

The Role of Planning Resources in Firm performance: An Empirical Investigation

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Abstract

This study sought to establish the relationship between planning resources and firm performance. The study premised on the resource based perspective which presupposes that resources are valuable bundles which when utilized well lead to the growth of the firm both internally and externally. However, there is inadequate empirical support to this view specifically from the developing economies. Data for this study was obtained from firms operating in Export Processing Zones (EPZ) in Kenya. The study established a positive and significant relationship between planning resources and both financial and non financial performance measures. Managerial implication of the study pointed to the need for managers to refocus on appropriate configuration of planning resources to achieve better performance.

Key words: Firm, Planning Resources, Performance, Export Processing Zones

1.1 Introduction

Strategic planning concepts and performance implications are key areas of investigation in strategic management research. Studies on various perspectives of strategic planning are still in nascent stages in many developing countries. Strategic planning has become a key activity for many organizations in the third world. Planning resources facilitate the planning process. Businesses have gone through turbulent times orchestrated mainly by the dynamic external environment which have necessitated reallocation of planning resources. This business landscape has led to improvement in management practices. However, there is still inappropriate configuration of planning resources by firms in many African economies.

2.0 Literature Review

2.1 Planning Resources

Resources are both tangible and intangible firm endowments. Resources are tangible and intangible assets leveraged by firms to deliver efficiency and effectiveness. Resources are endowments which produce competitive advantage (Wernerfelt, 1984). Helfat and Peteraf (2003) defined resources as assets which a firm owns, controls and has access to on a semi permanent basis. They exist in form of brand names, trade contacts, technology, skilled personnel and production/service delivery procedures.

Glaister and Falshaw (1999) argued that firms achieve better performance by acquiring certain endowments of resources. Adequacy of resources in relation to planning goals is pertinent to goal achievement and competitive positioning. The resources as propounded by Kraatz and Zajac (2001)

have to be scarce, valuable and imperfectly imitable to create sustained performance differences amongst competing firms. McLarney (2003) explored the link between environmental turbulence and planning resources and concluded that in turbulent environments, organizations devote more resources to the planning function.

2.2 Organizational Performance

The debate on performance is unconcluded. A number of studies focus on financial while others focus on non financial performance. Studies that used traditional performance measurements were based on traditional accounting systems which were criticized for lack of objectivity, consistency and open to internal manipulations (O'Regan, Sims and Gallea, 2008). Indeed in recent performance research, there has been a drift from exclusive use of financial performance measures to inclusion of non financial performance measures. This approach is practically valuable and in line with the multidimensionality of performance construct. Pun and White (2005) argued that measuring performance play an important role in translating strategy into results. However, as noted by Hubbard (2009) measuring performance is difficult especially when what has to be measured keeps changing and is multifaceted.

The need for organizations to align their performance measures with goals are well documented in literature. The complexities of managing the organizations today require that managers analyze different dimensions. Performance measurements are not ends in themselves, but are useful tools through which managerial purposes are achieved. Behn (2003) identified eight managerial purposes achieved through performance. He observed that performance is used in evaluation,

control, motivation, promotion, celebration, learning and improvement of different processes. Therefore, no single performance measure is adequate in capturing all the eight performance uses hence the adoption multidimensional measures of performance defined by the balanced score card.

The balanced score card gives a wholistic view of the organization by simultaneously looking at the four important perspectives of financial, market, internal processes, learning and growth. It is based on the stakeholder theory where a firm is seen as having responsibility to wider sets of stakeholders. Hubbard (2009) posited that stakeholder theory assesses the organization performance against the expectations of variety of stakeholder groups with specific interests in the organization. Kaplan and Norton (2001) argued that to ensure the long term survival and growth of a business there has to be a balance between the four performance perspectives. Therefore, company survival depends on how well it can position itself based on the four perspectives and optimization of its efforts.

