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Effects of dynamic capabilities on performance of travel firms in Nairobi County.

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EFFECTS OF DYNAMIC CAPABILITIES ON PERFORMANCE OF TRAVEL FIRMS IN NAIROBI COUNTY

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DECLARATION

I declare that this Research Project has not been submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the Research Project contains no material previously published or written by another person except where due reference is made in the Project itself.

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ABSTRACT

Over the recent past, the global business environment has been marked by intense competition and dynamism, with businesses being compelled to adapt and realign their resources as well as capabilities in order to attain superior performance. In Kenya, the travel industry within the tourism sector has been subject to instability, rapid technological shifts and changing consumer preferences. Consequently, in spite of heavy investment in marketing capabilities, travel firms have continued to face dismal performance. It was therefore important for the travel firms to develop and maximize on dynamic capabilities so as to attain superior performance in the wake of such environmental dynamism. This study examined the effects of dynamic capabilities on the performance of small and medium-sized travel firms in Nairobi County, with the moderating effects of firm characteristics. The study was anchored on the Resource-Based View and the Dynamic Capabilities Approach. This study utilized judgement sampling where primary data was collected through self-administered questionnaires. The research population consisted of 350 tour operators and travel agents, from which a sample size of 129 was under study. The research response rate was approximately 56%, which accounted for 72 out the 129 travel firms in the sample space. Descriptive data was presented using bar graphs and pie charts. Data analysis was done through Spearman's rho correlation analysis and multiple regression analysis. The research established that there was a significant positive relationship between dynamic capabilities, namely innovation capabilities, learning capabilities and resource reconfiguration capabilities, and the performance of small and medium-sized travel firms in Nairobi County. The moderating variable of firm characteristics (firm age and firm size) had significant effect on the relationship between dynamic capabilities and firm performance, and therefore moderated the relationship.

TABLE OF CONTENTS

DECLARATION..... I
ABSTRACT..... II
LIST OF TABLES VII
LIST OF FIGURES VIII
ABBREVIATIONS VIII
ACKNOWLEDGEMENTS IX
DEDICATION..... X
CHAPTER ONE 1
INTRODUCTION..... 1
1.1. Background of the Study 1
1.1.1. Dynamic Capabilities and Firm Performance 2
1.1.2. The Travel Industry in Kenya 3
1.2. Problem Statement 4
1.3. Research Objectives 5
1.4. Research Questions..... 6
1.5. Scope of the Study..... 6
1.6. Significance of the Study..... 6
CHAPTER TWO 8
LITERATURE REVIEW..... 8
2.1. Introduction 8
2.2. Theoretical Background 8
2.2.1.The Resource-Based View (RBV) of the Firm 8
2.2.2. Dynamic Capabilities Theory 10
2.3. Empirical Review 11
2.3.1. Dynamic Capabilities of the Firm 11
2.3.1.1. Innovation Capabilities 12
2.3.1.2. Learning Capabilities 13
2.3.1.3. Resource Reconfiguration Capabilities 14
2.3.2. Firm Performance 15
2.3.3. Innovation Capabilities and Firm Performance 17

2.3.4. Learning Capabilities and Firm Performance 17
2.3.5. Resource Reconfiguration Capabilities and Firm Performance 19
2.3.6. The Moderating Influence of Firm Characteristics 19
2.4. Research Gap 20
2.5. Conceptual Framework 22
2.6. Chapter Summary 22
CHAPTER THREE 23
RESEARCH METHODOLOGY 23
3.1. Introduction 23
3.2. Research Philosophy 23
3.3. Research Design 24
3.4. Population 24
3.5. Sampling 25
3.6. Data Collection 26
3.7. Data Analysis 26
3.7.1. Operationalization of Study Variables 27
3.7.1.1. Measurement of Variables 27
3.7.2. Descriptive Analysis 30
3.7.3. Correlation Analysis 30
3.8. Research Quality 31
3.8.1. Pilot Testing 31
3.8.2. Reliability and Validity 31
3.9. Ethical Considerations 32
3.10. Chapter Summary 32
CHAPTER FOUR 33
DATA ANALYSIS AND RESULTS 33
4.1. Introduction 33
4.2. Rate of Response 33
4.3. Profile of Respondents 33
4.4. Firm Profile 35
4.5. Level of Dynamic Capabilities among Travel Firms in Nairobi County 36

4.5.1. Innovation Capabilities Descriptive Statistics 37
4.5.2. Learning Capabilities Descriptive Statistics 39
4.5.3. Resource Reconfiguration Capabilities 40
4.6. Effects of Dynamic Capabilities on Performance of Travel Firms 41
4.6.1. Spearman's Rho Correlation Analysis 42
4.6.2. Multiple Regression Analysis 44
4.6.3. Summary of Results 49
4.7. Chapter Summary 49
CHAPTER FIVE 50
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS 50
5.1. Introduction 50
5.2. Discussion of Findings 50
5.2.1. Level of Dynamic Capabilities 51
5.2.2. Effects of Innovation Capabilities on Firm Performance 51
5.2.3. Effects of Learning Capabilities on Firm Performance 52
5.2.4. Effects of Resource Reconfiguration Capabilities on Firm Performance 53
5.2.5. Moderating Effects of Firm Characteristics on the Relationship between Dynamic Capabilities and Firm Performance 53
5.3. Conclusion 53
5.4. Recommendations 53
5.5. Research Limitations 54
5.6. Suggestions for Future Study 54
REFERENCES.....55
APPENDICES.....70
APPENDIX I: LETTER OF INTRODUCTION 70
APPENDIX II: QUESTIONNAIRE 71
APPENDIX III: ETHICAL CLEARANCE RELEASE LETTER……..…… 75
APPENDIX IV: TOUR OPERATORS AND TRAVEL AGENTS IN NAIROBI COUNTY..76

LIST OF TABLES

Table 3.1: Operationalization of Study Variables..... 27
Table 3.2. Reliability Statistics …… 32
Table 4.1: Profile of Respondents ……..……..35
Table 4.2: Firm Profile ……37
Table 4.3: Innovation Capabilities Descriptive Statistics ……..……..38
Table 4.4: Learning Capabilities Descriptive Statistics …...……..…….. 39
Table 4.5: Resource Reconfiguration Capabilities Descriptive Statistics ..……. 41
Table 4.6: Mean Score and Standard Deviation Summary …….…..…….…….. 42
Table 4.7: Spearman's Rho Correlation Analysis ……..…….. 43
Table 4.8: Summarized Correlation Analysis …….. 44
Table 4.9: Dynamic Capabilities and Firm Performance Regression Results…….. 45
Table 4.10: Summary of Results (Without Moderating Variable) …….……. 49
Table 4.11: Summary of Results (With Moderating Variable).…… 50

LIST OF FIGURES

Figure 2.1: Conceptual Framework 22
Figure 4.1: Gender of Respondents 35
Figure 4.2: Years of Work with the Firm 36
Figure 4.3: Role in Firm..... 36

ABBREVIATIONS

CEO	Chief Executive Officer
DC	Dynamic Capabilities
EPS	Earnings per Share
FA	Firm Age
FS	Firm Size
IC	Innovation Capabilities
ICT	Information and Communication Technology
KATA	Kenya Association of Travel Agents
KATO	Kenya Association of Tour Operators
KNBS	Kenya National Bureau of Statistics
LC	Learning Capabilities
MSEA	Micro & Small Enterprises Authority
MSEs	Micro and Small Enterprises
RBV	Resource-Based View
RRC	Resource Reconfiguration Capabilities
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
WTTC	World Travel and Tourism Council

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DEDICATION

This project is dedicated to my late father Gideon M. Kufwafwa and my mother Beatrice N. Kufwafwa, for always encouraging me to pursue greater heights in education, and to achieve excellence in whatever I do. To my two brothers Sydney and Bayern, indeed with God, all things are possible.

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The dynamic capabilities approach has attracted substantial research not only within its original domain of strategic management, but also in business administration and risk management (Bleady, Ali, & Ibrahim, 2018; Ferreira, Coelho, & Moutinho, 2020; Zahra, Petricevic, & Luo, 2022). Over the past three decades, scholars' thoughts on the approach appear fragmented particularly in terms of the environmental context within which firms implement the dynamic capabilities (Kurtmollaiev, 2017; Wu, Yan, & Umair, 2023). While some scholars view dynamic capabilities as significantly applicable to firms within highly-dynamic external environments (Osisioma, Nzewi, & Mgbemena, 2016; Minh, 2020), other scholars contend that the approach is useful to firms in both moderately dynamic and stable external environments (Helfat & Winter, 2011; Rugami & Aosa, 2013; Coreynen, Matthyssens, Vanderstraeten, & Witteloostuijn, 2020).

The categorization of dynamic capabilities is also multidimensional, with lack of consensus among scholars over the actual set of elements that comprise the capabilities (Wójcik, 2015; Bleady, Ali, & Ibrahim, 2018). However, literature points to three dimensions of dynamic capabilities that can significantly contribute to a firm's performance: innovation capabilities, learning capabilities and resource reconfiguration capabilities (Tiantian, Yezhuang, & Qianqian, 2014; Breznik & Lahovnik, 2016; Mendoza-Silva, 2021). Innovation capabilities are essential in ensuring value creation and competitive advantage, eventually contributing to firm performance (Minh, 2020; Wetering, Hendrickx, Brinkkemper, & Kurnia, 2021). Learning capabilities result from accumulation of knowledge and experience within a firm's operating environment, such as through collaborations and partnerships (Teece, 2013; Hermawati, 2020). In a bid to effectively respond to environmental changes, firms also tend to re-align and transform their assets or resources, through resource re-configuration capabilities (Minh, 2020).

Firm performance is a non-standardized, multifaceted concept. Some scholars classify firm performance based on financial metrics like Return on Equity (ROE), Return on Assets (ROA) and Earnings Per Share (EPS) (Junarsin, 2011; Kiiru, 2015; Kihara, Ngugi, & Ogollah, 2016; Brahma, Nwafor, & Boateng, 2021). Others focus on non-financial indicators like quality of product or service, customer satisfaction and loyalty (Ahmad & Zabri, 2016; Musyimi, 2016;

Khairawati, 2020). Still another group of scholars advocate for its categorization along both financial and non-financial dimensions, with emphasis placed on costs, profitability, social and environmental performance (Aral & Weill, 2007; Santos & Brito, 2012; Nguyen, Ntim, & Malagila, 2020).

1.1.1. Dynamic Capabilities and Firm Performance

Scholars depict mixed thoughts on the effects of dynamic capabilities on firm performance. Some researchers posit that dynamic capabilities affect firm performance positively (Kitenga & Kuria, 2014; Kisingâ & Mwajambia, 2022). Others argue that the direct effects of dynamic capabilities on firm performance are insignificant (Zott, 2003; Protogerou, Caloghirou, & Lioukas, 2012), and that dynamic capabilities do not automatically lead to superior firm performance (Ambrosini & Bowman, 2009). Helfat et al. (2007) also contend that the deployment of dynamic capabilities does not necessarily yield competitive advantage and could result in negative firm performance.

The research contexts of previous studies done for both innovation and learning capabilities greatly differ, hence yielding vast results, and these include studies done among large manufacturing firms (Kihara, Ngugi, & Ogollah, 2016), humanitarian organizations (Onyango, 2016), government institutions (Soi, 2013) and commercial banks (Mengich, 2015). With regard to resource reconfiguration capabilities, a number of the studies are fragmented along diverse firm assets as sources of dynamic capabilities, and their effects of firm performance are also varied. While some scholars established positive relationship between firm resources and firm performance (Black and Carnes, 2000; Cole 2012; Maduenyi, Oke, Fadeyi and Ajagbe, 2015), others found weak relationship between such firm resources and firm performance (Gul, 2014). In addition, in Kenya, studies have focused on the influence of resource reconfiguration capabilities on the competitive advantage of firms, rather than performance (like Mutunga, Minja and Gachanja, 2014; Kiiru, 2015).

Additionally, scholars have in the past looked into the moderating effects of firm characteristics on the relationship between dynamic capabilities and firm performance. The effects of firm characteristics like age and size on the relationship between dynamic capabilities and firm performance are contentious, and vary across environmental settings (Ilaboya & Ohiokha, 2016). Hence, this study sought to fill in this gap by incorporating firm characteristics (firm size and age) in the relationship between dynamic capabilities and firm performance.

1.1.2. The Travel Industry in Kenya

In Kenya, tourism has been recognized as a key source of foreign exchange and is ranked as the third largest sector in contribution to the country's GDP, contributing approximately 10% (KNBS, 2016). With tourism earnings averaging to USD 1 billion per year, the sector's contribution to Kenya's total GDP is expected to grow at the rate of 5.8% per annum, to reach 10.1% by the year 2026 (Kenya Tourism Board, 2016). Tourism is also a leading employer in the country, accounting for 9.3% of the total employment in Kenya, a figure that is 0.3% higher than the global statistics (Kenya Tourism Board, 2016). In 2015, Kenya attracted KES 83.6 billion worth of tourism investments, which is forecast to rise by 5.2% annually to KES 146.8 billion in 2026 (WTTC, 2016).

Despite the key contributions of tourism to the country, the sector has recorded declining performance in the past three years, with efforts by various Government stakeholders to revive it (Deloitte, 2023). However, the Ministry of Tourism, Wildlife and Heritage highlighted that the tourism sector was already on a path to economic recovery, with plans to further increase earnings and to promote SMEs within the sector. For instance, the international tourist arrivals in 2022 were 1,483,752 as compared to 870,465 in 2021 (Ministry of Tourism, Wildlife and Heritage, 2022). The Kenya National Bureau of Statistics (KNBS) further affirmed that tourist arrivals in 2023 increased to 2,087,000 (KNBS, 2023), which further boosted the tourism sector by providing revenue for the tour and travel firms.

The tourism sector in Kenya mainly comprises of travel firms in the form of tour operators and travel agents, who act as intermediaries between tourists and tourism service providers in their holiday destinations (Maru & Kieti, 2013). Tour operators are generally regarded as wholesalers who provide one-stop travel products, such as holiday packages (Mwarania, 2012; Maru & Kieti, 2013). Travel agents are considered as retailers who sell packages from tour operators and offer services ranging from reservation of flights to guided tours and booking of accommodation (Achieng, 2016). Therefore, in this study, the travel industry refers to tour operators and travel agents. Geographical statistics indicate that Nairobi (the context of this study) hosts 359 out of the 420 registered tour operators, and 87 out of the 110 registered travel agents in Kenya (KATO, 2015; KATA, 2016).

