of the study sought to determine the influence of product differentiation on tourism performance. The result is as seen in table 4.6.

Table 4.6 Effect of Product Differentiation on Tourism Performance

	SA		A		N		D		SD		Mean	SD
	F	%	F	%	F	%	F	%	F	%		
At our tourist destination Goods/services are different but at the same price with some consumers buying one and some another, depending on their preferences	20	16.7%	62	51.7%	10	8.3%	24	20.0%	4	3.3%	2.42	.61
Goods are of different qualities with consumers preferring one to the other if they were sold at the same price	12	10.0%	62	51.7%	10	8.3%	28	23.3%	8	6.7%	2.65	1.0
Our tourist destination has done some branding for our product and advertises it monthly in print and electronic media	20	16.7%	54	45.0%	14	11.7%	26	21.7%	6	5.0%	2.53	.94
Our tourist destination has improved on product quality which has improved the preference by consumers	22	18.3%	58	48.3%	12	10.0%	16	13.3%	12	10.0%	2.40	.85
Product differentiation has helped improve performance	12	10.0%	58	48.3%	14	11.7%	26	21.7%	10	8.3%	2.62	1.1

Source: Survey Data (2015)

Maximum=5 Minimum=1

From the table, majority at 68.3% agreed that a at their tourist destination Goods/services were different but at the same price with some consumers buying one and some another, depending on their preferences, 31.7% disagreed and 5.0% were neutral. This implies that the tourism management was engaged in a horizontal differentiation. Horizontal differentiation refers to differences between brands based on different product characteristics but not on different overall quality. When products are different according to features that can't be ordered in an objective way, a horizontal differentiation emerges in the market. Horizontal differentiation can be linked to differentiation in colours (different colour version for the same good), in styles (e.g. modern / antique), in tastes.

The respondents were asked if goods were of different qualities with consumers preferring one to the other if they were sold at the same price. On this 61.7% agreed, 30.0% disagreed and 8.3% were undecided. This is an indication that the tourism management was engaged in a vertical differentiation. Vertical differentiation is considered to cope with the heterogeneity of sector types. It is introduced by allowing consumers‘ preferences to depend on the type of the institution they are dealing with by considering that the relevant interest rate for customers‘ decisions is the sum of the explicit interest rate and the implicit interest rate. (Banks and Bank Systems, 2009). Vertical product differentiation results into less competition, derived from a company's ability to differentiate its services from those of its rivals through quality, is positive because it helps to provide a more stable system

When asked if in the same vein, the tourist destination had done some branding for their product and advertised it occasionally in print and electronic media, 61.7% agreed, 11.7% were neutral and 26.7% disagreed. This is an indication that there was a way to brand and advertise to put the product to the potential customers. To Porter (1991), companies need to develop strategies differentiating themselves from competitors. Differentiation strategies require superior engineering and design capabilities. With development capabilities, corporations can offer distinctive products and services to customers and they can do this through branding and advertising.

When the respondents were asked if tourist destination had improved on product quality which had improved the preference by consumers, 66.7% agreed, 23.3% were undecided and 10.0% were neutral. This is an indication that the tourism destinations were keen on ensuring that their products met the requirements of the market and were preferred by customers due to their superior quality. This is a positive element in product differentiation in a bid to improve the overall performance of an organization.

The respondents were asked if the product differentiation had helped improve performance, 58.3% agreed, 31.7% disagreed and 8.3% were undecided. This is an indication that product differentiation had been helpful and beneficial to tourist destination and had improved performance. And as earlier noted, Porter (1991), companies need to develop strategies differentiating themselves from competitors. Differentiation strategies require superior engineering and design capabilities. With development capabilities, corporations can offer distinctive products and services to customers and they can do this through branding and advertising.

From the responses obtained vertical differentiation was a significant factor as an influence on tourism performance as it had the highest mean score of 2.65. All the above data was reliable.

Influence of Cost Leadership on Tourism Performance

The fourth objective sought to establish the influence of cost leadership on tourism performance. The result is as seen in table 4.7

Table 4.7 Effect of Cost Leadership on Tourism Performance

	SA		A		N		D		SD		Mean	SD
	F	%	F	%	F	%	F	%	F	%		
My tourist workplace is the low cost producer in its industry	14	11.7%	22	18.3%	12	10.0%	54	45.0%	24	20.0%	2.72	.63
Because of the effective resources we have we are able to be a low cost destination	16	13.3%	36	30.0%	14	11.7%	50	41.7%	12	10.0%	2.67	.59
As a low cost producer we have found and exploited all sources of cost advantage	12	10.0%	30	25.0%	14	11.7%	52	43.3%	18	15.0%	3.01	.84
So far we have managed to achieve and sustain overall cost leadership	16	13.3%	26	21.7%	12	10.0%	46	38.3%	26	21.7%	2.80	.64
Cost leadership has therefore improved our performance	12	10.0%	20	16.7%	10	8.3%	52	43.3%	28	23.3%	2.92	.83

Source: Survey Data (2015)

Maximum=5 Minimum=1

From the table, it is clear that majority at 63.3% disagreed that their tourist workplace was the low cost producer in its industry. Only 31.7% were not sure and 5.0% were undecided. This is an indication that the tourist destination did not employ cost leadership strategy that seeks to be a low cost producer in the industry and that many of the destinations were mostly high end businesses..