2.3 Organizational resources

The resource based view (RBV) of the firm has gained a wide acclaim and attracted a lot of research in the recent past (Helfat, 2000; Newbert, 2007). The RBV looks at the firm in terms of its resource base (Wenerfelt, 1984). Grant (1991) defined resources as the assets a firm owns, externally available and transferable. Resources were also defined by Wenerfelt (1984) as anything which could be thought of as a strength or weakness of a given firm. This includes tangible and intangible assets which were tied semi permanently to the firm. He illustrated the examples of brand names, trade contacts, knowledge, technology, skilled personnel and efficient procedures. Helfat and Peteraf (2003) agreed with this description. However, the concept is at times confused and used interchangeably with capabilities. According to resource based view, a firm's strength is derived both from the resources and capabilities. While resources are tradable and more specific to the firm capabilities are firm specific and utilize resources within the firm.

Peteraf (1993) argued that resources are assets while capabilities are processes, firm attributes or knowledge. Dutta et al. (2005) defined capabilities as the efficiency with which a firm employs a given set of resources (inputs) at its disposal to achieve certain objectives (output). Casselman and Samsom (2007) extended the argument that to manage resources was a capability. Makadok (2001) in Hoopes et al. (2003) identified the distinction in terms of visibility; a resource is an observable asset but not necessarily tangible while a capability is not observable and hence

necessarily intangible. Newbert (2007) contended that these distinctions were minimal. Capabilities are organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve or die. Teece, Pisano and Shuen (1997) proposed a more integrative concept they named as dynamic capabilities. Ethiraj et al. (2005) in a study of Indian software industry concluded that the debate should shift from what capabilities are to how capabilities matter. Winter (2003) noted that scholars were still skeptical about the value of dynamic capabilities and underscored the distinction between operational and dynamic capabilities.

To extend the debate and shade more light on resources and capabilities, studies have analyzed their interaction with other firm factors. Carmeli and Tishler (2004) tested the relationship between intangible resources with performance, focusing on managerial capabilities, human capital, perceived reputation, labor relations and organizational culture. Intangible organizational resources had a significant effect on firm performance. Manikutty (2000) used the RBV to analyze the responses of Indian firms to environmental changes. He observed that businesses built their resource base gradually. In a guest editor's introduction to a special issue on the RBV, Hoopes, Madsene and Walker (2003) contended that the RBV often perplexed scholars from other disciplines, due to disharmony in its basic premises. The RBV achievements should be viewed as part of the larger body of the theory of competitive heterogeneity. Questions still remain on the interaction of resources with other organizational factors.

2.4 Planning Resources and Firm Performance

A good configuration of planning resources has been thought to foster firm performance. Such a configuration encompasses both tangible and intangible resources. This is because the ultimate effectiveness of strategic choices are reflected in the ability of the system to yield positive business performance. Desarbo et al. (2005) revisited the Miles and Snow typology (1978) and noted that the different strategy strands have a linkage to the resources available in the firm. For instance, prospectors rely on their resource capability to respond to market needs and be innovative while defenders need resources to keep their niches. Studies of the resource based view of the firm articulate that certain resource attributes like uniqueness, flexibility and inimitability enable certain strategies to yield better results.

Resources and performance have been studied alongside other firm factors. Ethraj et al. (2005) argued that resources and capabilities are not a result of tacit accumulation of experience but a consistent and deliberate investment in organizational structure. Most studies of the resource based theory linked structure and performance, acknowledging that performance

was dependent on the firm resources. Casselman and Samson (2007) in a study of knowledge capabilities reaffirmed that when firms accumulate resources, it is natural that their proper utilization is supported by the structures in place. Empirical studies into this resource and performance paradigm are still lacking in strategic management.

Howard and Walters (2004) who studied Chinese firms and concluded that when such resources are acquired, internal mechanisms (structures) are established to make the resources productive using firm strategy. Edith Penrose, to whom the original idea of the resource based view is attributed, observed in 1959 that firms grow when the structure is unable to fully exploit the current resources. Subsequently, firms will consider reconfiguring underutilized resources so as to be effective and more valuable (Rugman & Verbeke, 2002; Snow, et al, 2005). This assertion gives a pointer that configuration of these elements is possible and desirable for performance to be realized.