In the recent past, travel firms in Kenya have been prone to the dynamic and unpredictable tourism environment (Oduori, 2016). As such, socio-cultural, economic and political changes often find the travel firms unprepared in terms of proactive capabilities, leading to their poor performance (Kamau, 2008). Tourism earnings in Kenya dropped by about 3% between 2014 and 2015, especially due to security concerns and negative travel advisories from some countries; an aspect that was reflected in the negative performance of travel firms (KNBS, 2016). In addition, the prominence accorded to the tourism sector by the Economic Pillar of Kenya's Vision 2030 has attracted both large and small travel firms (Kenya Vision 2030, 2016), resulting in cutting-edge competition and reduced profit margins among the firms; hence, negatively impacting their performance.

1.2. Problem Statement

Travel firms in Kenya operate within the dynamic and unpredictable tourism sector (Oduori, 2016). These firms have been affected by turbulence and instability in the sector, an aspect that has impacted negatively on their performance (Diriye, 2015). Poor performance and eventual failure of the travel firms has the potential to negatively impact the travel industry and tourism. The Government of Kenya is particularly concerned about the travel and tourism industry as it seeks to boost the country's economy and achieve Vision 2030 (Kenya Vision 2030, 2016). Consequently, because tourism is a key income earner in Kenya, the country's economy risks declining from the expected growth of 5.2% in the next decade (WTTC, 2016).

The past two decades have ushered in rapid technological advancement and changing consumer preferences with regard to travel (Wanjau, Macharia, & Ayodo, 2012). These have compelled travel firms to invest in technological innovation capabilities through the use of electronic commerce (Kiprutto, Kigio, & Riungu, 2011). However, internet services like e-ticketing have caused a reduction in the commissions that tour operators and travel agencies would otherwise receive from customer bookings (Kamau, 2008). The market shares for travel firms have equally been reduced, as customers can make and pay for their own bookings online (Wanjau, Macharia, & Ayodo, 2012). Travel firms have also paid significant attention to their marketing capabilities in a bid to win more customers (Achieng, 2016), an aspect that has resulted in the neglect of other capabilities that are instrumental in their performance. Thus, as part of dynamic capabilities, it is necessary for the firms to enhance their learning and innovative capabilities as well as to reconfigure their resources accordingly so as to attain superior performance.

Although the dynamic capabilities approach has been widely studied over the past three decades, there is no consensus among scholars on the nature of environment in which firms are more likely to achieve superior performance when they deploy the capabilities (Barreto, 2010). Previous studies have focused on diverse capabilities that firms can deploy in order to achieve superior performance. For instance, Muthee and Ngugi (2014) and Musyimi (2016) have researched on marketing capabilities and their influence on firm performance; whereas Onyango, Wanjere, Egessa and Masinde (2015) studied the effect of organizational capabilities on organizational performance. While there exist studies related to dynamic capabilities, focus has been mainly on how firms can attain competitive advantage through the capabilities (like Ngeene, 2013; Kiiru, 2015; Cheruon & Korir, 2024). Additionally, extant literature have established a variety of variables that have been deemed to have a moderating effect on the relationship between dynamic capabilities and firm performance. For instance, firm characteristics like age, size, ownership, liquidity and diversification have been previously studied in Kenya in direct relation to firm performance (Kaguri, 2013; Mahfoudh, 2013; Kisengo & Kombo, 2014; Njoroge, 2016). Ali et. al. (2016), studied the moderating effect of firm size on the relationship between functional integration and the performance of manufacturing firms. The current study took cognizance of the fact that firm characteristics are a multi-dimensional construct. Hence, the study sought to analyze the moderating influence of other firm characteristics; namely, age, ownership and size, on the relationship between dynamic capabilities and firm performance of small and medium-sized travel firms in Nairobi County.

1.3. Research Objectives

The overall objective of this research was to determine the effects of dynamic capabilities on the performance of travel firms in Nairobi County, Kenya. The study was guided by the following specific objectives:

1. To establish the level of dynamic capabilities among travel firms.
2. To analyze the effects of innovation capabilities on the performance of the travel firms.
3. To examine the effects of learning capabilities on the performance of the travel firms.
4. To evaluate the effects of resource reconfiguration capabilities on the performance of the travel firms.

5. To examine the moderating influence of firm characteristics on the relationship between dynamic capabilities and performance of travel firms.

1.4. Research Questions

1. What are the dynamic capabilities among travel firms?
2. What are the effects of innovation capabilities on the performance of travel firms?
3. What are the effects of learning capabilities on the performance of travel firms?
4. What are the effects of resource reconfiguration capabilities on the performance of travel firms?
5. What is the moderating influence of firm characteristics on the relationship between dynamic capabilities and performance of travel firms?

1.5. Scope of the Study

The study focused on the effects of dynamic capabilities on the performance of small and medium-sized travel firms. The dynamic capabilities studied were innovation capabilities, learning capabilities and resource reconfiguration capabilities. The geographical context of the research was Nairobi County. As at the period during which this study was conducted, Nairobi, being the capital city of Kenya, contained a majority of the tour operators and travel agents targeted for the study. Non-financial measures were applied in the measurement of firm performance. Judgment Sampling was applied on a population of 350 tour operators and travel agents. Primary data was collected through self-administered questionnaires.

1.6. Significance of the Study

Firstly, the research will enable various stakeholders, such as managers of travel firms to make sound and strategic decisions by effectively identifying the capabilities to concentrate on, so as to enhance their performance.

Secondly, the study will contribute to existing literature, particularly in the field of strategic management, with regard to dynamic capabilities and the performance of firms. The empirical evidence of the effects of dynamic capabilities on the performance of travel firms in Kenya will fill in existing knowledge gaps, and will be useful in forming a basis upon which other related studies will be conducted.

Thirdly, the research findings will enable policy makers within the Kenya tourism sector and the Government of Kenya to understand how to support travel firms in a bid to boost their performance as well as the growth of the tourism sector in Kenya. Government arms like the Ministry of Tourism and the Kenya Tourism Board will obtain insight on what policies to formulate in order to boost the performance of the travel firms.

CHAPTER TWO
LITERATURE REVIEW

2.1. Introduction

This Chapter discusses both the theoretical and empirical literature pertaining to dynamic capabilities and firm performance. The Chapter is divided into six sections. The first section describes theories related to the research topic, which are the Resource-Based View of the Firm and the Dynamic Capabilities Theory. The second section consists of empirical review of the research conducted over time with regard to the effects of dynamic capabilities on firm performance, at both the global scene and the Kenyan context. The third section is an explanation of the existing research gap, and why this study is necessary. The fourth section containing the conceptual framework depicts the interaction of the variables of this study, and is followed by the operationalization of the study variables. Finally, this chapter ends with the chapter summary, which contains a brief overview of the aforementioned.

2.2. Theoretical Background

2.2.1. The Resource-Based View (RBV) of the Firm

The Resource-Based View (RBV) of the firm is a theoretical framework that is essential in understanding how firms utilize scarce resources to create and sustain competitive advantage over time (Kor & Mahoney, 2003). According to the RBV, firms can attain competitive advantage by investing in resources that are valuable, rare, non-imitable and non-substitutable (Wernerfelt, 1984).These resources can either be tangible or intangible. The tangible assets of a firm are characterized by ownership, their easily measurable value and are relatively weaker in repelling duplication efforts by competitors (Fahy, 2000; Hall, 1989). Intangible assets are defined by their non-physical nature, relatively strong repelling aspects against duplication by competitors, and consist of intellectual property like patents and trademarks (Fahy, 2000). The RBV is instrumental in explaining a firm's sources of profitability as well as in understanding the nature of competitive strategy that it has employed (Grant, 1991).

Economists Chamberlin (1933) and Robinson (1933) advanced the notion that firm specific resources are of importance (Fahy, 2000). Later, Penrose (1959) significantly developed this proposition through a resource-based approach, and posited that managers and entrepreneurs interact with resources; hence, yielding increased productivity of services arising from the firm's resources, innovation and eventual growth for the firm. In that case, firm managers attempt to use

resources in the best ways possible, an aspect that enhances dynamism of the manager-firm resources interaction, and breeds forth continuous growth (Penrose, 1959).

Peteraf (1993) added to the RBV tenets by proposing a model for sustaining competitive advantage, which comprises four essential elements: imperfect mobility of resources (untradeability of the resources), superior resources (heterogeneity, existing within a given industry), ex-ante limits to competition(presence of limited competition for the position that a firm has, before it establishes control over resources) and ex-post limits to competition (presence of barriers, in terms of competition, to other firms). Similarly, Barney (2001) expounds on the usefulness of the RBV as a research construct for strategic management. Over the years, the RBV has attracted diverse contributions that have led to its advancement. Later scholars have attempted to relate the RBV to other theories and frameworks such as linkages and comparisons with the transaction-cost theory (Conner & Prahalad, 1996).

However, the RBV has been criticized for its "imprecise definitions" and assumptions that are based on the stability of product markets (Priem & Butler, 2001). Moreover, Rugman and Verbeke (2002) contended that even though the theory has received much popularity in the field of strategic management, the intention of Penrose (1959) was not to offer useful propositions on how managers can create and sustain competitive advantage through internal resources. Rather, Penrose (1959) aimed at describing the processes by which firms grow. To address the RBV limitations, the Dynamic Capabilities theory was developed as a complement (Rugami & Aosa, 2013).

Previous studies have used the RBV to explain how a firm can utilize its internal resources to obtain competitive advantage, which in turn contributes to its superior performance (; Barney, Wright, & Ketchen, 2001; Newbert, 2008; Pertussis-Ortega, Molina-Azorin& Claver-Cortes, 2010; Glavas & Mathews, 2012; Imaduddin, Hamid, Yan, Tahir, & Ramly, 2015). In this research, the RBV was useful in explaining how travel firms in Kenya can maximize on their internal resources so as to boost their performance. Firm resources in this study were classified into two broad categories: tangible and intangible resources, which included human resources (employees), knowledge and business processes. However, the RBV theory is limited as it does not address how firms can reconfigure their resources in unstable environments in order to achieve and sustain superior performance (Ambrosini and Bowman, 2009). Therefore, the RBV was complemented by the dynamic capabilities theory in this study.

2.2.2. Dynamic Capabilities Theory

The Dynamic Capabilities Theory is viewed as a complement to the RBV, with particular focus on achieving competitive advantage in the face of fast-paced changes in the environment (Rugami & Aosa, 2013). The theory is instrumental in comprehending why and how some firms achieve sustained competitive advantage while others do not (Walsh, Lynch, & Harrington, 2010). Dynamic capabilities denote the capacity of a firm to effectively respond to environmental changes through the adaptation, integration and re-configuration of both the external and internal resources of the firm (Teece, Pisano, & Shuen, 1997).

Since its inception, the dynamic capabilities approach has been widely studied, with scholars focusing on its definition and the "appropriate" set of elements that ought to constitute it (Wang & Ahmed, 2007; Helfat & Peteraf, 2009; Pisano, 2015). Teece and Pisano (1994) observed that in a changing environment, the success of a firm is dependent on how well it adapts, integrates and reconfigures its resources and competencies in response to that environment. Hence, dynamic capabilities refer to the firm's ability to build, integrate and reconfigure its external and internal competencies in order to address a rapidly changing environment (Teece, Pisano, & Shuen, 1997). In light of the entrepreneurial nature of firms, Teece (2000) added that dynamic capabilities include a firm's capacity to proactively sense and seize opportunities within its environment. In essence, a firm can enhance its performance in a rapidly changing environment by promptly and proactively sensing and seizing opportunities within that environment, as well as re-configuring its resources in a bid to adapt to the opportunities identified (Teece, 2007).

Helfat et. al. (2007) recommend that researchers be precise in specifying which dimensions of the construct they are studying in order to address the evolving dimensions of the dynamic capabilities approach as proposed by scholars. For instance, Zollo and Winter (2002) posited that a firm's learning capabilities are sources of dynamic capabilities. Adner and Helfat (2003) analyzed the approach with regard to managerial decision-making in a firm that is facing environmental dynamism, denoting "dynamic managerial capabilities". Wang and Ahmed (2007) highlight that a set of adaptive, absorptive and innovative capabilities are what form the core constructs of the dynamic capabilities definition. Furthermore, Teece (2013) indicates that dynamic capabilities contain new organizational learning, and transformation, co-specialization and orchestration of new and existing assets. However, Stefano, Peteraf and Verona (2014) call for a unified definition of the capabilities, since scholars' thoughts over the past three decades appear fragmented.

This study was anchored on the dynamic capabilities theory because the theory formed a basis for identifying the dynamic capabilities that travel firms ought to concentrate on in order to achieve superior performance. Having being noted as a source of sustained firm performance in a rapidly changing environment (Helfat et. al., 2009), dynamic capabilities theory was quite relevant for the fast-paced travel industry in Nairobi County, Kenya. This theory also complemented the RBV theory as it addressed how firms can reconfigure their resources in unstable environments (Haarhaus & Liening, 2020).

2.3. Empirical Review

2.3.1. Dynamic Capabilities of the Firm

Although the dynamic capabilities approach has been widely studied over the past three decades, there is no consensus among scholars on the nature of environment in which firms are more likely to achieve superior performance when they deploy the capabilities(Barreto, 2010).The first group of scholars view dynamic capabilities as significantly applicable to firms within highly-dynamic external environments. Teece, Pisano and Shuen (1997) refer to dynamic capabilities as an integrative approach that advocates for exploitation of a firm's internal and external competencies in the face of changing business environment is concerned. Similarly, Osisioma, Nzewi and Mgbemena (2016) and Haarhaus & Liening (2020) note that dynamic capabilities are more significant to firms operating in volatile external environments.

Helfat and Winter (2011) contend that the approach can also be useful to firms in moderately stable and stable environments. A third group of scholars argue that dynamic capabilities can be employed by firms in both rapidly changing and stable environments. For instance, Rugami and Aosa (2013), and Coreynen, Matthyssens, Vanderstraeten and Witteloostuijn (2020) posit that dynamic capabilities can be applied by firms in both dynamic and stable environments.