When asked if therefore, because of the effective resources they were able to be a low cost destination, majority at 51.7% disagreed, 43.3% agreed and only 5.0% were neutral. This is an indication that a significant number of the tourist destinations were not low cost producers. Rae *et al* (2000) say that in cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

The respondents were asked if as a low cost producer they had found and exploited all sources of cost advantage. On this, 58.3% disagreed, 35.0% agreed and only 6.7% were neutral. This implies a long standing opinion in tourist business that they were often expensive. In Porter’s theory of competitive advantage, a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average (Aeserud*et al*, 2010). There are two basic types of competitive advantage a firm can possess: low cost or differentiation

When asked whether So far they had managed to achieve and sustain overall cost leadership, 60.0% disagreed, 35.0% agreed and 6.7% were neutral. This again implies a long standing opinion in tourist business that they were often expensive. When asked if finally, cost leadership had therefore improved their performance 66.7% disagreed, 26.7% disagreed and 6.7% were neutral. This is an indication that the tourist destination did not employ cost leadership strategy that seeks to be a low cost producer in the industry and that many of the destinations were mostly high end businesses. This is in agreement with literature that argues that more recently the main drivers for business performance appear to be shifting from cost leadership to strategic issues (Elmuti and Kathawala, 2000). All the above data was reliable.

Correlation Analysis

As part of the analysis, Pearson's Correlation and the depended variables. The result is seen in table4.8

Table 4.8 Correlation Analysis

		Performance	Product Differentiation	Strategic Planning	Cost leadership	Competitive Advantage
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	120				
Product Differentiation	Pearson Correlation	.655**	1			
	Sig. (2-tailed)	.000				
	N	120	120			
Strategic Planning	Pearson Correlation	.635**	433**	1		
	Sig. (2-tailed)	.000	.000			
	N	120	120	120		
Cost leadership	Pearson Correlation	.578	.410**	.127**	1	
	Sig. (2-tailed)	.000	.000	.002		
	N	120	120	120	120	
Competitive Advantage	Pearson Correlation	.712**	.205**	.038	.557**	1
	Sig. (2-tailed)	.000	.005	.000	.000	
	N	120	120	120	120	120

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

Analysis was done on the Independent Variables

Source: Survey Data (2015)

Pearson correlation analysis was conducted to examine the relationship between the variables. The measures were constructed using summated scales from both the independent and dependent variables. As cited in Wong and Hiew (2005) the correlation coefficient value (*r*) range from 0.10

to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. However, according to Field (2005), correlation coefficient should not go beyond 0.8, to avoid multicollinearity. Since the highest correlation coefficient is 0.712 which is less than 0.8, there is no multicollinearity problem in this research (Table 4.7).

All the independent variables had a positive correlation with the dependent variable with competitive advantage having the highest correlation of (r=0.712, p< 0.01) followed by product diffentiation with a correlation of (r=0.655 p< 0.01) and then strategic planning with a correlation of (r=0.635 p< 0.01), cost leadership had the least correlation of(r= 0.578 p< 0.01). This indicates that all the variables are statistically significant at the 99% confidence interval level 2-tailed. This shows that all the variables under consideration have a positive relationship with the dependent variable.

Regression Analysis

Since the measures that are used to assess the primary constructs in the model are quantitative scales, regression analysis can be used to achieve this end. Regression analyses are a set of techniques that can enable us to assess the ability of an independent variable(s) to predict the dependent variable(s). As part of the analysis, Regression Analysis was done. The results is as seen on Table 4.9, 4.10 1nd 4.

Table 4.9 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882[a]	.848	.841	.196

a. Predictors: (Constant), strategic planning, competitive advantage, product differentiation, cost leadership

b. Dependent Variable: performance

From table 4.9 it is clear thatthe R value was .882 showing a positive direction of R is the correlation between the observed and predicted values of the dependent variable. The values of R range from -1 to 1 (Wong and Hiew, 2005). The sign of R indicates the direction of the relationship (positive or negative). The absolute value of R indicates the strength, with larger absolute values indicating stronger relationships. Thus the R value at .882 shows a stronger relationship between observed and predicted values in a positive direction. The coefficient of determination R^2 value was 0.841. This shows that 84.1 per cent of the variance in dependent variable (tourism performance) was explained and predicted by independent variables (strategic planning, competitive advantage, product differentiation, cost leadership)

Table 4.10 ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	242.743	3	47.046	114.491	.000[a]
	Residual	12.888	237	.684		
	Total	255.630	240			

a. Predictors: (Constant), strategic planning, competitive advantage, product differentiation, cost leadership

b. Dependent Variable: performance

The F-statistics produced (F = 114.491.) was significant at 5 per cent level (Sig. F< 0.05), thus confirming the fitness of the model and therefore, there is statistically significant relationship between strategic planning, competitive advantage, product differentiation, cost leadership, and tourism performance.

Table 4.11 Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.

