CULTURE, COMPETITIVE STRATEGY, INNOVATIONS AND PERFORMANCE OF THE AIRLINE COMPANIES IN KENYA

SCHOLASTICA ADHIAMBO OPIYO

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

Signature: Date: 27th November 2023

Scholastica Adhiambo Opiyo

D61/81405/2015

This research project has been submitted for examinations with my approval as the University Supervisor.

Signed. .... Date 1/12/2023………….

Prof. X. N Iraki

Supervisor

Faculty of Business and Management Science

Department of Management Science and Project Planning

University of Nairobi

DEDICATION

I humbly extend this project as a tribute to the Almighty God, acknowledging the divine intervention that has enabled me to arrive at this significant juncture. It is with profound gratitude that I express my appreciation to my exceptional supervisor, Prof. X.N Iraki, for his unwavering support and invaluable guidance throughout the entirety of this endeavour.

I dedicate this project to my beloved son, Clay, whose unwavering understanding and patience during the countless long hours I spent on this project have been my source of strength and motivation.

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ABREVIATIONS AND ACRONYMS

BSC	Balanced Score Card
GDP	Gross Domestic Product
GoK	Government of Kenya
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
KAA	Kenya Airports Authority
KCAA	Kenya Civil Aviation Authority
KES	Kenya Shilling
KLM	Koninklijke Luchtvaart Maatschappij
KPLC	Kenya Power and Lighting Company
OECD	Organization for Economic Cooperation and Development
SME	Small and Medium Enterprises
VAT	Value Added Tax

ABSTRACT

The study investigated the relationship between organizational culture, competitive strategy, innovations and firm performance of Kenyan airline industry. The study objectives were to determine the culture profiles of the airline companies in Kenya, to establish the competitive strategies employed by the airline companies in Kenya, to analyze the state of innovation in the airline companies in Kenya, to analyze the performance of the airline companies in Kenya and to assess the effect of culture, innovation and competitive strategies on performance of the airline companies in Kenya. The study's theoretical foundation was built on the culture theory, Porter's theory of competitive advantage and disruptive innovation theory. The study adopted a causal design and collected data from all the airlines in Kenya. The data was collected using a questionnaire and analysed using SPSS version 25. The study found organizational culture initiatives such as prioritizing employee development, teamwork, and creativity play a critical role to the success of airlines. The study also found that Kenyan airlines adopt a balanced approach between cost-efficiency and quality service, emphasizing cost control, and creating value through service attributes while also striving for uniqueness and differentiation in the market. However, there is a need for greater diversification and niche targeting, along with addressing challenges related to market segmentation and niche identification within the airline industry in Kenya. The study also found that airline companies in Kenya have shown a proactive stance in innovating their businesses, and while they exhibit moderate market share and customer satisfaction levels, there are challenges related to employee satisfaction and opportunities for expansion, both domestically and international. The study concludes that airline companies in Kenya place a significant emphasis on employee development, recognizing its role in enhancing workforce engagement and overall organizational success. The study also concludes that airlines in Kenya have put a robust emphasis on cost control throughout the activity cost chain to enhance overall efficiency. The study recommends the airlines should continue to invest in employee growth and skills development to maintain a motivated and engaged workforce. The study also recommends the airlines to strengthen their competitive strategies. The study also recommends the airlines should prioritize employee satisfaction by implementing initiatives that boost morale and engagement.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Culture, competitive strategies and innovations have all been hypothesized as factors that can influence performance. The inability to develop and keep appropriate organizational culture, norms and values render many organizations unable to optimally tap in their human resource capabilities for betterment of the firm performance (Audu, 2021). In addition, given the competitive nature of the operating environment, firms must modify their strategy frequently to keep up with changing market demands and to stay ahead of the competition (Calloway, 2018). Further, firm performance relies on the innovation practices employed by a firm (Arthur, 2017). Organization innovation includes the ability of the organization to create more growth strategies, come up with new product categories, services and business models, so as to survive in the increasingly turbulent business environment (Varadarajan, 2018).

This study's theoretical foundation is built on the culture theory, Porter's theory of competitive advantage and disruptive innovation theory. Cameron and Quinn's culture theory depicts organization culture in four quadrants that include clan, adhocracy, hierarchy, and marketing (Cameron & Quinn, 2005). The various sorts of organizational culture will differently impact performance. According to Porter (1980, 1985), a firm develops its business strategies in order to obtain competitive advantage over its competitors. It does this by responding to five primary forces: the threat of new entrants, rivalry among existing firms within an industry, the threat of substitute products/services, the bargaining power of suppliers, and the bargaining power of buyers. Disruptive innovation theory by Christensen (1997) is based on the idea that innovations can transform a prevailing market by improving access, ease, cost efficiency, as well as market easiness where items as well as services are expensive. The theory holds that use of disruptive technology is crucial in attaining intended performance.