An emergent consensus within existing literature indicates that the set of dynamic capabilities indicates which are most significant to a firm's success are innovation capabilities, learning capabilities and resource reconfiguration capabilities (Teece, 2013; Tiantian, Yezhuang, & Qianqian, 2014; Kuria, 2015; Breznik & Lahovnik, 2016; Mendoza-Silva, 2021). This study focused on resource reconfiguration capabilities, innovation capabilities and learning capabilities as the key elements of dynamic capabilities.

2.3.1.1. Innovation Capabilities

Innovation capabilities have become a priority for modern-day firms. This is evident from a survey conducted by McKinsey on 807 company executives, where product and service innovation capabilities as well as the strategic role of Information Technology in improving effectiveness and productivity, were highlighted as important aspects for the performance of their companies (Khan & Sikes, 2014). The aim of tapping into innovation capabilities is so that a firm enhances value-addition and enriches customers' experience in order to ensure sustainability (Moreno & Flores, 2016; Al-Shaikh, Joghee, & Alzoubi, 2021). Innovation capabilities are mainly essential in enabling firms to gain competitiveness and sustained performance (Minh, 2020). In particular, ICT-related innovation capabilities are considered strategic sources of the performance of firms (Xue, Shen, & Lin, 2022).

Though innovation capabilities are considered as significant to firm performance, there is no agreed upon model or definition of what the capabilities comprise (Zawislak et. al., 2012; Mendoza-Silva, 2021). Over the years, some elements have been identified by scholars as central to the capabilities. Lawson and Samson (2001) posit that innovation capabilities consist of seven strategic elements, namely: vision and strategy, harnessing the competence base, organizational intelligence, creativity and idea management, organizational structures and systems, culture and climate, and management of technology. Momeni, Nielsen and Kafash (2015) outline the key innovation capabilities as the development of new products and services, technology and efficiency of organizational processes. Minh (2020) provides a more comprehensive set of elements, categorizing innovation capabilities into product and process innovation, management support (in terms of innovation support) and organizational processes and operations.

In this study, innovation capabilities included technological capabilities (adoption and implementation of new technology), development of new/unique products and services, and management support for innovativeness.

2.3.1.2. Learning Capabilities

Learning capabilities result from the accumulation of knowledge and experience within a firm's operating environment, such as through collaborations and partnerships (Zollo & Winter, 2002; Teece, 2013). Similar to other business and management phenomena, learning capabilities have been defined in diverse ways. Senge and Sterman (1990) explain that an organization can enhance

its learning capabilities through "personal mastery, systems thinking, mental models, building shared vision, team learning and a shift of the mind". Huber (1991) added to this by indicating that an organization can learn from its past experience or by observing what other organizations do. Later, Milway and Saxton (2011) suggested a model for non-profit organizational learning that consists of four elements: supportive leaders, culture of continuous improvements, intuitive knowledge processes and defined learning structure; which are widely used as basis for organizational learning. The responsibility of realigning knowledge as an asset depends on the proactivity of management, a role that has in turn led to the emergence of turnaround specialists (like turnaround CEOs) in the market place (Teece, 2012).

Recent studies have advanced a comprehensive set of elements that comprise the organizational learning capabilities. Essentially, organizational learning capabilities are centered on how knowledge is acquired, distributed or transferred, interpreted and stored in an organization (Argote, 2012). After conducting a study on eight tile manufacturing firms in Spain, Chiva, Alegre and Lapiedra (2007) established that five organizational and environmental elements comprise an organization's learning capability, which are: risk-taking, participative decision making, experimentation of new ideas and suggestions, dialogue and interaction with the business environment and stakeholders. In consensus, Fang, Chang and Chen (2011) posit that experimentation, risk taking with tolerance to errors and failure, and environmental characteristics (including how a business interacts with the environment) are a source of the learning capabilities. In addition, learning capabilities of a firm include learning from customers, which in turn enhances the quality, efficiency of processes and operational flexibility of the firm (Dangol, 2012).

In this study, learning capabilities revolved around employee training and expertise, knowledge acquisition and transfer, and learning from interaction with stakeholders in the business environment, such as with competitors and customers.

2.3.1.3. Resource Reconfiguration Capabilities

In a rapidly changing environment, a firm is prompted to renew and transform its resources in order to proactively sense and seize opportunities, resulting in resource reconfiguration capabilities (Kiiru, 2015). Therefore, resource reconfiguration capabilities refer to the ability of a firm to realign or transform its existing resources (assets) with regard to entrepreneurial opportunities and the business environment (Gruber et. al., 2010; Teece, 2012). The capabilities involve

transformation of the existing assets ahead of competition so as to ensure a firm's success (Teece, 2013). A firm can develop resource reconfiguration capabilities by increasing the productivity of either its existing or new resources in order to gain competitive advantage; hence, attaining superior performance (Dangol, 2013).

The resources of a firm can be in the form of tangible and intangible assets. Tangible assets are physical in nature, and include finances, operating technology (hardware), land and buildings (Juma, 2014). Usually, the value of tangible assets is indicated using financial statements, and can be quite costly to the firm investing in them (Ombaka et. al., 2015). Intangible assets are non-physical in nature, and include reputation, human knowledge, business relationships, ways of working and internal structures. Kristandl & Bontis (2007) categorized intangible aspects of a firm into intellectual property (like patents, copyrights, trademarks and registered designs), intangible resources (like employee skills and organizational culture), intangible activities (including activities geared towards increasing the value of existing intangible resources) and intangible investments (like marketing). Kamasak (2013) further classified intangible resources as organizational assets, reputational assets and intellectual property assets. Organizational assets include strategic partnerships like merger and acquisitions, licensing or distribution agreements; organizational policies, culture and structure (Kamasak, 2013). Reputational assets are in the form of brand name, corporate image or reputation, customer service reputation and product or service reputation; while intellectual property assets include copyrights, trademarks, patents, designs and in-secret technology (Kamasak, 2013).

In this research, resource reconfiguration capabilities will be centered on the following resources of the firm: reputation, strategic partnerships, intellectual property and organizational structure (in terms of standardization and reporting or decision making structure).

2.3.2. Firm Performance

While there exists broad literature on firm performance, there is no standardized definition of the phenomenon (Santos & Brito, 2012). Different schools of thought propagate the use of diverse measures in computing firm performance. The first school of thought advocates for measurement of firm performance on the basis of financial aspects. Morissete (1977) defines financial measures as quantitative indicators usually expressed in monetary value and resulting from business operations. Return on Equity (ROE) and Return on Assets (ROA) are among the most popular

measures. ROE refers to the profit obtained after tax, divided by the total equity shares in issue at a given time (Arditti, 1967; Bauer, Eichholtz, & Kok, 2009; Kiiru, 2015; Kihara, Ngugi, & Ogollah, 2016). ROA refers to the net income divided by the total assets as at a given time (Singh & Gaur, 2009; Hagel, Brown, & Davison, 2010; Chari, Chen, & Dominguez, 2012). Brahma, Nwafor and Boateng (2021) and advocate for firm performance measurement based on the Tobin Q financial ratio, which refers to the ratio of market capitalization added to total debt, and divided by total assets of a firm. The Earnings Per Share (EPS) approach, which is calculated through the net income divided by total shares, is also a commonly used financial indicator of firm performance (Davies, Paterson, & Wilson, 1997; Junarsin, 2011; Brahma, Nwafor, & Boateng, 2021).

However, financial measures have been critiqued over time for focusing on historical information and having short-run orientation towards firm performance (Verbeeten & Boons, 2009). Although financial measures of firm performance have been widely employed in past studies, small businesses like travel firms are known for notoriously concealing information related to their real profits (Cressy, 2006). Macpherson and Holt (2007) also argue that the performance of small firms is complex; hence, there is need to measure the phenomenon based on a variety of elements. In addition, Hubbard (2009) argues that measuring firm performance is likely to be more intricate in the near future since firms are facing pressure to report on other aspects of performance (like social and environmental performance), and not only their economic performance.

The second school of thought advocates for non-financial measures of firm performance. Non-financial measures are concerned with the non-financial aspects of a firm; hence, they are not directly attached to monetary value (Morissete, 1977). Non-financial measures are essential in decision-making by firm managers, building long-term shareholder value and improving overall firm performance (Chatterji & Levine, 2005; Mauboussin, 2012; Ahmad & Zabri, 2016; Khairawati, 2020). Market share, product or service quality, attainment of strategic objectives, quality experienced in internal operations, customer retention, customer or employee satisfaction, and customer loyalty are examples of commonly non-financial firm performance measures (Froot & Klemperer, 1988; Ittner & Larcker, 1998, 2003; Datar, Kulp, & Lambert, 2001; Lawrence & Buttle, 2006; Zhou, Brown, & Dev, 2009; Musyimi, 2016).

The third group of scholars posits that a firm's performance should be determined through a mix of both the financial and non-financial dimensions. Kaplan and Norton (1992) highlighted that a

comprehensive set of performance measures includes both financial and operational measures centered on the customer, internal, and innovation and learning perspectives. Over the years, scholars have advocated for innovative performance measures, production measures and market-based measures like product or service quality (Hofmann, 2001; Ittner, Larcker, & Randall, 2003; Aral & Weill, 2007; Reijonen & Komppula, 2007; Gundaya, Ulusoya, Kilica, & Alpkan, 2011). Santos and Brito (2012), and Nguyen, Ntim and Malagila (2020) categorize performance as financial (based on profitability, market value and growth) and operational or strategic (based on internal environmental performance, social performance, customer satisfaction and employee satisfaction). Kibe and Okello (2016) further clarify that strategic performance can be attained when a firm establishes barriers to any threats of imitation or duplication by its competitors, particularly through the provision of quality and unique products/services to customers, innovation as well as delivery times.

In this study, a non-financial perspective of firm performance measurement was adopted, with a focus on product (package tour) quality, internal operations quality and market share. Product quality refers to the extent to which a product satisfies the preferences of the customer (Kuehn & Day, 1962; Garvin, 1984). In this study, product quality was referred to as package tour quality. A package tour is a standardized offer made up of one or more elements of transportation, destination attractions, accommodation and other facilities or services key to the tourist's (customer's) experience (Middleton, 1994). To achieve quality, all elements of the package tour must meet the preferences and satisfaction of the customer (Räikkönen, 2014). The quality of internal processes refers to the practices that firms focus on internally in order to ensure that customer satisfaction is achieved, often reflected in the variety of channels through which customers can access a product or service, timeliness of suppliers, industry star reviews and frequency of audits (Rosenberg & Czepiel, 1993; Kotler, 2003; Kotler & Keller, 2012; Santos and Brito, 2012).

2.3.3. Innovation Capabilities and Firm Performance

Previous studies have mainly established that innovation capabilities do influence firm performance. Calantone, Cavusgil and Zhao (2002) conducted a study among senior excutives across diverse industries in the United States, and found that firm innovation capabilities affect firm performance. Camisóna and Monfort-Mirb (2012) conducted research on the influence of innovative capabilities on the sustainable performance of firms in the tourism sector, for which they found positive influence in as far as technology and organizational processes and resources

are concerned. Camisón and Villar-López (2014) established that technological innovation capabilities with regard to products and processes resulted in superior performance of the one hundred and forty four Spanish industrial firms studied. In Kenya, Kihara, Ngugi and Ogollah (2016) found positive influence of innovative capabilities on the performance of large manufacturing firms in Kenya, with regard to new product development.

However, effective innovation is dependent on a set of elements that comprise the innovation capabilities, as opposed to a single facet (Zhang, Garrett-Jones, & Ricky, 2013). The size of a firm influences the effect of dynamic capabilities on firm performance; thus, these results will differ when SMEs are compared to large firms (Alves et. al., 2016). Therefore, this study assessed the effects of innovation capabilities in terms of new technology incorporated and new or improved organizational processes, and in the context of travel firms, which are mainly small and medium-sized.

2.3.4. Learning Capabilities and Firm Performance

Organizational learning is instrumental in enabling knowledge acquisition in an organization (Momeni, Nielsen & Kafash 2015). Barney (2001) cited knowledge as a firm resource that is instrumental in attaining competitive advantage; thus, contributing to the firm's performance. Knowledge management calls for organizational learning, as it denotes the absorption and utilization of knowledge existing both within and outside an organization (Rodriguez-Diaz &Espino-Rodriguez, 2008). Plessis (2007) indicates that the acquisition and utilization of knowledge can be categorized into individual, team and organizational levels, adding that knowledge management brings forth an environment that is conducive for product or service innovation. In fact, a major way in which organizations learn is through their members, in what culminates into individual learning (Kim, 1993).

Learning can be used as a tool that enables firms to embrace change and ensure better performance (Alas & Sharifi, 2002). Shoid, Kassim and Salleh (2011) established that organizational learning capabilities (in terms of shared vision and mission, organizational culture, teamwork cooperation and transfer of knowledge) have a positive impact on the performance of Malaysian institutions of higher education. SMEs, however, often encounter failure due to poor organizational learning mechanisms, which would otherwise have led to their survival and performance (Nafukho and Graham, 2008). The travel industry is also noted as a "late adopter" of knowledge management

practices due to the presence of a hostile adoption environment and gap between researchers and tourism (Cooper, 2006).

In Kenya, learning capabilities have been studied in relation to performance. Kihara, Ngugi and Ogollah (2016) concluded that employee training as an element of learning capabilities influences the performance of large manufacturing firms in Kenya. Onyango (2016) found positive influence of knowledge management capabilities (technological advancement, organization structure, organization culture and human resource) on the performance of humanitarian organizations. However, practices of knowledge management such as learning capabilities are specific to diverse contexts and have been demonstrated to have varied effects on the success of organizations (Zheng, Yang, & McLean, 2010). Therefore, the context of this study differed from other previous studies; including large manufacturing firms (Kihara, Ngugi, & Ogollah, 2016), humanitarian organizations (Onyango, 2016), government institutions (Soi, 2013) and commercial banks (Kinyua, Muathe, & Kilika, 2013; Mengich, 2015); since the focus was on the travel industry firms. In addition, the study took into account of other learning capabilities not included in previous studies, like interaction with the environment (learning from competitors and stakeholders such as suppliers, customers and educational institutions), risk taking and participative decision making.