In light of the extant literature the following hypotheses were formulated to guide the study;

H1a: Planning resources have a significant influence on return on investment performance.

H1b: Planning resources have a significant influence on sales growth rate performance.

H1c: Planning resources have a significant influence on internal business process performance.

H1d: Planning resources have a significant influence on market performance.

3.0 Methodology of the study

This study adopted cross sectional census survey. The unit of analysis was the firm and the respondents for the study were managing directors, human resource managers, administrators and finance directors. Reliability of the study was ensured through computation of cronbach's alpha while validity was checked through the pilot study and operationalization of the research variables. The cronbach's alpha coefficients for the study were well above the 0.07 (Nunnally 1978). The use of managers on a study program in surveys was found enriching in previous studies because they are the vision bearers of individual organizations.

This study adopted Bartlett, Kotrlik and Higgins (2001) procedure of sample size determination. The approach is based on population size and the basic minimum in the procedure is 100 units. Sampling was not done for this study because the total population was less than 100 elements. Bartlett, Kotrlik and Higgins (2001) developed sampling tables with specific sample sizes. The sampling tables are calculated based on the minimum suitable population of 100 elements. The total population of this study is 84 firms. It was below the required minimum for sampling. Therefore, for this study, the entire population was studied hence a census survey.

Data analyzed for this study was collected from 40 firms making 62.5 percent response rate out of the 60 firms. Initially 84 firms had been targeted for the study but 20 firms could not be included in the study due to the following reasons; four firms had closed down, four firms were in the process of closing down, three firms were infrastructural developers and did not engage in export business at all, four firms were seasonal and could not be reached during the study time, two firms were still setting up while one firm was in the process of degazetment from the EPZ. Further, two firms had operated for less than a year and could not be included in the study.

Table 1 shows that most of the firms which responded to the study were from the Textiles and Apparels sector which constituted 35 percent of the total response. Firms from Food Processing and those engaged in multiple businesses were second and third in response. They were represented by 15 percent and 12.5 percent responses respectively. Firms from Wines and Spirits had the lowest response to the questionnaire making a contribution response of 2.5 percent.

Table 1: Sector Distribution of Respondent Firms

Firm Sector	Frequency	Percentage
Textiles and Apparels	14	35
Food Processing	6	15
Construction, Property and Other	5	12.5
Commercial - EPZ Support	4	10
Curios and Handicrafts	3	7.5
Horticulture	3	7.5
Minerals and Plastics	2	5
Pharmaceutical	2	5
Beverages, Wines and Spirits	1	2.5
Total	40	100

4.0 Data Analysis and Interpretation

Data was analyzed using both descriptive and inferential statistics. Descriptive data was analyzed using cross tabulation while hypotheses were tested using regression models.

4.1 Respondent Demographic Profiles

Respondent demographic profiles were tabulated to shed light on specific demographic characteristics. Respondents of this research study were analyzed in terms of gender, job designation, level of education and the working duration. This information enabled the researcher to discern the level of professionalism of the management teams working in EPZ firms. Further, the profiles of the firms operating in EPZ also enabled the researcher to gauge the ability of the EPZ Zones in terms of attracting and retaining the best employees and professionals.

Table 2 below shows that the male executives were the majority respondents representing 75 percent while female executives represented 25 percent of the total responses. Out of the male respondents, 27.5 percent were managing directors who formed majority of the respondents while human resource was the least category representing 7.5 percent. Overall, majority of the respondents were managing directors. The gender balance is important because it stipulates the proportion of economic power distribution between men and women. Today in Kenya, gender balance is a question of constitutional concern. There has been the desire for gender balance both in the public and private sectors focusing on equal distribution of economic power.