The airline industry is vital to the global economy's development, as it encourages cross-national commerce and enhances international economic ties. As a result, air transport is a large sector in the world economy on its own, attributable for approximately 2.4 percent of global GDP (ICAO report, 2018). As indicated by the Kenya Airports Authority (KAA), since 2005 the Kenya airline industry business for both passenger and cargo has been growing at a rate of more than 9% per annum. The airline firms in Kenya have found themselves in a highly competitive environment marked by globalization and increasing customer appetite for high-quality services and greater value for money. Threats from international players around the world are growing domestic airlines' awareness of their precarious status and encouraging them to take constructive steps to ensure their survival in these difficult times (Farah, Munga & Mbebe, 2018). The current study aimed at investigating how culture, competitive strategies and innovation influence the performance of the Kenya airline industry.

1.1.1 Concept of Culture

Organizational culture defines the norms and values that guide the operation of an organization (Syauta, Troena & Margono Setiawan, 2012). Organization culture is vital in a firm as the set principles guiding and directing workers at their places of work (Saad & Abbas, 2018). As the world modernizes, organizational culture definitions are changing to incorporate innovativeness, creativity and entrepreneurial aspects. According to Harris

(1981), organizational culture entails traditions, habits and collection of ideas, customs, concepts and procedures of operating.

Organizational culture as per Schein (2009), describes the behaviours, habits and practices guiding the functionality of an organization. It is anchored in organizations visions, values, norms, beliefs, habits, language of work and systems directing existing members of the organizations and those joining (Kuswati, 2020). Organizational culture impacts how entities and groups interact in the organization with stakeholders, customers and even among employees themselves (Twumasi-Ankrah, 2012). Organizational culture streamlines communication in the organizations, guides organization's way of making viable decisions while enhancing workers commitment to the organization (Padhi, 2017).

In terms of operationalization, Cameron and Quinn (1999) developed the organization culture assessment instrument which has six categories. The categories are; dominant characteristic, leadership style, management of employees, organizational glue, strategic emphasis and criteria for success. O'Reilly, Chatman and Caldwell (1991) identified eight dimensions as innovation, attention to detail, outcome orientation, aggressiveness, and supportiveness, emphasis on rewards, team orientation, and decisiveness. Delobbe, Haccoun and Vandenberghe (2002) identified the commonly used organizational culture dimension as recognition-support, commitment- solidarity, innovation productivity, control, and continuous learning. The current study adopted the Cameron and Quinn organization culture assessment instrument to determine the extent of culture in the Kenyan airline industry.

1.1.2 Concept of Competitive Strategy

McCarthy (2011) describes competitive strategy as the contest between organizations that provide similar products or services or that target the same audience of consumers. Businesses compete to convert and retain customers, increase revenue and gain more market share (Nagle & Holden, 2012). A competitive strategy is the manner in which an organization competes in a specific field of business. It is the way in which a company can distinctively gain a competitive edge over other company (Aaker, 2011). Wadongo et al., (2010) notes that competitive strategy is the process by which firms strive to attract new customers, fight off competitive pressures and solidify their market position. It is the approach taken by firms to remain competitive.

Porter (1998) postulated the following generic competitive strategies; differentiation, focus and cost leadership. Under cost leadership strategy, the firm seeks to produce its commodities using the least cost in the industry. Differentiation requires the uniqueness of the firm especially on attributes that the consumers greatly value (Porter, 1998). This strategy chooses an attribute(s) that most consumers consider significant and it is positioned in a unique manner so that the needs of the consumers are met. Porter (1998) states that focus strategy is that which rests on an industry's choice of competitive scope that is narrow. A business chooses one or more segments within the industry and comes up with strategies of serving these while excluding others.

Buckley, Prescott and Pass (1998) formulated competitiveness' framework that constitutes three segments: the first component was competitiveness performance followed by the competitiveness potential while the third is the management process. Bartlett and Ghoshal (1989) however, argue that many approaches to firm competitiveness exist. These are the competency approach which examines the firm's internal factors (the firm's capability to innovate, firm strategy and structure) and other intangible and tangible resources. High level of competitiveness is witnessed among high performing organizations since they exhibit a greater aptitude to cultivate and hire competencies compared to their competitors. If a firm is cost effective, operationally efficient and lays great emphasis on quality, then more valuable goods will be delivered to its customers who increase the firm's competitiveness (Hammer & Champy, 1993). The current research used differentiation, cost-leadership and focus as the indicators of competitive strategy.