2.3.5. Resource Reconfiguration Capabilities and Firm Performance

Research has been previously conducted on the effects of resource reconfiguration capabilities on the performance of firms. However, a number of the studies are fragmented along a variety of firm assets as sources of dynamic capabilities. Black & Carnes (2000) and Cole (2012) found that firm reputation causes an increase in the market value of the firm. However, Gul (2014) established that a weak relationship exists between corporate reputation and customer satisfaction, where the latter is a non-financial measure of firm performance. Maduenyi, Oke, Fadeyi and Ajagbe (2015) concluded that organizational structure, as a source of resource reconfiguration capabilities, has an impact on organizational performance. In addition, Carmeli and Tishler (2004) found a positive relationship between a set of intangible firm resources (firm reputation, organizational culture, internal auditing, human capital, labor relations and managerial capabilities) and the superior performance of Israeli local government authorities.

In Kenya, studies have focused on the influence of resource reconfiguration capabilities on the competitive advantage of firms, rather than performance. Mutunga, Minja and Gachanja (2014) conducted research on the effect of resource reconfiguration capabilities on the competitive advantage of food and beverage firms in Kenya. The study included organizational structure, knowledge, strategy and culture as the firm resources studied, and concluded that these elements significantly influence the firms' competitive advantage. Kiiru (2015) also found positive relationship between resource reconfiguration capabilities (with regard to competition, knowledge, information management, organizational structure and strategic planning) and the competitive advantage of small and medium retail enterprises in Kenya. Since a number of existing studies were fragmented along specific resources as sources of dynamic capabilities, in this research, the effects of a set of resource reconfiguration capabilities (based on business processes, firm reputation, organizational structure and culture) were studied in relation to the performance of travel firms in Kenya.

2.3.6. The Moderating Influence of Firm Characteristics

Previous studies have focused on a variety of variables that were deemed to have a moderating effect on the relationship between dynamic capabilities and firm performance. Rehman and Saeed (2015) established that organizational competencies yielded a positive moderating role in the relationship between dynamic capabilities and the performance of paper industry firms in Pakistan. Nyachanchu (2018) concluded that leadership behaviour has a significant effect on the relationship between dynamic capabilities and the performance of manufacturing firms in Nairobi County, Kenya. In addition, Navarro-García, Rey-Moreno and Lima (2018) found that competitive advantage positively influences the relationship between dynamic capabilities and performance of vehicle industry firms in Portugal.

In terms of varied firm characteristics as moderating variables, there have been mixed findings from past research. Wang, Senaratne and Rafiq (2014) concluded that firm size positively influenced the relationship between dynamic capabilities and the performance of high-tech, small and medium-sized firms in the United Kingdom. Ali, Mukulu, Kihoro and Nzulwa (2016) studied the moderating effect of firm size on the relationship between functional integration as an element of dynamic capabilities and the performance of manufacturing firms in Kenya. The study concluded that firm size does not moderate the relationship between dynamic capabilities and firm

performance. In contrast with those of Alves, Salvini, Bansi, Neto and Galina (2016) concluded that firm size influences the effects of dynamic capabilities on firm performance, further stating that findings may differ when SMEs are compared to large firms. Hence, this study sought to fill in this gap by incorporating firm characteristics (firm size and age) in the relationship between dynamic capabilities and firm performance.

This study focused on the non-financial firm characteristics; specifically, firm age and firm size. Empirical literature points to the categorization of firm characteristics along both financial and non-financial dimensions. Even though they yield a broad range of outcomes, these firm features are instrumental in explaining different organizational phenomena, such as performance (Moohammad, Nor'Aini, & Kamal, 2014). Financial firm characteristics include degree of capital intensity, size (like asset base and sales volume), profitability and liquidity levels (Hendricks & Vinod, 2001; Kaguri, 2013). Non-financial firm characteristics comprise form of ownership, size (like number of employees and branches), age and degree of diversification (Garnier, Gasse & Cossette, 1984; Brummans, 2004; Nguyen, Ntim, & Malagila, 2020). Therefore, in this study, firm age referred to the length of time that a firm has been in operation (Ilaboya & Ohiokha, 2016). The non-financial, structure-related size of a firm was mainly defined by the number of employees the firm has, as also applied in past related studies (Yoshino, 2008; Kisengo & Kombo, 2014).

2.4. Research Gap

Dynamic capabilities and firm performance are both multifaceted phenomena, with no agreed upon definition and criteria of measurement. Dynamic capabilities have been identified as complex and varying across firms and different industries; thus, the dynamic capabilities applied in large firms may essentially not be applicable to SMEs (Kim & Mahoney, 2008), since majority of travel firms in Kenya are SMEs (Oduori, 2016).With recent studies in Kenya focusing on the influence of dynamic capabilities on a firm's competitive advantage (like Mutunga, Minja, & Gachanja, 2014; Kiiru, 2015), there was need to investigate the influence of these capabilities on other business phenomena, like firm performance. With regard to performance, using financial measures of performance; namely, profitability, has limitations, including inaccuracy resulting from historical information and the scantiness of such data in the context of SMEs (Cressy, 2006; Ngugi, 2013).

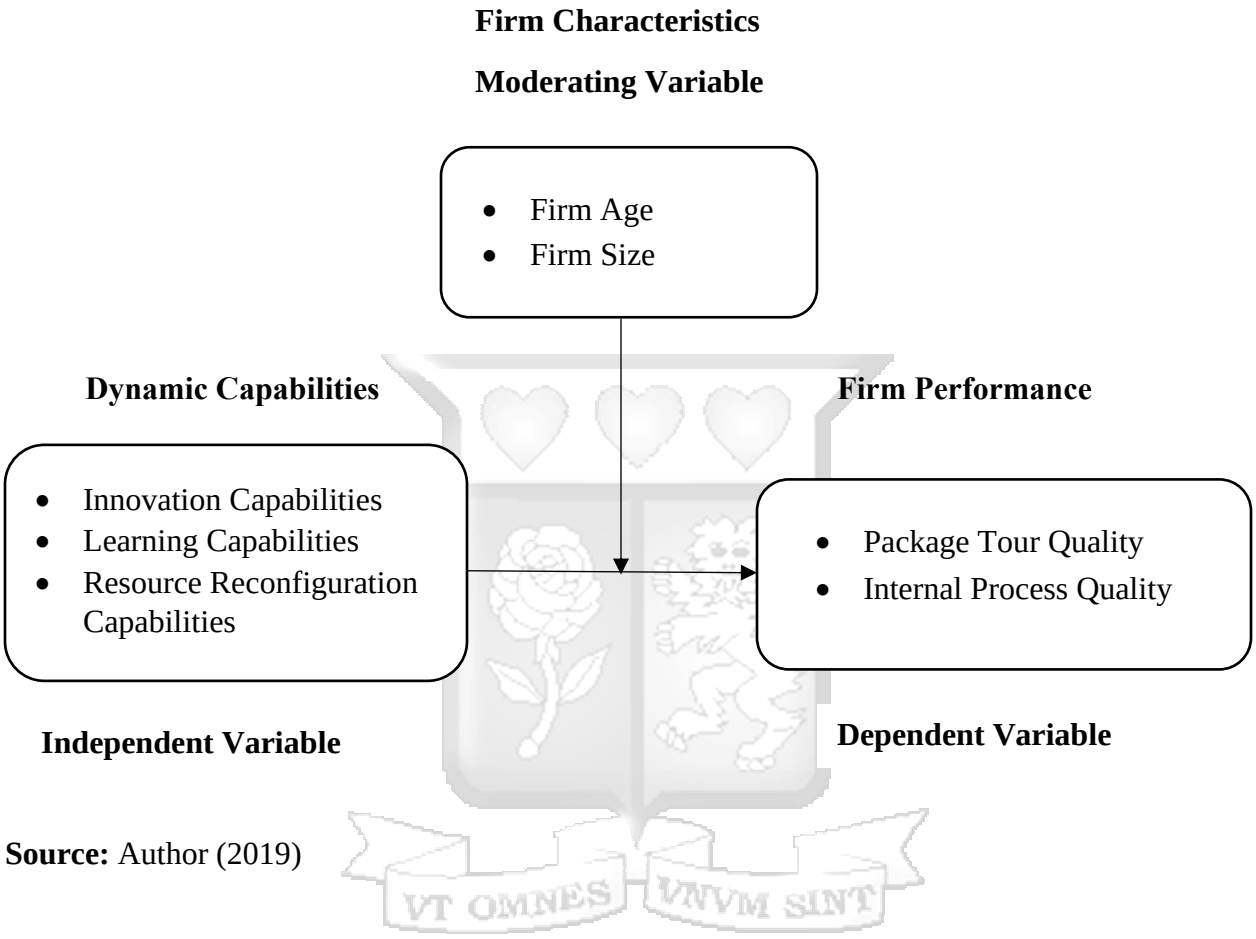
In terms of the effects of dynamic capabilities on firm performance, scholars depict mixed findings. Some researchers posit that dynamic capabilities affect firm performance positively

(Kitenga & Kuria, 2014; Kisingâ & Mwajambia, 2022). Others argue that the direct effects of dynamic capabilities on firm performance are insignificant (Zott, 2003; Protogerou, Caloghirou, & Lioukas, 2012), and that dynamic capabilities do not automatically lead to superior firm performance (Ambrosini & Bowman, 2009). Helfat et al. (2007) also contend that the deployment of dynamic capabilities does not necessarily yield competitive advantage, and could result in negative firm performance.

The moderating influence of firm characteristics on the relationship between dynamic capabilities and firm performance remains contentious and inconclusive. The effects of firm characteristics like age and size on the relationship between dynamic capabilities and firm performance vary across environmental settings (Ilaboya & Ohiokha, 2016). Wang, Senaratne and Rafiq (2014) concluded that firm size positively influenced the relationship between dynamic capabilities and the performance of high-tech, small and medium-sized firms in the United Kingdom. Ali, Mukulu, Kihoro and Nzulwa (2016) studied the moderating effect of firm size on the relationship between functional integration as an element of dynamic capabilities and the performance of manufacturing firms in Kenya. The study concluded that firm size does not moderate the relationship between dynamic capabilities and firm performance. In contrast with those of Alves, Salvini, Bansi, Neto and Galina (2016) concluded that firm size influences the effects of dynamic capabilities on firm performance, further stating that findings may differ when SMEs are compared to large firms. Hence, this study sought to fill in this gap by incorporating firm characteristics (firm size and age) in the relationship between dynamic capabilities and firm performance. This study therefore filled these research gaps by identifying dynamic capabilities that are relevant to small and medium-sized travel firms in Nairobi County, and their effect on the performance of these firms. Firm characteristics of size, ownership and age were assessed as to whether they had any moderating influence on the relationship between dynamic capabilities and firm performance.

2.5. Conceptual Framework

The conceptual framework used for this research was as shown below.



Source: Author (2019)

Figure 2.1: Conceptual Framework

2.6. Chapter Summary

In summary, this Chapter has discussed both the theoretical and empirical literature pertaining to dynamic capabilities and firm performance. These have included the RBV and the Dynamic Capabilities theory in the first section. Thereafter, an explanation of the empirical review of the research conducted over time with regard to dynamic capabilities and firm performance, at both the global scene and the Kenyan context, was done. This was followed by description of the existing research gap and the conceptual framework.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This Chapter outlines how the research was conducted, with specific focus on the various methodologies. The Chapter is divided into seven sections: The philosophy guiding the research, the design adopted for the research, the population targeted and the sample, how data was collected and the reasons for using the various tools, methods of data analysis including operationalization of the study variables, and how the research process ensured that quality, and ethical considerations were maintained during the process.

3.2. Research Philosophy

Research philosophy refers to the development of knowledge (derived from undertaking research in a given field) and the nature of that kind of knowledge (Saunders, Lewis & Thornhill, 2009). Philosophy is instrumental in guiding research methodology (Crossan, 2003). According to Easterby-Smith, Thorpe and Jackson (2012), philosophy is vital in enabling the researcher to achieve clarification and precision in their choice of research designs, to recognize the most appropriate research designs and their limitations, if any, at an early stage, as well as to identify or create research designs that are beyond the researcher's past experience.

The philosophy guiding this research was positivism. Positivism is an objectivist approach to social science (Holden & Lynch, 2004), which postulates that explanations of the social world can be deduced from observable facts (Leitch, Hill & Harrison, 2010).This approach is pegged on quantitative research (Johnson, Onwuegbuzie & Turner, 2007), evaluation of scientific theory and logical analysis of real events (Kaboub, 2008). Conventionally, proponents of positivism have maintained that the philosophy embodies "rhetorical neutrality" (neutrality in the nature of observation language) and formal writing language (Holden & Lynch, 2004; Hughes & Sharrock, 1997).

Positivism was instrumental in this study because firstly, causality in research design existed and it sought to explain certain fundamental aspects and relationships (Flowers, 2009). Secondly, the philosophy entailed quantitative research methodology and independence between the observer (researcher) and the subject being observed (Easterby-Smith, Thorpe & Jackson, 2012). Thirdly, since the positivist approach is scientific in nature and employs the use of existing theory,

hypotheses and deductions that ought to be justified empirically form the basis of research (Johnson & Onwuegbuzie, 2004; Stern, 2004). In addition, positivism advocates for operationalization of concepts, cross-sectional analysis through variation comparisons across samples, generalization through statistical probability, and value-freedom in the sense that objectivity (and not the researcher's interests or feelings) is exercised in the choice of what is to be studied and how to conduct the study (Saunders, Lewis, & Thornhill, 2009). These elements were useful and applicable to this study.

3.3. Research Design

Research design refers a general plan of how the researcher intends to answer the research questions, and contains an outline on how they will carry out their study (Saunders, Lewis, & Thornhill, 2009).The key purpose of the research design is to aptly prepare the researcher for the kind of research decisions they will make, such as how data will be collected; and the validity of the results obtained from their study (Vosloo, 2014). Research design can be classified along different dimensions. These classifications are dependent on the nature of the research objective (like analytic, exploratory, explanatory and descriptive), the time period within which the study will be conducted (like cross-sectional, prospective or retrospective) and the researcher's intervention during the study (like interventional or observational) (Burkett, 1990; Saunders, Lewis& Thornhill, 2009; Wyk, 2016).