Table 2: Respondent Gender and Designation

Designation	Gender Percentage		
	Male	Female	Total
Managing Directors	27.5	10	37.5
Accountants	25	0	25
Administrators	15	10	25
Human Resource	7.5	5	12.5
Total	75	25	100

Table 3 shows how destinations of firm's exports vary. Of all the firms studied, 33 percent export exclusively to the USA market while 24 percent export exclusively to the African market. The Asian market receives the least of the exclusive exports from the Kenyan EPZs. Diversity of the export market is an important revelation of the study. It could be an attempt by firms to sustain the export business throughout the year. Therefore, it could be beneficial to design more flexible planning systems and focus more on the learning capabilities to be able to meet strict international standards.

Table 3: Export Processing Zones Export Destinations

Export Destinations	Percentage of Exports					Total
	1 to 24	25 to 49	50 to 74	75 to 99	100	
USA	40	20	7	0	33	100
UK	42	25	8	8	17	100
Asia	40	40	7	7	7	100
China	38	0	38	0	25	100
Africa	41	24	0	12	24	100
Others	40	20	7	0	33	100

This sub-hypothesis was tested using the four performance measures of return on investments, sales growth rate, internal business processes and market performance as shown below.

Table 4 shows regression results of the influence of planning resources on return on investment. The coefficient of determination was 0.546. It means that 54.6 percent of the variation in return on investment performance was explained by planning resources. The remaining 58.4 percent was explained by other factors not considered in the study. Table 5 shows the overall significance of the model with a p-value of 0.007 which was less than 0.05. The null hypothesis was rejected and concluded that planning resources have a significant influence on return on investment performance.

Testing of Hypothesis 1a: Planning resources have no relationship with return on investment performance

Table 4: Planning Resources and Return on Investment Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin –Watson
1	0.739	0.546	0.426	0.484	1.208

a) Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to planning activities
b) Dependent Variable: Return on Investment Performance

Table 5: Analysis of Variance of Planning Resources and Return on Investment Performance

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.356	5	1.071	4.569	0.007
	Residual	4.454	19	0.234		
	Total	9.810	24			

a) Dependent Variable: Return on Investment Performance
b) Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to strategic planning activities

Table 6 shows that the beta coefficients for financial resources and planning equipments were positive while those of planning space, business networks and planning personnel were negative at $\alpha = 0.05$. Financial resources had a coefficient of 0.391 at a p-value 0.029, planning personnel had a coefficient of -0.521 with a p-value of 0.006 while planning equipments had coefficient of 0.670 with a p-value of 0.001 which were all less than $\alpha = 0.05$. It means that a unit change in financial resources causes an increase of 0.391 in return on investments while a unit change in planning equipments causes an increase of 0.670 in return on investment performance within EPZ firms. However, a unit change in planning personnel causes negative change of 0.521 in return on investment performance.

Table 6: Coefficients of Planning Resources and Return on Investment Performance

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.	Collinearity Statistics	
	B	S.E	Beta			Tolerance	VIF
(Constant)	-0.795	0.546		-1.456	0.162		
Fin Res	0.391	0.166	0.514	2.358	0.029	0.503	1.988
Pln Spc	-0.093	0.198	-0.112	-0.472	0.643	0.426	2.349
Net Con	-0.226	0.128	-0.358	-1.763	0.094	0.581	1.723
Pln Per	-0.521	0.169	-0.712	-3.075	0.006	0.446	2.242
Pln Eqp	0.670	0.177	0.940	3.785	0.001	0.388	2.581
a Dependent Variable: Return on Investment Performance							

KEY: Fin Res – Planning resources; Pln Spc - Planning Space; Net Con - Networks and contacts; Pln Per- Planning personnel; Pln Eqp- planning equipment.