1.1.3 Concept of Innovation

Firm innovations may be defined as the creation of value for clients, the entry into new markets, and the description of existing markets, and the enhancement of the value of services and goods to clients (Gebauer, Worch & Truffer, 2012). According to Palmer and Kaplan (2016), innovation is a comprehensive method that integrates business strategies, consumer insights, as well as strategic alignment as building blocks for development that will help the organization attain its objectives. The process therefore involves use of new business models that change the game while creating superior value to consumers, and the company. Tufano (2014) asserted that innovation involves establishing and making popular new tools in addition to new techniques and markets.

Innovations have been used as a mechanism to an end though not the end itself. Globalization, volatility in client needs, competitiveness, and technical improvements are examples of external environment dynamics that have produced ongoing environmental upheavals and necessitate more innovations from executives (Thompson & Strickland, 2013). As a growth technique, innovation aims to break into modern markets, share market increase, as well as provide a company a competitive advantage via employing strategies that are diverse from the competition. The rising competitiveness in international marketplaces has compelled firms to acknowledge the innovation essence as the business environment changes and traditional services as well as products lose value (Nbakk & Jensen, 2013).

In regard to operationalization, innovations have been operationalized before in various ways (Demirguc-Kunt et al., 2018). Various innovations can be incorporated into business plans to provide outcomes like increased market share, productive operations which improve the firm's consumer perceptions, as well as overall enhanced efficiency. The following are some of the innovations that have been recognized: marketing, process, organizational, and product innovation (OECD, 2016). This study attempted to quantify the level of innovations, as defined by product innovations, process innovations and marketing innovations due to their wider applicability in previous literature.

1.1.4 Organizational Performance

Huang (2018) describes performance as the attainment of goals that an organization sets out to achieve. It is a firm’s capability to attain its goals through efficient and effective utilization of it resources (Daft & Marcic, 2013). Bharadwaj, Chauhan and Raman (2015) believe that an organization's performance is a complex relationship with the following seven criteria: efficiency, reliability, productivity, effectiveness, quality of work, creativity and profitability. These seven criteria can be considered as company performance goals. Even though there is no commonly agreed upon meaning of performance, an organization ought to have objectives and measure all outcomes based on these set objectives.

Organization performance is a crucial metric that aids establish the productivity, organizational efficiency as well as firm's competence. It can be thought of as a measure of how efficiently and effectively resources have been utilised to yield the output that customers as well as society require in the longer term (Bain, 2016). Organization performance is shown by the profitability of the firm which is measured with income and expense. Promoting organizational performance is a critical duty for business leaders because only a profitable company can survive (Chakravarthy, 2016).

Organization performance cannot be measured by any single index and this has resulted to reluctance in using both monetary as well as non-monetary performance measures of a business organization (Chakravarthy, 2016). Researchers previously have frequently used the Balanced Scorecard (BSC) developed by Kaplan and Norton (1992) to assess performance. The balanced scorecard generates success measurements based on the company's goal, vision, and strategy. It is a metric for evaluating the company's overall performance. It involves the financial factor, customer factor, internal processes and learning and development (Kaplan & Norton, 1996). Because it is widely recognized as a performance measure, the Balanced Scorecard was utilized in this research.

1.1.5 Airline Companies in Kenya

There are now 85 registered and operational airlines in Kenya (KCAA report, 2021). The airlines engage in the domestic, regional, and international carriage of passengers, mail and cargo through air. Some of the airlines also provides ground handling services as third party logistics providers to other airline operators; aircraft maintenance and Components repairs to other operators; and handles the import and export of cargo. Modern technology controls aviation business in today's world. These are employed to satisfy high customer's expectations and living standards. The aviation industry provides advantageous transportation system both locally and internationally (Simiyu, 2016). To this end, Kenyan Airlines are a contributor to the economy.

An Oxford Economics analysis for 2019 found that this industry employs more than 46,000 Kenyans, generates over KES 3.2 billion in tax income, and contributes another KES 1.4 billion to the economy in the form of departing passengers and VAT. This shows that the Kenyan economy benefits from the sector's growth. Air transportation convenience makes it a premium choice for travel considerations among other avenues of transportation (Mwangi & Kanyanjua, 2019).