A descriptive research approach was adopted to answer the research questions of this study, with cross-sectional survey as the design. Descriptive research entails a definition or description of a given subject, and an attempt to answer the key questions of who, what, how, where or when (Cooper & Schindler, 2014). Often, cross-sectional studies are based on questionnaires and/or interviews, which have been credited with being simple to use and analyze, and quite useful in research that attempts to show association or relationship as opposed to causation (Sedgwick, 2014).

3.4. Population

As defined by Levy and Lemeshow (2008), population refers to the total collection of individuals or measurement items under study. It is from the target population that a portion called a sample is selected. Sample selection affects the accuracy of research findings, particularly if the sample is

keenly chosen in such a way as to genuinely represent the population under study (Cooper & Schindler, 2014).

As of 2015, KATA had official membership of 110 registered travel agents while KATO had 420 registered tour operators. This consists of tour operators and travel agents within Nairobi County, for which 87 travel agents and 359 tour operators are located in Nairobi County (KATO, 2015). In this research, the population targeted consists of SMEs within the travel industry in Kenya, of which 350 of the total are SMEs. This includes tour operators and travel agents. The Micro and Small Enterprises Authority in Kenya defines small enterprises as those with 10-49 employees, and whose annual turnover ranges from KES 500 000 – 5 000 000 (Micro & Small Enterprise Authority, 2012). On the other hand, a medium enterprise comprises 50-249 employees (Kushnir, Mirmulstein, & Ramalho, 2010).

3.5. Sampling

This research mainly applied the judgement sampling method. The sampling frame was obtained from the websites of the Kenya Association of Tour Operators (KATO) and the Kenya Association of Travel Agents (KATA). Since the population was known, the research used the sample size formula by Yamane (1967) in the calculation of the sample:

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

Where: n = Sample size

N = Total population

e = Margin of error

For this study, since the total population was 350, the sample size was calculated as follows (using 7% as the margin of error):

$n = 350/ [1 + (350x0.07^2)]$

$n = 129$

Therefore, the sample size for this study was 129 travel firms (tour operators and travel agents).

3.6. Data Collection

Collection of data is a vital step that involves obtaining either primary data as first-hand data which contains some level of control over error, or secondary data with existent interpretation from previous researchers (Cooper & Schindler, 2014).This research involved the collection of primary data from individuals (as the unit of analysis), who hold managerial position either at the departmental or organizational level.

The instrument of data collection for this study was a self-administered questionnaire. The questionnaires had an introductory clause describing the study and the researcher, and a statement informing respondents that their responses will be voluntary and anonymous. The questionnaires were attached to a formal letter that briefly introduced the researcher and their study to the respondents (See Appendix I). The questionnaires contained three sections: the first with participant and firm profile, the second with dynamic capabilities and the third with firm performance. The questionnaires were distributed (hand delivery) to the respondents; that is, the travel firm employees. Active follow-up was done via phone calls in order to maximize on the rate of response. Upon filling the questionnaire, the participants were thanked for their time. Completed questionnaires were only accessible to the researcher.

3.7. Data Analysis

The purpose of data analysis was to generate information that would be useful to research stakeholders, such as business managers (Cooper & Schindler, 2014). Data analysis was done through Spearman's rho correlation analysis and multiple regression analysis.

3.7.1. Operationalization of Study Variables

3.7.1.1. Measurement of Variables

Dynamic Capabilities

Since dynamic capabilities consist of a set of definitive elements, measurement was based on three of these elements; namely, innovation capabilities, learning capabilities and resource reconfiguration capabilities. Innovation capabilities will be measured on the basis of technological capabilities (adoption and implementation of new technology) and new processes applied. Learning capabilities will be measured as based on employee training and learning from interaction with the business environment. Finally, resource reconfiguration capabilities will be measured through resource/asset renewal and transformational capabilities incorporated by the travel firms.

For all these three, measurement will be by use of a five-point Likert scale, as this has also been applied in previous related studies (Chiva, Alegre and Lapiedra, 2007; Kiiru, 2015; Moreno and Flores, 2016).

Firm Performance

This study adopted a non-financial perspective to measure firm performance. Hence, measurement was by package tour quality and internal process quality. Package tour quality was measured through variety of travel booking channels, availability of auxiliary services like insurance, timeliness of transport partners and availability of customized travel services. A five-point Likert scale was applied. Internal process quality was measured through a five-point Likert Scale assessment of the number of repeat purchases made by customers, rewarding of loyal customers, prompt response to customer complaints and tracking of internal process/operations as per objectives through auditing.

Firm Characteristics

The firm characteristics in this study were firm age, ownership and size. Firm age was measured by the number of years within which a firm has been in operation.

Table 3.1: Operationalization of Study Variables

Variable	Constructs	Operational Definition	Measurement Scale	Sources
Dynamic Capabilities – Independent Variable	1.Innovation Capabilities	The ability to enhance continuous transformation of knowledge and ideas into products, services and systems, for the benefit of the firm and its stakeholders.	5-point Likert Scale, where: 1:Strongly disagree 2: Disagree 3: Neutral 4: Agree 5:Strongly agree	Lawson & Samson (2001); Moreno & Flores(2016)
	2.Learning Capabilities	An individual's or organization's ability to acquire the know-how and understanding (know-why) of a	5-point Likert Scale, where: 1:Strongly disagree	Chiva, Alegre & Lapiedra (2007)

		particular skill or experience.	2: Disagree 3: Neutral 4: Agree 5:Strongly agree	
	3.Resource Reconfiguration Capabilities	The ability of a firm to realign or transform its existing resources (assets) with regard to entrepreneurial opportunities and the changing business environment.	5-point Likert Scale, where: 1:Strongly disagree 2: Disagree 3: Neutral 4: Agree 5:Strongly agree	Gruber et. al. (2010); Kiiru (2015); Haarhaus & Liening (2020)
Firm Performance– Dependent Variable	1.Package Tour Quality	The extent to which a product satisfies the preferences of the customer	5-point Likert Scale, where: 1:Poor 2:Average 3:Neutral 4:Good 5:Excellent	Kuehn & Day (1962); Garvin (1984); Räikkönen (2014)
	2.Internal Process Quality	Practices that a firm focuses on internally to ensure that the business runs smoothly and that customer satisfaction is achieved.	5-point Likert Scale, where: 1:Poor 2:Average 3:Neutral 4:Good 5:Excellent	(Kotler, 2003; Santos & Brito, 2012)
Firm Characteristics – Moderating Variable	1. Firm Age	The length of time that a firm has been in operation, often measured in years.	Direct Measure	Durand & Coeurderoy (2001); Ilaboya & Ohiokha (2016)
	2.Firm Size	The non-financial, structure-related element of a firm that is defined by	Direct Measure	Yoshino (2008); Kisengo & Kombo (2014).

		the number of employees the firm has.		

3.7.2. Descriptive Analysis

In order to provide numerical description or comparison, descriptive statistics was used. Measures of central tendency like mean, median and mode, and measures of dispersion like variance were used(as advocated for by Saunders, Lewis, & Thornhill, 2009).The data was presented in the form of bar graphs and pie charts.

The first objective of the study was to establish the level of dynamic capabilities among travel firms in Nairobi County, Kenya. To answer this objective, descriptive statistics of mean, standard deviation and median were used.

3.7.3. Correlation Analysis

The study employed the use of Statistical Package for the Social Sciences (SPSS) as the software to perform correlation and regression analysis; a tool that has also been used in past related studies (Okeyo, Gathungu, & K'Obonyo, 2014; Musyimi, 2016).

The second, third and fourth objectives were to determine the effects of each of the three elements of dynamic capabilities on the performance of travel firms in Nairobi County, Kenya. To answer these objectives, correlation analysis was done to determine if any of the variables are correlated. Since the dynamic capabilities construct is multidimensional, the application of a multivariate regression model followed in order to determine the relative significance of each of the three dynamic capabilities variables (innovation capabilities, learning capabilities and resource reconfiguration capabilities), with respect to firm performance (package tour quality and internal process quality).

The individual multiple regression models for each of the dynamic capabilities was in the form of the three equations below:

(i) $\hat{Y}_{1i} = \beta_0 + \beta_1 IC + \varepsilon$

(ii) $\hat{Y}_{1i} = \beta_0 + \beta_1 LC + \varepsilon$

(iii) $\hat{Y}_{1i} = \beta_0 + \beta_1 RRC + \varepsilon$

Where:

$\hat{\mathbf{Y}}$ = Dependent Variable (Firm Performance)

$\mathbf{B_{ji}}$= The Y-intercept; that is, the value of Y when dynamic capabilities are equal to zero

$\boldsymbol{\beta_1, \beta_2, \beta_3}$ = Coefficient values of IC_i, LC_i and RRC_i respectively, for which the study predicted the value of $\hat{Y}$

The fifth objective of the study was to assess the moderating influence of firm characteristics on the relationship between dynamic capabilities and performance of travel firms. To answer objective five, multiple regression was used to test the moderating effect of firm characteristics (age, size and ownership).

The multiple regression model used in the analysis (without the moderating variable) was in form of the equation below:

$$\hat{\mathbf{Y}}_{1i} = \beta_0 + \beta_1 \mathbf{IC} + \beta_2 \mathbf{LC} + \beta_3 \mathbf{RC} + \varepsilon$$

Where:

$\hat{\mathbf{Y}}$ = Dependent Variable (Firm Performance)

$\mathbf{B_{ji}}$= The Y-intercept; that is, the value of Y when dynamic capabilities are equal to zero

$\boldsymbol{\beta_1, \beta_2, \beta_3}$= Coefficient values of IC_i, LC_i and RRC_i, for which the study will predict the value of $\hat{Y}$

IC, LC, RRC= Initials of Dynamic Capabilities: Innovation Capabilities, Learning Capabilities and Resource Reconfiguration Capabilities respectively

ε = Error term

When the moderating variable was incorporated, there were two equations, as follows:

(i) $$\hat{\mathbf{Y}}_{1i} = \beta_0 + \beta_1 \mathbf{IC} + \beta_2 \mathbf{LC} + \beta_3 \mathbf{RRC} + \beta_4 \mathbf{FA} + \beta_5 \mathbf{FS} + \varepsilon$$

(ii) $$\hat{\mathbf{Y}}_{1i} = \beta_0 + \beta_1 \mathbf{DC} + \beta_2 \mathbf{FA} + \beta_3 \mathbf{FS} + \varepsilon$$

Where:

IC = Innovation Capabilities

LC = Learning Capabilities

RRC = Resource Reconfiguration Capabilities

FA = Firm Age

FS = Firm Size

DC = Dynamic Capabilities

3.8. Research Quality

To ensure research quality in this study, pilot-testing, reliability and validity were applied.

3.8.1. Pilot Testing

A pilot study involving 10% of the sample size, represented by 13 firms, was conducted for this research. As also recommended by Saunders, Lewis and Thornhill (2009), the process involved testing whether the questions indicated in the questionnaire reflected suitability, clarity and representativeness. The pilot study enabled the researcher to get more acquainted with the data collection stage of the research process.

3.8.2. Reliability and Validity

To ensure reliability and validity, the Cronbach's alpha score (α) was used for the questionnaire items. Cronbach's alpha determines the internal consistency or average correlation of items in a scale, test or survey instrument, such as a questionnaire, in order to gauge its reliability (Cronbach, 1951; Santos, 1999; Tavakol & Dennick, 2011). Over the years, scholars have recommended that the acceptable values of alpha should range from about 0.60 to 0.95 (Nunnally & Bernstein, 1994; Bland & Altman, 1997), with some suggesting that a maximum alpha value of 0.90 should be maintained (Streiner, 2003). Table 3.2 below shows that majority of the items within the research had Cronbach alpha's values above 0.60.

Table 3.2. Reliability Statistics

Reliability Statistics		
Variable	**Cronbach's Alpha**	**No. of Items**
Innovation Capabilities	0.717	4
Learning Capabilities	0.642	4
Resource Reconfiguration Capabilities	0.642	4
Package Tour Quality	0.652	4
Internal Process Quality	-0.716	4

3.9. Ethical Considerations

This study ensured that the respondent's informed and voluntary consent to participate in the research was maintained. Additionally, the respondents were not subjected to any form of coercion for opting not to fill in the questionnaires. These are key ethical principles (Saunders, Lewis, & Thornhill, 2009). The researcher also communicated to the respondents that the research findings will be used for academic purposes only. Anonymity of the individual respondents was maintained in responding to the questionnaire.

3.10. Chapter Summary

This Chapter outlines how the research was conducted, with specific focus on the various methodologies. The Chapter explained the philosophy guiding the research, the design adopted for the research, the population targeted and the sample, how data was collected and the reasons for using the various tools, methods of data analysis including operationalization of the study variables, and how the research process ensured that quality and ethical considerations were maintained during the process.

CHAPTER FOUR
DATA ANALYSIS AND RESULTS

4.1. Introduction

This chapter contains a detailed analysis as well as report of this study's results. The preliminary analysis, which was performed using descriptive analysis techniques, is presented in the first section of the chapter. Thereafter, a report on both correlation analysis and multiple regression is presented.

4.2. Rate of Response

From the sample of 129 travel firms, 72 out of the 129 respondents fully and accurately filled in the administered questionnaires; hence, the rate of response was approximately 56%.

4.3. Profile of Respondents

For this study, the targeted respondents were mainly individuals within the leadership/managerial positions of the travel firms. The selection of these respondents was informed by the fact that they are the ones responsible for formulating and implementing dynamic capabilities within the firms they work in, and are also better placed to disclose details of the firms' performance. The study results showed that a greater percentage of the respondents were male (61.1%) while the rest were female (38.9%). In terms of the number of years that the respondents had worked with the firm, 25 had worked for 1-5 years, 24 for 6-10 years and 23 for more than 10 years. As for the specific roles of the respondents within their firms, 30 indicated that they were either Director or Board Member, 23 were Top Management, 5 were part of Management and 14 had Leadership/Managerial roles in the firms.