The relationship in table 6 was represented by the following equation:

$$\text{Return on Investment} = 0.391 \text{ FINRES} - 0.521 \text{ PLNPER} + 0.670 \text{ PLNEQP}$$

(0.029) (0.006) (0.001)

Testing of Hypothesis Ib: Planning resources have no relationship with sales growth rate performance

The regression equation shown above indicates that for every unit change in financial resources, there is an increase of 0.391 in return on investment while a unit change in planning equipments causes an increase of 0.670 in return on investment. However, a unit change in planning personnel causes a decrease of 0.521 in return on investment performance. Therefore, for every shilling invested in EPZ firms there is an increase of 0.391 on return on investments realized by the firms. Similarly, a unit change in working equipments including computers, projectors and telephones causes an increase of 0.670 in return on investments. However, additional planning personnel reduce return on investment performance by 0.521.

Table 7 shows regression results of the influence of planning resources on sales growth rate performance. The coefficient of determination was 0.171. It means that only 17.1 percent of variation in sales growth rate was explained by planning resources. The remaining 82.9 percent was explained by other factors not considered in the study. Table 8 shows the overall significance of the model with a p-value of 0.687 which is greater than 0.05. According to the results, the null hypothesis was not rejected. Therefore, planning resources do not have a significant influence on sales growth rate performance.

Table 7: Planning Resources and Sales Growth Rate Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.414	0.171	-0.105	0.466	1.947
a) Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to planning activities					
b) Dependent Variable: Sales Growth Rate Performance					

Table 8: Analysis of Variance of Planning Resources on Sales Growth Rate Performance

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.675	5	0.135	0.620	0.687
	Residual	3.268	15	0.218		
	Total	3.943	20			

a Dependent Variable: Sales Growth Rate Performance

b Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to strategic planning activities

Table 9 below shows the beta coefficients for financial resources, business networks, trade contacts, planning equipments, planning space and planning personnel.

Table 9: Coefficients of Planning Resources and Sales Growth Rate Performance

Coefficients							
Model	Unstandardized Coefficients		Standardized coefficients	t-Value	Sig.	Collinearity Statistics	
	B	S.E	Beta			Tolerance	VIF
(Constant)	-0.453	0.576		-0.787	0.444		
Fin Res	0.091	0.175	0.173	0.523	0.609	0.503	1.988
Pln Spc	-0.201	0.209	-0.345	-0.958	0.353	0.426	2.349
Net Con	0.027	0.136	0.062	0.201	0.843	0.581	1.723
Pln Prs	-0.055	0.179	-0.108	-0.307	0.763	0.446	2.242
Pln Eqp	0.237	0.187	0.479	1.269	0.224	0.388	2.581

a Dependent Variable: Sales Growth Rate Performance

KEY: Fin Res – Financial resources; Pln Spc - Planning Space; Net Con - Networks and contacts; Pln Prs- Planning personnel; Pln Eqp- planning equipment.

However, none of the beta coefficients was significant, which means that the independent influence of the variables do not explain the changes in sales growth rate performance.

Testing of Hypothesis 1c: Planning resources have no relationship with internal business process performance

Table 10 shows that the coefficient of determination of planning resources and internal business process performance was 0.325. It means that 32.5 percent of internal process performance was explained by planning resources. The remaining 67.5 percent was explained by other factors not considered in the model. Table 11 shows the overall model significance with a p-value of 0.019 which is less than 0.05. Informed by the results, the null hypothesis was rejected. Therefore, planning resources have a significant influence on internal business process performance

Table 10: Planning Resources and Internal Business Process Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.570	0.325	0.223	0.610	2.559

a Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to planning activities

b Dependent Variable: Internal Business Processes Performance

Table 11: Analysis of Variance of Planning Resources on Internal Business Process Performance

ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.913	5	1.183	3.179	0.019
Residual	12.278	33	0.372		
Total	18.191	38			

a Dependent Variable: Internal Business Processes Performance
b Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to strategic planning activities

Table 12 below shows the beta coefficients of financial resources, planning space, business networks, trade contacts, planning equipments and planning personnel.