The contribution of aviation industry socially and economically brings together a world of benefits, facts and figures giving policymakers and the industry an important global view on its strategic importance in driving economic growth. However, recent activities in the aviation industry have led to customer's dissatisfaction with airlines service delivery levels. Growth and development of both domestic and regional economies are facilitated by Kenyan airlines. Their sustainable growth and development is vital for the country and other revenue development capabilities like promoting tourism, offering passenger and cargo services among others. The economic value created by the airline is immense; hence its centrality in research considering its overall impact on the country and key stakeholders' interests (Farah, Munga & Mbebe, 2018).

1.2 Research Problem

Given the dynamic nature of the operating environment, firms must modify their strategy frequently to keep up with changing market demands and to stay ahead of the competition (Nzioka & Njuguna, 2017). To attain the intended goals, organizations need to detect their main strengths and position themselves in a competitive manner in that segment, this is crucial for companies since the business environment is turbulent and organizations should align themselves with the changes being brought by new players in the sector (Calloway, 2018). An appropriate organizational culture creates a favorable working environment for employees to exhibit their abilities whereas an organization characterized with negative and weak organizational culture tend to demoralize employees, with end results being poor performance (Audu, 2021). Organization performance also relies on the innovation practices employed by a firm (Arthur, 2017). Further, given the competitive nature of the operating environment, firms must modify their strategy frequently to keep up with changing market demands and to stay ahead of the competition (Calloway, 2018).

Kenya's economic development vision for 2030 emphasized the aviation industry as the expansion of the economy model (GoK, 2020). Kenyan airlines have been profitable; nevertheless, the current economic environment is Kenya is faced with increased regulations governing airlines, advanced technology and increased competition which has been a threat to the continuity of the operation of cargo airline firms (GoK, 2020). In 2012 for example, Kenya Airways' earnings fell by half in 2012, and it lost Kshs. 7.5 billion, Kshs. 13 billion, and Kshs. 36.57 billion for 2018, 2019, and 2020, respectively (Kenya Airways, 2020). The airline therefore, needed urgent and priority measures to regain competitive advantage and to re-gain relevance in global competition.

Although there are previous studies conducted in this area, there are research gaps along conceptual, contextual and methodological spheres which are what this study sets to investigate. While focusing on Berhan International Bank in Ethiopia, Atfraw (2019) determined the impact of organizational culture on performance of employees and found that adaptability mission, consistency and involvement positively affects performance of employees. However, the study looked at commercial banks in Ethiopia which may differ in terms of operational context with airlines in Kenya. Further the study looked at employee performance and therefore a conceptual gap.

In Yemen, Alqershi, Bin Abas, and Mokhtar (2018) focused on the impact of strategic innovation on the performance of Yemen manufacturing SMEs. The study discovered that the absence of strategic innovation was the root cause of poor performance. This study was however a descriptive survey utilizing qualitative data and therefore failed to capture the quantitative aspects which is the aim of the current study. Further, the study was conducted in the manufacturing context which cannot be generalized to represent the airline sector due to operational differences.

Nguyen and Tran (2020) examined the effect of culture, competitive strategies, and innovations on firm performance in the Vietnamese context. The research used a survey of 546 Vietnamese firms. The results of the survey showed that culture, competitive strategies, and innovations had a positive and significant effect on firm performance. Srivastava (2019) conducted a systematic review of the empirical evidence on the role of culture in strategic decision-making. The review used a meta-analysis to analyze the studies and found that culture had a significant influence on strategic decision-making. The authors concluded that organizations should consider the impact of culture when making strategic decisions.

Rahman, Yusop, and Amran (2020) examined the influence of competitive strategies and organizational culture on innovation performance in Malaysian manufacturing companies.

The study collected survey data from managers of these companies and analyzed the results using structural equation modeling. The results showed that competitive strategies, such as cost leadership, differentiation, and focus, had a positive influence on innovation performance, while organizational culture had a negative influence. The study concluded that competitive strategies should be considered when developing policies and strategies to promote innovation performance. Hayton, Cavusgil, and Calantone (2006) examined the relationship between culture and innovation in international new ventures. Through theoretical and empirical analysis, the authors found out that cultural differences had a significant impact on innovation in international new ventures, and that the relationship between culture and innovation should not be ignored. They also find that cultural differences can have an impact on the way firms respond to innovation opportunities, as well as the type of innovation that is adopted.