A summary of the respondents' profile is that a larger percentage of them were male (61.1%), have worked within the travel firms between 1-5 years (34.7%) and were Director/Board Member position (41.7%).

These results are represented in the table overleaf.

Table 4.1: Profile of Respondents

Profile of Respondents		Frequency	Percentage
Gender of Respondents	Male	44	61.1
	Female	28	38.9
	Total	**72**	**100.0**
Years of Work with the Firm	1-5 years	25	34.7
	6-10 years	24	33.3
	Above 10 years	23	31.9
	Total	**72**	**100.0**
Role in Firm	Director/Board Member	30	41.7
	Top Management (CEO/Managing Director/General Manager)	23	31.9
	Other Leadership/ Managerial Role	14	19.4
	Management/Supervisory	5	6.9
	Total	**72**	**100.0**

The figures in the table above are also indicated in the pie-charts below. As earlier mentioned, the male respondents represented a larger percentage (61%) as compared to the female respondents (39%).

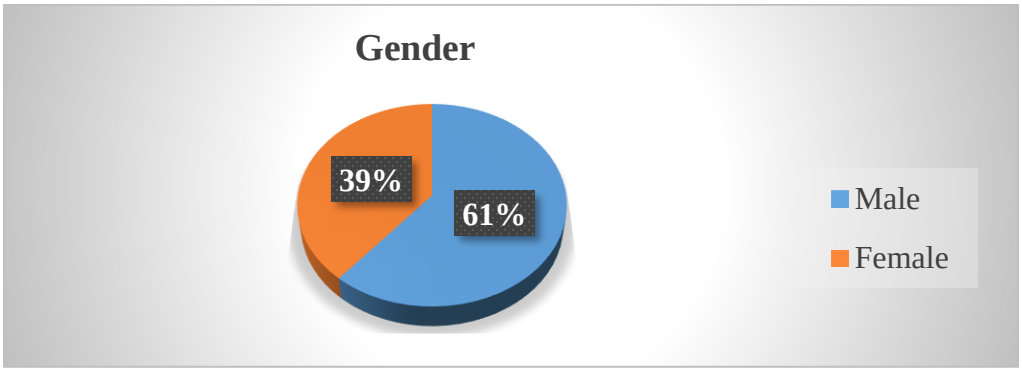


Figure 4.1: Gender of Respondents

In terms of the number of years that the respondents had worked with the firm, 25 had worked for 1-5 years (34.7%) 24 for 6-10 years (33.3%) and 23 for more than 10 years (31.9%).

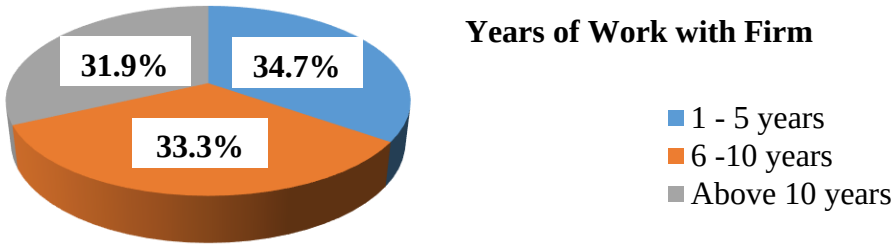


Figure 4.2: Years of Work with the Firm

With regard to the specific roles of the respondents within their firms, 30 indicated that they were either Director or Board Member (41.7%), 23 were Top Management (31.9%), 5 were part of Management or Supervisory teams (6.9%) and 14 had other Leadership/Managerial roles in the firms (19.4%).

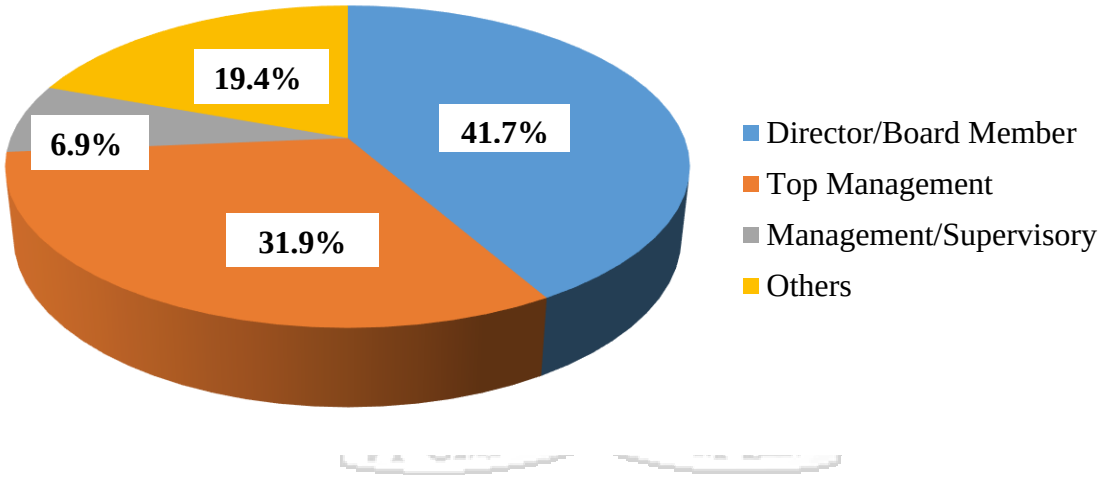


Figure 4.3: Role in Firm

4.4. Firm Profile

The firm (travel firm) was the unit of analysis in this research. The research investigated two firm characteristics, namely: Firm Age and Firm Size (measured in terms of the number of employees in the firm). In terms of firm age, 17 were in operation between 1-5 years, accounting for 23.6% of the respondents' firms. 25 were in operation between 6-10 years, which accounted for 34.7% and 30 of the firms were in operation for more than 10 years (41.7%). With regard to the firm size, 20 firms indicated that they had 1-9 employees (20%), 40 firms had 10-49 employees (55.6%), 8 firms had 50-99 employees (11.1%) and only 4 firms had more than 100 employees (5.6%).

A summary of the travel firms' profile is that a larger percentage of them have been in operation for more than 10 years (41.7%), are owned through other forms of legal structures (31.9%) and have 10-49 employees working with them (55.6%). This implies that largely, travel firms within Nairobi County are small enterprises, as defined by the Micro & Small Enterprise Authority (Micro & Small Enterprise Authority Act, 2012). The table below further represents these statistics.

Table 4.2: Firm Profile

Firm Profile		Frequency	Percentage
Firm Age	Above 10 years	30	41.7
	6-10 years	25	34.7
	1-5 years	17	23.6
	Total	**72**	**100.0**
Firm Size	10-49	40	55.6
	1-9	20	27.8
	50-99	8	11.1
	Above 100	4	5.6
	Total	**72**	**100.0**

4.5. Level of Dynamic Capabilities among Travel Firms in Nairobi County

Predominantly, three of the dynamic capabilities have been widely employed across different sectors; these are: innovation capabilities, learning capabilities and resource reconfiguration capabilities. Hence, the first objective of this study was to establish which of these three capabilities were widely applied among travel firms in Kenya. Using questionnaires, the respondents were required to indicate their level of agreement or disagreement with the questions posed to them concerning the three capabilities. The questionnaire contained 12 statements in total, on the dynamic capabilities. A five-point likert scale was used, where 1 was Strongly Disagree, 2 was Disagree, 3wasNeutral, 4 was Agree and 5 was Strongly Agree.

4.5.1. Innovation Capabilities Descriptive Statistics

The respondents were presented with four statements regarding innovation capabilities, for which they were asked to indicate their level of agreement or disagreement with the statements, using the aforementioned likert scale. The highest mean score was 4.89 while the lowest was 4.44. The

overall mean score was 4.715 (approximately 4.72), and the average standard deviation was 0.562 (about 0.56). The implication of this is that since a majority of the travel firms within Nairobi County agreed to the above statements, a majority of them have also employed innovation capabilities as part of their organizational strategy.

Table 4.3 below further details the scores for the Mean and Standard Deviation for each of the innovation capabilities statement.

Table 4.3: Innovation Capabilities Descriptive Statistics

Innovation Capabilities					
Statements		**N**	**Mean**	**Standard Deviation**	**Median**
1.	We often develop new travel products and services to cope up with market demands.	72	4.89	0.32	5.00
2.	We frequently assess technological needs in our firm and adapt to suit travel industry needs.	72	4.86	0.39	5.00
3.	This firm has consistently introduced several innovative travel products and services in the past.	72	4.67	0.63	5.00
4.	The Management of this firm always recognizes and rewards innovation activities among employees.	72	4.44	0.92	5.00
Overall Score			**4.72**	**0.56**	

Source: Survey Data (2019)

4.5.2. Learning Capabilities Descriptive Statistics

The respondents were provided with four statements on learning capabilities, which were assessed using the five-point likert scale, where 1 was Strongly Disagree, 2 was Disagree, 3 was Neutral, 4 was Agree and 5 was Strongly Agree.

Table 4.4: Learning Capabilities Descriptive Statistics

Learning Capabilities					
Statements		**N**	**Mean**	**Standard Deviation**	**Median**
1.	Our competitors are a very important source for learning new trends in the travel industry.	72	4.92	1.36	5.00
2.	Our firm always provides training opportunities to enhance employees' expertise in the travel industry.	72	4.81	0.66	5.00
3.	We frequently collect and analyze customer feedback through customer surveys.	72	4.79	0.41	5.00
4.	We frequently hold meetings with the purpose to inform or transfer knowledge to employees.	72	4.38	1.04	5.00
Overall Score			**4.72**	**0.87**	

Source: Survey Data (2019)

From the Table 4.4 (Page 39) on learning capabilities descriptive statistics, the overall mean score was 4.722 (approximately 4.72), and the average standard deviation was 0.867 (approximately 0.87). Since a majority of the travel firms within Nairobi County agreed to the four statements, the implication is that a majority of them have also employed learning capabilities as part of their organizational strategy.

4.5.3. Resource Reconfiguration Capabilities

Similar to the first two sets of capabilities (innovation and learning capabilities), the respondents were provided with four statements on resource reconfiguration capabilities, which were assessed using the five-point likert scale, where 1 was Strongly Disagree, 2 was Disagree, 3 was Neutral, 4 was Agree and 5 was Strongly Agree.

The highest mean score was 4.99 while the lowest was 4.03. The overall mean score was 4.39, and the average standard deviation was 1.13. The implication of this is that since a majority of the travel firms within Nairobi County agreed to the above statements, a majority of them also apply resource reconfiguration capabilities as part of their organizational strategy. The table overleaf further details the scores for the Mean and Standard Deviation for each of the innovation capabilities statement.

The table overleaf (Table 4.5) further illustrates these findings.

Table 4.5: Resource Reconfiguration Capabilities Descriptive Statistics

Resource Reconfiguration Capabilities					
Statements		**N**	**Mean**	**Standard Deviation**	**Median**
1.	Decisions in this firm are always made through formal structures and channels of authority.	72	4.99	1.40	5.00
2.	Our firm often generates respect and admiration in the travel industry.	72	4.49	0.71	5.00
3.	Our firm always invests in strategic partnerships with hotels, lodges and other travel firms.	72	4.07	1.36	5.00
4.	Getting patents, copyrights and other legal rights is one of our most important strategies.	72	4.03	1.05	5.00
Overall Score			**4.39**	**1.13**	

Source: Survey Data (2019)

Therefore, the aforementioned results on the descriptive statistics for the dynamic capabilities of travel firms within Nairobi County are summarized in the table below.

Table 4.6: Mean Score and Standard Deviation Summary

	Dynamic Capabilities	Overall Mean Score	Standard Deviation
1.	Innovation Capabilities	4.72	0.56
2.	Learning Capabilities	4.72	0.87
3.	Resource Reconfiguration Capabilities	4.39	1.13

Source: Survey Data (2019)

4.6. Effects of Dynamic Capabilities on Performance of Travel Firms

The objective of the study was to assess the effects of dynamic capabilities on the performance of travel firms in Nairobi County. The dynamic capabilities under study were innovation capabilities (IC), learning capabilities (LC) and resource reconfiguration capabilities (RRC). Therefore, correlation analysis and regression analysis were done.

4.6.1. Spearman's Rho Correlation Analysis

The Spearman's rho correlation analysis was conducted in order to find out whether each of the set of dynamic capabilities (independent variable) was associated with firm performance (dependent variable).The findings are presented in the table overleaf.

Table 4.7: Spearman's Rho Correlation Analysis

Spearman's Rho Correlations						
			Firm Performance	**IC**	**LC**	**RRC**
Spearman's Rho Correlations	**Firm Performance**	Correlation Coefficient	1.000	0.271*	0.043	0.228
		Sig.(2-tailed)		0.021	0.721	0.055
		N	72	72	72	72
	IC	Correlation Coefficient	0.271*	1	0.863**	0.776**
		Sig. (2-tailed)	0.021		0.000	0.000
		N	72	72	72	72
	LC	Correlation Coefficient	0.043	0.863**	1	0.739**
		Sig. (2-tailed)	0.721	0.000		0.000
		N	72	72	72	72
	RRC	Correlation Coefficient	0.228	0.776**	0.739**	1
		Sig. (2-tailed)	0.055	0.000	0.000	
		N	72	72	72	72

In Table 4.7 (above), IC stands for the innovation capabilities, LC represents the learning capabilities and RRC represents the resource reconfiguration capabilities. Two asterisks (**) indicate that correlation is significant at the 0.01 level (2-tailed), while one asterisk (*) indicates that correlation is significant at the 0.05 level (2-tailed). The Spearman's rho correlation was used to check whether the variables in this study were related. More specifically, Spearman's rho was

used to check the strength, direction and significance of the correlation of the study variables. Since Spearman's rho coefficient (r_s) ranges from -1 to 1(Hauke & Kossowski, 2011),the implication is that coefficients that tended to -1 had very weak correlation while those that tended to positive 1 had very strong correlation.

From the results in Table 4.7, innovation capabilities had weak positive relationship with firm performance (0.271). Learning capabilities also had weak positive relationship with firm performance (0.043). Similarly, resource reconfiguration capabilities had weak positive relationship with firm performance (0.228). In terms of significance of the relationship between the capabilities and firm performance, all the 3 levels of dynamic capabilities (innovation capabilities, learning capabilities and resource reconfiguration capabilities were significant at 95% confidence interval.