Table 12: Coefficients of Planning Resources and Internal Business Process Performance

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.	Collinearity Statistics	
	B	S.E	Beta			Tolerance	VIF
(Constant)	-2.051	0.546		-3.755	0.001		
Fin Res	0.083	0.166	0.101	0.499	0.621	0.503	1.988
Pln Spc	0.133	0.198	0.147	0.671	0.507	0.426	2.349
Net Con	0.058	0.129	0.084	0.450	0.656	0.581	1.723
Pln Prs	0.132	0.170	0.166	0.776	0.443	0.446	2.242
Pln Eqp	0.158	0.177	0.204	0.889	0.381	0.388	2.581

Dependent Variable: Internal Business Processes Performance

KEY: Fin Res – Financial resources; Pln Spc - Planning Space; Net Con - Networks and contacts; Pln Per- Planning personnel; Pln Eqp- planning equipment.

However, none of the beta coefficients apart from the constant was significant. It means that the independent influence of the variables do not explain the changes in internal business process performance.

Testing of Hypothesis 1d: Planning resources have no relationship with market performance

Table 13 shows the coefficient of determination of planning resources and market performance was 0.265. It means that 26.5 percent of market performance was explained by planning resources while the remaining 73.5 percent was explained by other factors not considered in the model. Table 14 shows the overall model significance with a p-value of 0.06 which is greater than 0.05. The null hypothesis was not rejected and concluded that planning resources do not have significant influence on market performance.

Table 13: Planning Resources and Market Performance

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.515	0.265	0.154	0.478	2.405

a Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to planning activities
b Dependent Variable: Market Performance

Table 14: Analysis of Variance of Planning Resources Market Performance

ANOVA					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	2.719	5	0.544	2.380	0.060
Residual	7.540	33	0.228		
Total	10.260	38			

a Dependent Variable: Market Performance

b Predictors: (Constant), Working equipments in planning activities, Financial resources are allocated to planning, Business networks and contacts established, Personnel available for planning activities, Space is allocated to strategic planning activities

Table 15 below shows the beta coefficients of explanatory variables for market performance. Business networks and contacts had a positive beta coefficient at $\alpha = 0.05$. Business networks and trade contacts had a coefficient of 0.209. It means that a unit change of business networks and trade contacts causes an increase of 0.209 on market performance.

Table 16: Coefficients of Planning Resources and Market Performance

Coefficients							
Model	Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.	Collinearity Statistics	
	B	S.E.	Beta			Tolerance	VIF
(Constant)	-1.289	0.428		-3.011	0.005		
Fin Res	0.020	0.130	0.033	0.158	0.876	0.503	1.988
Pln Spc	0.119	0.156	0.175	0.764	0.450	0.426	2.349
Net Con	0.209	0.101	0.406	2.070	0.046	0.581	1.723
Pln Prs	0.105	0.133	0.177	0.790	0.435	0.446	2.242
Pln Eqp	-0.103	0.139	-0.178	-0.741	0.464	0.388	2.581

Dependent Variable: Market Performance

KEY: Fin Res – Financial resources; Pln Spc - Planning Space; Net Con - Networks and contacts; Pln Prs- Planning personnel; Pln Eqp- planning equipment.

The relationship was represented by the following equation:

$$\text{Market Performance} = - 1.289 C + 0.209 \text{ NETCON}$$

(0.005) (0.046)

The regression equation shown above indicates that a unit change in business networks and trade contacts causes an increase of 0.209 in market performance. However, the value of market performance when the planning resources have a value of zero was -1.289. It means that without planning resources, market performance was predicted to have a negative value of 1.289.

5.0 Discussion of the results

This study established a significant relationship between planning resources with both financial and non financial performance. Studies on organizational resources have a long history in strategic management in terms of determining competitive advantage. This basic concern has surfaced in the resource based view of the firm which has directed attention to important resource endowments of firms within industries (Wernerfelt, 1984; Barney, 1991). According to the resource based theorists, differences in performance arise from differences in resource endowments within

different firms. In a plausible extension of the resource based theories, Kraatz and Zajac (2001) posited that resources which are scarce, valuable and imperfectly imitable are capable of creating sustained performance differences. In essence, the resources and capabilities need to feature prominently in strategic planning.