Locally, Mwangi and Wekesa (2017) investigated the impact of technological factors on Kenya Airways' overall performance. According to the findings of the research, technological factors have an impact on Kenya Airways Limited's overall performance. The research offers a conceptual gap as it did not address how performance is affected by culture, competitive strategy and innovation. In addition, the study was a case study of only one organization in the airline industry and therefore the need for a study covering all airlines in Kenya.

Mibey (2018) sought to investigate the influence of organizational culture on the organizational performance with special focus on a Kenyan Airline. The findings of this study were that there is a strong positive correlation between all dimensions of culture and organizational performance. Although this study was conducted in the airline industry, it was a case study and therefore findings cannot be used to represent other airline firms.

The studies reviewed have shown that conceptually, there is no consensus on the effect of culture, competitive strategies and innovations on firm performance. Contextually, most of the local studies done on the study variables have focused on other industries whose operations are distinct from those of the airline companies. In addition, the studies carried out on this area has mostly focused on one variable and therefore need for the current study that studies the interaction among several variables to compliment the findings. This study sought to answer the research question; what is the effect of culture, competitive strategies and innovations on performance of the airline companies in Kenya?

1.3 Research Objective

The objective of this study was to determine the effect of culture, competitive strategies and innovations on performance of the airline companies in Kenya.

The specific objectives of the study were;

I. To determine the culture profiles of the airline companies in Kenya

II. To establish the competitive strategies employed by the airline companies in Kenya

III. To analyze the state of innovation in the airline companies in Kenya

IV. To analyze the performance of the airline companies in Kenya

V. To assess the effect of culture, innovation and competitive strategies on performance of the airline companies in Kenya

1.4 Value of the Study

The study will aid in development of theories relating to culture, competitive strategies, innovations and performance. The study will contribute to the development of Porter's theory of competitive advantage, culture theory and disruptive innovation theory. The results may also be important to academics and scholars, revealing gaps in research linked to the study's subjects as well as research done to expand empirical literature.

The study results will be helpful to the development of policies that concern the airline companies' performance in the economy. As a result of this research, the policy makers will gain because it will be illuminated by learning how the airline firms' culture, competitive strategies and innovations influence performance. This kind of data may very well be used in the development and refining of policy.

The research will help the chosen companies' management and employees by illustrating the significant changes in firm performance and by providing them with new ideas on how to steer their businesses in a new direction. The management will be able to align their strategies with the changes in the environment and this will aid their survival and enhance their competitive edge.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a survey of the literature and different ideas in this topic. It allowed the researcher to learn from past research and provide more valuable information to strengthen the study.

2.2 Theoretical Review

This section discusses the theories that the study is anchored on. They include culture theory, Porter's theory of competitive advantage and disruptive innovation theory. Cameron and Quinn's culture theory depict organization culture in four quadrants that include clan, adhocracy, hierarchy, and marketing (Cameron & Quinn, 2005). The various sorts of organizational culture will differently impact performance. According to Porter (1980, 1985), a firm develops its business strategies in order to obtain competitive advantage over its competitors. It does this by responding to five primary forces: the threat of new entrants, rivalry among existing firms within an industry, the threat of substitute products/services, the bargaining power of suppliers, and the bargaining power of buyers. Disruptive innovation theory by Christensen (1997) is based on the idea that innovations can transform a prevailing market by improving access, ease, cost efficiency, as well as market easiness where items as well as services are expensive. The theory holds that use of disruptive technology is crucial in attaining intended performance.

2.2.1 Culture Theory

The main theory anchoring this study is Cameron and Quinn's types of Culture Theory. Cameron and Quinn's Culture Theory was postulated by Cameron and Quinn in 1999 and is anchored on stability/flexibility structure and internal/external focus dimensions (Cameron & Quinn, 1999). The 2 dimensions create four quadrants representing four kinds of cultures that include marketing, hierarchy, adhocracy and clan (Cameron & Quinn, 2005). It is believed that these cultures impact performance of an organization and are thus of critical interest in this study.

Clan culture is vital in developing human resources to offer long term benefits characterized by organization cohesion, commitment and morale that may positively impact organizational performance (Kusumadmo, 2019). Clan culture preaches teamwork and collaborative participation which is vital in enhancing employee performance. Market culture is important in helping an organization understand the dynamics of business in the external environment (Cameron & Quinn, 2005). The hierarchy culture is featured by formal and structured procedures, clearly articulated processes and smooth-operational running of an organization stimulates employee performance. Adhocracy Culture puts emphasis on product development and service improvement, adaptability and growth impacting immensely to the organizational performance.