		B	Std. Error	Beta		
1	(Constant)	2.767	.361	.287	7.668	.000
	Strategic planning	.385	.078	.393	5.968	.000
	Competitive advantage	.168	.065	.193	2.593	.004
	Product differentiation	.284	.065	.324	4.383	.000
	Cost leadership	.329	.064	.352	5.129	.000

a. Dependent Variable: Organizational performance

The t-value of constant produced (t = 7.668) was significant at .000 per cent level (Sig. F< 0.05), thus confirming the fitness of the model. Therefore, there is statistically significant relationship between strategic planning, competitive advantage, product differentiation, cost leadership and tourism performance.

From: Regression Model

$y_{od} = \alpha + \beta_1 (SP) + \beta_2 (CA) + \beta_3 (PD) + \beta_4 (CL) + e$

Thus;

$y_{od} = 2.767 + 0.393 (SP) + 0.193 (CA) + .324 (PD) + 0.352 (CL)$

This implies that all the variables were significant and thus:

H_{01}: Strategic planninghas no significant effect on tourism performance in Mombasa County; H_{02}: Competitive advantagehas no significant effect on tourism performance in Mombasa County; H_{03}: Product differentiation has no significant effect on tourism performance in Mombasa County; H_{04}: Cost leadershiphas no significant effect on tourism performance in Mombasa County; are all rejected.

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Summary of Findings

Based on the first objective on strategic planning, on this strategic planning had a correlation of ($r=0.635$ $p< 0.01$) and regression results of ($\beta=.393$, $t=5.968$, $p<0.000$). This is an indication that strategic planning was a major influence on the tourism performance

The second objectiveon competitive advantage has a correlation of ($r=0.712$, $p< 0.01$) and regression results of ($\beta=.193$, $t=2.593$, $p<0.004$). This is an indication that competitive advantage was a major influence on the tourism performance. This also implies that competitive advantage as an element in strategy influenced tourism performance.

The third objective on product differentiation had a correlation of ($r=0.655$ $p< 0.01$) and regression results of ($\beta=.324$, $t=4.383$, $p<0.000$). This is an indication that product differentiation was a major influence on tourism performance. The fourthobjective on cost leadership had the least correlation of($r= 0.578$ $p< 0.01$) and regression results of ($\beta=.352$, $t=5.129$, $p<0.000$). This is an indication that cost leadership was a major influence on tourism performance.

Conclusion of the study

Based on the objectives and findings of the study, the following are the conclusions

Based on the first objective, the tourism destinations' programs, budgets and procedures were not quickly translated to action. Also workable approaches to execute strategy and getting people to accomplish their jobs in a strategy supportive manner was unavailable. Further, there was too much talk about strategic planning and formulation and little on implementation. However, the quality of work done out of the strategic plan was often of top quality and yet the implementation of strategic plan at the place was not so far timely and sustainable. Finally, currently, the strategic plan was not overall working to improve performance.

It can therefore be concluded that lack of effective strategic planning had a significantly negative influence on tourism performance in Mombasa County.

Based on the second objective, the tourist workplace was highly competitive. However, the tourist workplace did not have the required resources to effectively compete in the market. The tourist workplace did not also have a high market share in Mombasa due to the high competitive advantage. They however had strategies to help them maintain high competitive advantage. The level of Competitive advantage was high. It can therefore be concluded that lack of effective competitive advantage strategies had a significantly negative influence on tourism performance in Mombasa County.

Based on the third objective, the tourist destination Goods/services were different but at the same price with some consumers buying one and some another, depending on their preferences and they also had goods of different qualities with consumers preferring one to the other if they were sold at the same price. In the same vein, the tourist destination had done some branding for their product and advertised it occasionally in print and electronic media. Moreover, the tourist destination had improved on product quality which had improved the preference by consumers, and clearly the product differentiation had helped improve performance. It can therefore be concluded that the presence and use of effective product differentiation had a significantly positive influence on tourism performance in Mombasa County.

Based on the fourth objective, the tourist workplace was not the low cost producer in its industry and they because of the ineffective resources they were not able to be a low cost destination. They had not also exploited all sources of cost advantage and so far they had not managed to achieve and sustain overall cost leadership. Finally, cost leadership had therefore not improved their performance. It can therefore be concluded that there was no cost leadership strategy at the tourist destinations which had a significantly negative influence on tourism performance in Mombasa County.

Recommendations of the study

Based on the objectives and conclusions this study recommends;

The tourist destinations' management should draw a comprehensive strategic plan with which they can chart their success path that will help them improve on their performance.

The tourist destinations' management should employ the resource based view of the firm strategy in order to effectively harness their resources to compete in a cutthroat market.

The tourist destinations' management should continue to differentiate their products to make them more attractive, top quality and most preferred by customers.

The tourist destinations' management should employ cost leadership strategies by being a low cost destination to tap into the domestic tourism market which would inevitably improve their tourism performance.

Suggestions for further research

This study proposes that further research be done in the following area:

1. Human resource factors influencing tourism performance.
2. Human Resources are critical for the success of any organization and a deeper study into how to effectively consider this function is necessary as it has not been an area of concentration in past studies, especially in the tourism industry in Kenya.

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