The summarized results of the correlation between dynamic capabilities and firm performance are presented in the table below.

Table 4.8: Summarized Correlation Analysis

Correlations			
		Dynamic Capabilities	Firm Performance
Dynamic Capabilities	Pearson Correlation	1	.269*
	Sig. (2-tailed)		0.022
	N	72	72
Firm Performance	Pearson Correlation	.269*	1
	Sig. (2-tailed)	0.022	
	N	72	72

4.6.2. Multiple Regression Analysis

In this study, firm performance was the dependent variable while dynamic capabilities were the independent variables (innovation, learning and resource reconfiguration capabilities). The table overleaf (Table 4.11) shows the regression results of dynamic capabilities and firm performance..

Table 4.9: Dynamic Capabilities and Firm Performance Regression Results

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1[a]	.269[b]	0.072	0.059	0.20042	
2[c]	.430[d]	0.185	0.067	0.19960	1.437
a. Model 1: Without Moderating Variable					
b. Predictors: (Constant), Dynamic Capabilities					
c. Model 2: With Moderating Variable					
d. Dependent Variable: Firm Performance					

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1[b]	Regression	0.219	1	0.219	5.457	.022[c]
	Residual	2.812	70	0.040		
	Total	3.031	71			
2[d]	Regression	0.561	9	0.062	1.564	.146[e]
	Residual	2.470	62	0.040		
	Total	3.031	71			
a. Dependent Variable: Firm Performance						
b. Model 1: Without Moderating Variable						
c. Predictors: (Constant), Dynamic Capabilities						
d. Model 2: With Moderating Variable						
e. Predictors: (Constant), Dynamic Capabilities, Firm Age, Firm Size						

Table 4.9 (Continued): Dynamic Capabilities and Firm Performance Regression Results

Coefficients[a] (Individual Dynamic Capabilities Elements)

Model		Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error			Tolerance	VIF
1[b]	(Constant)	3.813	0.248	15.370	0.000		
	IC[c]	0.478	0.112	4.254	0.000	0.214	4.681
	LC[d]	-0.333	0.104	-3.190	0.002	0.244	4.104
	RRC[e]	-0.005	0.072	-0.072	0.943	0.378	2.644

a. Dependent Variable: Firm Performance

b. Model 1: Without Moderating Variable

c. IC: Innovation Capabilities d. LC: Learning Capabilities

e. RRC: Resource Reconfiguration Capabilities

Coefficients[a] (Dynamic Capabilities)

Model		Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
		B	Std. Error			Tolerance	VIF
1[b]	(Constant)	3.891	0.267	14.590	0.000		
	Dynamic Capabilities	0.136	0.058	2.336	0.022	1.000	1.000
2[c]	(Constant)	3.749	0.286	13.129	0.000		
	Dynamic Capabilities	0.153	0.062	2.453	0.017	0.864	1.157
	Firm Age	0.005	0.063	0.072	0.943	0.711	1.412
	Firm Size	0.142	0.085	1.535	0.191	0.803	1.251

a. Dependent Variable: Firm Performance

b. Model 1: Without Moderating Variable

c. Model 2: With Moderating Variable

From the Model Summary section of Table 4.9, R was 26.9% without the moderating variable and 43.0% when the moderating variable was included, where R indicated the amount of data explained by the model. R^2 was 7.2% without the moderating variable and 18.5% when the moderating variable was included, which indicated the extent to which the independent variables of innovation, learning and resource reconfiguration capabilities explained firm performance. The section that follows the Model Summary in Table 4.9 is the ANOVA section, which is the analysis of variance. With regard to the multicollinearity, the VIF values were less than 10 and not 5 for all variables. This implies that there was no multicollinearity for the variables.

Based on Table 4.9, the following equations were derived using the Beta values of the unstandardized coefficients (without the moderating variable), for each element of dynamic capabilities under study:

(i) $\hat{Y}_{1i} = 3.813 + 0.478IC$

Where:

IC = Innovation Capabilities

3.813 = the value of firm performance when dynamic capabilities value is zero.

0.478 = coefficient of innovation capabilities. The implication here is that all other factors held constant, for every unit increase of innovation capabilities, firm performance will increase by 0.3.813.

(ii) $\hat{Y}_{1i} = 3.813 – 0.333LC$

Where:

LC = Learning Capabilities

3.813 = the value of firm performance when dynamic capabilities value is zero.

-0.333 = coefficient of learning capabilities. This implies that all other factors held constant, for every unit increase of learning capabilities, firm performance will decrease by 0.333.

(iii) $\hat{Y}_{1i} = 3.813 – 0.005RRC$

Where:

RRC = Resource Reconfiguration Capabilities

3.813 = the value of firm performance when dynamic capabilities value is zero..

-0.005= coefficient of resource reconfiguration capabilities. This means that all other factors held constant, for every unit increase of resource reconfiguration capabilities, firm performance will decrease by 0.005.

Therefore, based on Table 4.9, the following equation was derived using the Beta values of the unstandardized coefficients (without the moderating variable):

$$\hat{Y}_{1i} = 3.813 + 0.478IC - 0.333LC - 0.005RRC$$

Where:

IC = innovation capabilities LC = learning capabilities

RRC = resource reconfiguration capabilities

3.813 = the value of firm performance when dynamic capabilities value is zero.

0.478 = coefficient of innovation capabilities. The implication here is that all other factors held constant, for every unit increase of innovation capabilities, package tour quality will increase by 0.478.

-0.333 = coefficient of learning capabilities. This implies that all other factors held constant, for every unit increase of learning capabilities, firm performance will decrease by 0.333.

-0.005= coefficient of resource reconfiguration capabilities. This means that all other factors held constant, for every unit increase of resource reconfiguration capabilities, firm performance will decrease by 0.005.

When the individual dynamic capabilities elements are combined, the equation below is derived:

$$\hat{Y}_{1i} = 3.891 + 0.136DC$$

Where:

DC = Dynamic Capabilities

3.891= the value of firm performance when dynamic capabilities value is zero.

0.136 = coefficient of dynamic capabilities. The implication here is that without the moderating variable, for every unit increase of dynamic capabilities, firm performance will increase by 0.136.

When the moderating variable (firm characteristics) was included, the following equation was derived using the Beta values of the unstandardized coefficients:

$$\hat{Y}_{1i} = 3.749 + 0.153DC + 0.005FA + 0.142FS$$

Where:

DC = Dynamic Capabilities

FA = Firm Age

FS = Firm Size

3.749= the value of firm performance when dynamic capabilities value is zero.

0.153= coefficient of dynamic capabilities. The implication here is that when the moderating variable is added, for every unit increase of dynamic capabilities, firm performance will increase by 0.153

0.005 = coefficient of firm age. This implies that when the moderating variable is added, for every unit increase of firm age, firm performance will increase by 0.005.

0.142 = coefficient of firm size. This implies that when the moderating variable is added, for every unit increase of firm size, firm performance will increase by 0.142.

4.6.3. Summary of Results

Table 4.10 below shows a summary of the regression results for the effects of dynamic capabilities on travel firm performance

Table 4.10: Summary of Results (Without Moderating Variable)

Model	**Dynamic Capabilities**		
	Innovation Capabilities	**Learning Capabilities**	**Resource Reconfiguration Capabilities**
Firm Performance	Significant	Not Significant	Not Significant

Table 4.11 below shows a summary of regression results when the moderating variable of firm characteristics are included.

Table 4.11: Summary of Results (Moderating Variables Included)

Model	Firm Characteristics	
	Firm Age	**Firm Size**
Relationship between Firm Performance and Dynamic Capabilities	Significant	Significant

4.7. Chapter Summary

In this chapter, the results of the research study were explained in detail, in accordance with the research objectives. The first objective was to establish the level of dynamic capabilities among travel firms in Nairobi County. The research achieved this through computation of mean, standard deviation and median. From research findings, innovation capabilities and learning capabilities were the most prevalent among the travel firms, followed by resource reconfiguration capabilities.

The second objective was to determine the effects of innovation capabilities on the performance of the travel firms. Innovation capabilities had significant effect on firm performance. The third objective was to gauge the effects of learning capabilities on the performance of the travel firms. Learning capabilities had no significant effect on firm performance. The fourth objective was to evaluate the effects of resource reconfiguration capabilities on the performance of the travel firms. Resource reconfiguration capabilities had no significant effect on firm performance.

The fifth objective was to assess the moderating influence of firm characteristics on the relationship between dynamic capabilities and performance of travel firms. The moderating variables applied in this study were firm age and firm size. Both firm age and firm size had significant effect on the relationship between dynamic capabilities and firm performance.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter presents a summary of the findings of this study. From research findings, innovation capabilities and learning capabilities were the most prevalent among the travel firms, followed by resource reconfiguration capabilities. Innovation capabilities had significant effect on firm performance. Learning capabilities had no significant effect on firm performance. Resource reconfiguration capabilities had no significant effect on firm performance. However, when the moderating variable of firm age and firm size were applied, both firm age and firm size had significant effect on the relationship between dynamic capabilities and firm performance.

The chapter also outlines conclusions, which include implications for leadership and managerial teams within the travel and tourism sector in Nairobi County. The final section of the chapter discusses the limitations of this study and suggestions of areas for further research on the subject of study.

5.2. Discussion of Findings

In this section, key findings of the research are discussed, based on each of the research objectives.

5.2.1. Level of Dynamic Capabilities

From the research findings, specifically the descriptive statistics, innovation capabilities and learning capabilities had the higher mean score, followed by resource reconfiguration capabilities. Therefore both innovation capabilities and learning capabilities were the most prevalent among the travel firms, followed by resource reconfiguration capabilities. The implication here is that majority of the travel firms had paid more attention to both innovation and learning capabilities, as evident in their predominant application among the firms. The prevalence of innovation capabilities and learning capabilities can be attributed to the perceived strategic role of ICT, as well as organizational learning mechanisms, in improving effectiveness and productivity, and sustaining good performance among the travel firms (Mwarania, 2012; Khan & Sikes, 2014).

Resource reconfiguration capabilities among the travel firms studied were also widespread, although to a lesser extent when compared to both innovation and learning capabilities. This could be attributed to the relatively higher costs that a firm has to spend while investing in their resources reconfiguration capabilities (Ombaka et. al., 2015).

5.2.2. Effects of Innovation Capabilities on Firm Performance

The second objective was to determine the effects of innovation capabilities on the performance of the travel firms in Nairobi County. Innovation capabilities were measured by development of new travel products and services to cope up with market demands, technological needs assessment in order to adapt to travel industry needs, introduction of several innovative travel products and services in the past, rewarding of innovative activity by management of the firms studied. Innovation capabilities were noted to have significant effect on firm performance.

The findings of this research were in line with other past related studies, which established that innovation capabilities do influence firm performance. Calantone, Cavusgil and Zhao (2002), Camisóna and Monfort-Mirb (2012), Camisón and Villar-López (2014), and Kihara, Ngugi and Ogollah (2016) found positive influence of innovation capabilities on the performance of firms. However, the findings also differed with those of two sets of scholars who argued that effective innovation is dependent on a wide set of elements that comprise the innovation capabilities (Zhang, Garrett-Jones, & Ricky, 2013), and that the size of a firm influences the effect of dynamic capabilities on firm performance; thus, these results differ when SMEs are compared to large firms (Alves et. al., 2016).

5.2.3. Effects of Learning Capabilities on Firm Performance

The third objective was to gauge the effects of learning capabilities on the performance of the travel firms in Nairobi County. Learning capabilities was measured by a firm's provision of training opportunities to employees, collection and analysis of customer feedback through customer surveys, transfer of knowledge to employees, and competitors as a very important source for learning new trends in the travel industry. Learning capabilities were noted to have no significant effect on firm performance.

These research findings were not consistent with the findings of other scholars, who established that learning capabilities positively influenced firm performance (Shoid, Kassim and Salleh, 2011; Onyango, 2016). The difference in findings could be attributed to the fact that SMEs often encounter failure due to poor organizational learning mechanisms, which would otherwise have led to their survival and performance (Nafukho & Graham, 2008). The travel industry is also noted as a "late adopter" of knowledge management practices due to the presence of a hostile adoption environment and gap between researchers and tourism (Cooper, 2006). Another contributing factor

to the difference could also be because of contextual differences from previous studies such as large manufacturing firms (Kihara, Ngugi, & Ogollah, 2016), humanitarian organizations (Onyango, 2016), government institutions (Soi, 2013) and commercial banks (Kinyua, Muathe, & Kilika, 2013; Mengich, 2015); since the focus of this study was the travel industry.

5.2.4. Effects of Resource Reconfiguration Capabilities on Firm Performance

The fourth objective was to evaluate the effects of resource reconfiguration capabilities on the performance of the travel firms in Nairobi County. Resource reconfiguration capabilities were measured by investment in strategic partnerships with hotels, lodges and other travel firms, generation of respect and admiration in the travel industry, obtaining patents, copyrights and other legal rights and the decision-making structure of the firm. Resource reconfiguration capabilities had no significant effect on firm performance.

These research findings on the effects of resource reconfiguration capabilities on firm performance are consistent with those of Cole (2012), Gul (2014) and Maduenyi, Oke, Fadeyi and Ajagbe (2015). However, the findings are not consistent with those of other scholars, who found significant effects of resource reconfiguration capabilities on firm performance in terms of the product or service quality (Carmeli & Tishler, 2004; Kiiru, 2015). The differences in findings could be explained by the fact that a number of existing studies are fragmented along a wide spectrum of resources as sources of dynamic capabilities (Wang and Ahmed, 2007).

5.2.5. Moderating Effects of Firm Characteristics on the Relationship between Dynamic Capabilities and Firm Performance

The fifth objective was to assess the moderating influence of firm characteristics on the relationship between dynamic capabilities and performance of travel firms. The moderating variables had significant effect on the relationship between dynamic capabilities and firm performance. With the moderating variables, dynamic capabilities had significant effect on firm performance. Firm age and firm size as the moderating variables in this research had significant effect on the relationship between dynamic capabilities and firm performance.