The results of this study reveal that planning resources have a significant relationship on the financial performance of EPZ firms in Kenya. Although Hapisu (2003) study did not focus on resources, it established a positive link between strategic planning and competitive advantage in Kenyan EPZ firms. Shah and

Rivera (2007) study which was done in Trinidad established a positive link between EPZ firms and environmental performance. Therefore, the findings of this study are consistent with past studies. This study findings established a positive associations between planning resources and performance, are in line with the past studies. Penrose (1959) strongly emphasized the role of resources in promoting performance sustainability and successful growth of the firm. In her view, resources are the primary factors determining firm growth. Like Penrose (1959), Kraatz and Zajac (2001) argued that organizational resources are valuable bundles of options for future strategic choices.

Ramanujam and Venkatraman (1987) study established that planning resources have a dominant impact on planning system effectiveness. Planning system effectiveness was measured in terms of system capability, objective fulfillment and relative competitive performance. Helfat (1998) study of the US Petroleum industry provided empirical support for this perspective. She established that petroleum firms with certain types of resources engaged in more coal gasification research hence making them highly adaptable and more likely to achieve performance benefits. Consequently, this study established a significant positive relationship between planning resources with return on investment and internal business process performance. A theoretical contribution of this study is establishment that planning resources are valuable bundles of endowments which determine how well a firm achieves the ultimate performance. Resource endowments are inherent in the financial resources available to the firm, business networks and trade contacts which the firms make with external partners together with physical assets to facilitate production and service delivery.

Strategy researchers have increasingly become aware of the uniqueness, inimitability, historically and heterogeneously accumulated resources that differentiate firms but little attention has been focused on planning resources. This study's empirical findings provide the greatest evidence of performance being a function of planning resource endowments. Ramanujam, Venkatraman and Camillus (1986) emphasized that planning in an organization cannot be successful unless adequate resources are committed to the activity. Consistent with prior research this study established that resources not only enhance internal and external growth of the firm but also was a function of both financial and non financial performance in

EPZ firms (Ramanujam and Venkatraman, 1987; Kraatz and Zajac, 2001).

6.3 Conclusion and Implications of the Study

This research established the nature and extent of the relationship between strategic planning systems and firm performance. Based on the outcomes, this study draws conclusion based on theory, context and process. The study confirmed hypothesized significant relationship between planning resources and firm performance. These empirical affirmations are important specifically in an attempt to confirm that resource bundles which are rare, scarce valuable and non imitable together with dynamic capabilities which are value laden facilitate the achievement of sustained performance.

This study makes a contribution to the resource based theory by supporting the perspective that a firm's competitive advantage is a function of scarce, valuable and inimitable resources which are embedded within the planning systems. From the study, financial resources, business contacts and networks, economies of scale and product differentiation were singled out as scarce, rare, inimitable and valuable resources that facilitated competitive advantage in EPZ firms. Thus transformation of firm resources is achieved through dynamic capabilities inherent in resource integration and configuration.

The importance of understanding how planning resources, which was the overall objective of this study becomes better appreciated. This is in light of the significant percentage of capital investment ploughed to the firms in EPZs by both the local entrepreneurs and multinational companies. Further, the importance attached to the achievement of Vision 2030 requires the ultimate success of the EPZ firms which are the vehicles through which the vision will be achieved.

Policy makers need to consider the alignment of policy recommendations and important firm attributes to enhance the achievement of better performance. In Kenya, the policy makers will utilize the findings of the study to advice firms operating within EPZs on appropriate configuration of planning systems to facilitate better performance. Managers within an organization matter in determining firm success. An effective planning system requires an infusion of adequate resources to the planning efforts as well as knowledge of relevant planning techniques.

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