These findings are not consistent with the findings of Ali et. al. (2016), who concluded that firm size does not moderate the relationship between dynamic capabilities and firm performance. In addition, firm age as a moderating variable had significant effect on firm performance, which is consistent with the findings of Loderer & Waelchli, 2010; Akben-Selcuk, 2016; Pervan, Pervan,

& Ćurak, 2017. These results differed mainly because of differences in context, particularly when SMEs are compared to large firms (Alves et. al., 2016).

5.3. Conclusion

This study established that innovation capabilities depicted significant effect on firm performance. Learning capabilities had no significant effect on firm performance. Similarly, resource reconfiguration capabilities had no significant effect on firm performance.

The model was significantly improved through incorporation of the moderating variable (firm characteristics). R^2 was 7.2% without the moderating variable and 18.5% when the moderating variable was included, which indicated that more of the independent variables of innovation, learning and resource reconfiguration capabilities explained firm performance when the moderating variable was included.

The research findings are consistent with those of Kitenga and Kuria (2014), who found that dynamic capabilities have significant effect on firm performance. However, the findings are also not consistent with those of some scholars, who concluded that dynamic capabilities have no significant effect on firm performance (Ambrosini & Bowman, 2009; Protogerou, Caloghirou, & Lioukas, 2012). These findings are also not consistent with the findings of Ali et. al. (2016), who concluded that firm size does not moderate the relationship between dynamic capabilities and firm performance.

5.4. Recommendations

This study established that overall, dynamic capabilities have a significant positive effect on travel firm performance. Therefore, managers and leaders within the travel industry should continue to implement dynamic capabilities within their firms, with greater focus on innovation capabilities.

This research has also contributed to the existing literature by including a diverse context in the study of dynamic capabilities. Firstly, the study was based on travel firms, which are largely SMEs; and secondly, the research incorporated a moderating variable which improved the model. These two aspects are different from the previously undertaken studies within the Kenyan context; hence, the study enriches the existing body of research.

5.5. Research Limitations

The research was limited to travel firms within Nairobi County. Hence the findings of this study are limited to geographical context and also in terms of size and nature of firms, as a majority of travel firms are SMEs. Secondly, the study was limited to the use of non-financial measures of firm performance, which were package tour quality and internal process quality.

5.6. Suggestions for Future Study

This study focused on only three elements of dynamic capabilities. Therefore, future studies can explore other elements of dynamic capabilities, as it is quite a vast phenomenon. Measurement of firm performance in this study was also based on non-financial aspects. These were package tour quality and internal process quality, which were inclined more on quality performance. Hence, future studies can focus on financial or both financial and non-financial measurements of firm performance. Finally, future research can explore the effect of dynamic capabilities across different organizational and geographical contexts, since this study only focused on travel firms within Nairobi County.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Strathmore UNIVERSITY

19th March 2018

TO WHOM IT MAY CONCERN

Academic Reference for Kufwafwa Atlanta Munyite Student No. 53609

Ms Kufwafwa, Atlanta Munyite is a postgraduate student in our Master of Commerce (MCom) programme. In partial fulfilment of the MCom degree, students are required to carry out a research project and write a thesis on a contemporary subject within their field of specialisation. Among other activities, the project involves data collection and analysis.

Atlanta is requesting to gather information to be used in her research. The information she will obtain from your organization will be used for this academic purpose only and will be kept confidential. The results of the survey will be in summary form and will not disclose any individual, company name or company information in any way.

The research study is entitled "**Effects of Dynamic Capabilities on The Performance of Travel Firms in Nairobi County.**"

We hope that your organization can assist by providing information to the above named student.

Yours faithfully,

Quindos Karanja
Coordinator – Master Programmes
Strathmore University Business School
Email: qkaranja@strathmore.edu

APPENDIX II: QUESTIONNAIRE

Dear respondent,

This questionnaire is designed to assess the moderating influence of firm characteristics on the relationship between dynamic capabilities and performance of travel firms in Nairobi County, Kenya. It is divided into three sections.

Please note that completing this questionnaire is **voluntary**. The information you provide is anonymous and will be held with uttermost **confidentiality**. Your responses will be used for academic purposes only. The questionnaires will be analyzed collectively and hence no reference will be made to any particular individual(s) or organization in the report of the study.

SECTION A: GENERAL INFORMATION

Please tick as appropriate.

1. What is your gender/sex? (Please tick one) [ ] Male [ ]Female
2. How long has your organization been in operation?

   [ ] Less than 1 year
   [ ] 1-5 years
   [ ] 6-10 years
   [ ] Above 10 years

3. Please indicate the number of employees in your organization:

   [ ] 1 – 9
   [ ] 10 – 49
   [ ] 50 –99
   [ ] Above 100

4. Indicate the number of years of your work experience in the organization:
   [ ] Less than 1 year
   [ ] 1-5 years
   [ ] 6-10 years
   [ ] Above 10 years

5. Please describe your role in the organization:

[ ] Director/Board Member

[ ] Top Management (CEO/Managing Director/General Manager)

[ ] Management/Supervisory

[ ] Other (please specify) _____

SECTION B: DYNAMIC CAPABILITIES

This section (overleaf) contains capabilities that organizations develop in the face of changing business environment. On a Likert scale of 1 – 5, please indicate the extent to which they describe your firm, by ticking (✓) or filling in.

(1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree)

STATEMENT		SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.Innovation Capabilities	1. We often develop new travel products and services to cope up with market demands.					
	2. We frequently assess technological needs in our firm and adapt to suit travel industry needs.					
	3. This firm has consistently introduced several innovative travel products and services in the past.					
	4. The Management of this firm always recognizes and rewards innovation activities among employees.					
	5. Any other? Please specify.					
2.Learning Capabilities	1. Our firm always provides training opportunities to enhance employees' expertise in the travel industry.					
	2. We frequently collect and analyze customer feedback through customer surveys.					

	3. We frequently hold meetings with the purpose to inform or transfer knowledge to employees.					
	4. Our competitors are a very important source for learning new trends in the travel industry.					
	5. Any other? Please specify.					
3.Resource Reconfiguration Capabilities	1. Our firm always invests in strategic partnerships with hotels, lodges and other travel firms.					
	2. Our firm often generates respect and admiration in the travel industry.					
	3. Getting patents, copyrights and other legal rights is one of our most important strategies.					
	4. Decisions in this firm are always made through formal structures and channels of authority.					
	5. Any other? Please specify.					

SECTION C: FIRM PERFORMANCE

This section contains non-financial measures of firm performance. On a Likert scale of 1 – 5, please indicate the extent to which the following statements describe the level of performance of your firm, by ticking (✓) or filling in.

(1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree)

STATEMENT		SCALE				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1. Package Tour Quality	1. We always customize package tours to suit customer needs like family travel, large groups or international trips.					
	2. Our package tours often consist of auxiliary services to our customers (optional excursions and insurance).					
	3. The number of repeat package purchases has consistently increased over the past 2 years					
	4. Our package tours are often retained till travel and not cancelled or exchanged.					
	5. Any other? Please specify.					
2. Internal Operations Quality	1. We always offer a variety of travel booking channels to our customers (online, in person, by telephone).					
	2. We regularly monitor the timeliness of our partner transport providers (airport transfers, check-in and departure time of flights and buses).					
	3. We often obtain star reviews on travel websites (like TripAdvisor).					
	4. We periodically keep track of our internal processes and operations as per our objectives through internal auditing.					
	5. Any other? Please specify.					

Thank you for your time and cooperation in filling this questionnaire.

APPENDIX III: ETHICAL CLEARANCE RELEASE LETTER

Strathmore UNIVERSITY

14th May 2024

Atlanta Kufwafwa

Student Number: 053609

atmukufwafwa@gmail.com

Dear Atlanta,

RE: Effects of Dynamic Capabilities on Performance of Travel Firms in Nairobi County

This is to inform you that the Office of Graduate Studies on Thursday May 9th, 2024, received your request on email for exemption from Ethical Clearance for the above Thesis. However, it is noted that the Research Services Office and The Strathmore University Institutional Scientific and Ethical Review Committee (SU-ISERC) cannot review your study since you have already collected data and written the Thesis. The ethics approval process is ONLY done before any collection of primary or secondary data.

The office notes that: On the grounds of not having submitted your research proposal, with reason of ethical approval not being compulsory at the time of your research study in the University. This is a letter for you to proceed with the next steps of your academic requirements.

Please be advised, that in future, all research proposals should be submitted to the SU-ISERC through the RHInnO Ethics platform: https://strathmoreuniversity.rhinno.net/login

Disclaimer: 1) This is not in any way an ethical approval letter. 2) Should there be any legal implications/actions emanating from the research in terms of any ethical violations, you will be personally liable.

Yours sincerely,

Dr. Bernard Shibwabo

Director of Graduate Studies

Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email admissions@strathmore.edu www.strathmore.edu

APPENDIX IV: TOUR OPERATORS AND TRAVEL AGENTS IN NAIROBI COUNTY

1. Helinas Safaris Ltd	72. Go Africa Travel Ltd.
2. ATS Travel Agents	73. Glory Safaris
3. Rosolo Safaris	74. Kibo Slopes Safaris Kenya Ltd
4. Turkenya Tours	75. Kosen Safaris Africa Ltd
5. Africa Viza Travel Services Ltd.	76. Maniago Safaris Ltd
6. Gofan Safaris	77. Magical Spots Tours
7. Marble Travel	78. Magical Skies Ltd
8. Sportsmen's Safaris & Tours Ltd.	79. Naked Wilderness Africa
9. Zoar Tours & Safaris	80. Nature Expeditions Africa
10. Africa Untamed Wilderness	81. Origins Safaris
Adventures Ltd.	82. Savage Wilderness
11. Apollo Tours & Travel	83. Speedbird Travel and Safaris Limited
12. Steenbok Safaris and Car Hire	84. Soin Africa Safaris
13. Trails of Africa Tours & Safaris	85. Sunworld Safaris Limited
14. Absolute Adventure Africa Safaris	86. The Scott Travel Group Ltd
Limited	87. Tour Africa Safaris
15. Affable Tours & Safaris	88. Travel Affairs Limited
16. Africa Partners in Safari	89. Wild East Africa Ltd
17. African Eco Safaris	90. Vintage Africa Ltd
18. African Home Adventure Ltd.	91. Waymark Safaris Ltd.
19. African Sermon Safaris	92. Trevaron Travel and Tours Ltd
20. Animal World Safaris Ltd	93. Wildlife Safari Kenya Ltd
21. Anste Tours & Travel Limited	94. Zakale Expeditions
22. Asili Adventure Safaris Ltd.	95. Access Safaris Ltd.
23. Australken Tours & Travel Ltd.	96. Hirola Tours & Safaris
24. Baisy Oryx Tours Travel & Safaris	97. Nappet Tours & Travel Ltd
25. BCD Travel	98. African Latitude (Kenya) Ltd
26. Campofrio Safaris Ltd.	99. African Road Safaris
	100. Aramati Safaris

27. BushBlazers Tours Travel & Safaris Ltd.	101. As You Like It (Safaris) Ltd
28. Brogibro Company Ltd.	102. Balloon Safaris Ltd
29. Avenue Car Hire	103. Bush and Beyond Ltd
30. CKC Tours and Travel	104. Benroso Safaris Ltd
31. East African Shuttles & Safaris	105. Cheli& Peacock Ltd
32. Eco Adventures Limited	106. Elephant Watch Portfolio
33. Frate Tours Ltd.	107. Express Travel Group
34. Game Viewers Adventures	108. Game Tracker Safaris
35. Fairway Safaris	109. JMAR Safaris Ltd
36. Napenda Africa Safaris	110. Kent Tours & Travel Ltd
37. Mighty Tours and Travel Ltd.	111. Long Ren Tours & Travel Ltd
38. Reny Safaris	112. Panorama Car Hire and Tours
39. Pal Davis Adventure Safaris	113. Rhino safaris Ltd
40. Right Choice Safaris	114. Wildebeeste Travels
41. Silverbird Adventure Tours and Travel	115. Shian Tours & Travel
42. Top Notch Luxury Safaris Ltd.	116. All Seasons Safaris and Tours
43. TravelCare Ltd.	117. Favour Tours & Safaris Ltd.
44. Transworld Safaris	118. Serene East Africa Safaris Limited
45. Tourist Maps Kenya Ltd.	119. Silver Africa Tours and Safaris
46. Visit Africa Limited	120. Travel Connections Ltd
47. Abercrombie & Kent Ltd.	121. The Scott Travel Group Ltd
48. Africa Journeys Escapes Ltd.	122. Somak Travel Ltd.
49. All Time Safaris Ltd.	123. Saleva Africa Tours Ltd.
50. Bellafric Expeditions Ltd.	124. Raylenne Tours & Safaris
51. Easy Go Safaris	125. Prima Vera Tours, Safaris & Travel Ltd.
52. Kenya Expresso Tours & Safaris.	126. Kenor Safaris Ltd.
53. Masikio Safaris Ltd.	127. IntoAfrica Eco-Travel Ltd.
54. Travel Connections Ltd.	128. Bonfire Adventures
55. Woni Safaris Ltd.	129. Lowis& Leakey Ltd.

56. Africa Bound Safaris	130. Raptim Humanitarian Travel (Jet Travel Ltd)
57. African Horizons Travel & Safaris Ltd.	131. Rasabi Safaris Ltd.
58. Archers Tours & Travel Ltd.	132. Aardwolf Africa Adventure Safaris Ltd
59. Charleston Travel Ltd.	133. African Eden Ltd.
60. Catalyst Travels Ltd.	134. Bestway Holidays Ltd.
61. Big Five Tours & Safaris Ltd.	135. Zoujin Africa Safaris Ltd.
62. Custom Safaris	136. Zirkuli Expeditions Ltd.
63. Cotts Travel & Tours Ltd.	137. Wild of Choices Tours & Travel Ltd.
64. Cosmic Safaris Ltd.	138. Transworld Safaris (K) Ltd.
65. Earth Tours & Travel Ltd.	139. Tekko Tours & Travel
66. Elite Travel Services Ltd	140. Sunworld Safaris Ltd
67. Bunson Travel - Carlson Wagonlit Travel Kenya	
68. Flight & Safaris International Ltd	
69. Grand Edition Tours	
70. Good Hope Travel & Tours	
71. Golden Holidays & Travel Company	