Cameron and Quinn's Culture Theory is relevant to this study. Organizational culture influences employee health, and plays a crucial role in employee productivity and enjoyment of work. Organizations that have a set of norms, beliefs and values develops, and creates a culture of creativity, innovations, team work, efficiency and rewards that motivate employees to go beyond the call of their duty in transforming the organization. By so doing, the overall organizational performance is enhanced.

2.2.2 Competitive Advantage Theory

Porter (1980) pioneered the competitive advantage theory which suggests that five forces determine the nature of competition in the industry; the threat of new entries in the industry, the jockeying amongst current contenders, buyers' bargaining power, threat of substitute products and the bargaining power of suppliers. Pearce and Robinson (2007) argue that collectively, these five forces determine the expected profits in any industry. Rivalry is brought about when key players compete on the basis of price, new advertising methods, product innovations and an increase in the warranties provided to customers.

Competitive strategy draws from the fact that one or more players feel the need to improve their position in the industry. Pressure arising from substitutability of products is greatest since they limit potential of returns in the market by placing caps on the prices that firms can charge in the industry (Porter, 1985). Suppliers have an effect on the participants' bargaining power by either increasing the prices or reducing the commodities. New entry by other firms in the industry drive the need to have a significant share of the market and also come with additional resources that are bound to increase prices or drive them down. Buyers on the other hand have a powerful effect on pricing since they can bargain for it to be driven down or demand superior quality, more range of services, or create collusion among competitors at the expense of industrial profitability (Tanwar, 2013). Other factors considered in the model include the economic environment and the competitive structure of the industry such as the suppliers' bargaining power, bargaining power of buyers, threat of substitute products and threat of new entrants. Ideally, this seeks to determine how these factors increase the level of competition in the industry.

The stronger the forces, the higher the competition will rise and the weaker the forces, the lower the competition. An industry's competitive environment affects how a business performs in that industry. Porter's model determines the attractiveness of any industry from the company's perspective (Dirisu, Oluwole & Ibidunni, 2013). This theory is applicable to this research as it recognizes the factors that influence competition in a given industry. An understanding of the sources of competition will help an airline firm in coming up with strategies geared towards gaining competitive advantage and in essence enhanced performance.

2.2.3 Disruptive Innovation Theory

Christensen (1997) pioneered this theory. It is based on the idea that innovations can transform a prevailing market by improving access, ease, cost efficiency, as well as market easiness where items as well as services are expensive. Disruptive innovation, according to Christensen (1997), is pertinent in an unappealing market where new products and services later reshape the market. Comprehending the natural laws that leverage disruptive technologies in new markets as well as products creation is the most effective path to success (Kostoff, Boylan, & Simons, 2004). Other critical concerns include understanding the disruptive technology dynamics or if management will be able to adapt correctly to taking advantage of emerging chances.

Firms begin by focusing on the market's lower end clients (lower tier consumers) by offering goods as well as services which they can afford (Christensen, Baumann, Ruggles, & Sadtler, 2006). Disruptive innovation allows customers to buy products or services which previously they could not afford (Christensen et al., 2006), although this may not be the situation, as there are variables that allow consumers to buy items and services that they could not formerly afford, such as competition and government rules.

Moreover, according to Kostoff et al. (2004), the theory posits those enterprises that maintain innovation exclusively target high-end clients attempting to improve their performance. However, this might not always be the situation; the world's most inventive organizations target all types of clients. They can broaden their market segments scope, boost revenue, and improve performance this way. The theory hypothesizes a positive innovation impact on performance.

2.3 Culture in the Airline Companies

The operations of airlines are guided by values, norms and beliefs created by the airline to ensure smooth relations among all parties involved including employees, the airline, customers and external parties like the the Airport Authority (KAA) and Regulator (KCAA). These values, norms and beliefs thus create organizational culture of the firm (Odhiambo, 2016). The nature of organizational culture embraced by an airline impacts how employees relate, work, and interact with customers. An appropriate organizational culture can motivate employees to work to the attainment of the airline goals and objectives while inappropriate organizational culture can deter prosperity and growth of the airline (Maina, 2016).

Organizations die or close down after few years of their establishments due to inability to create and manage strong organizational culture, norms, and values (Saad & Abbas, 2018). Many organizations tend to put more emphasis on intrinsic-extrinsic rewards paying less attention to organizational culture and values that emphasize employee determination, resilience, employee’s support, team work, integrity and employee competence (Mbogo & Nzulwa, 2018). For an airline to attain its goals, and values including quality service delivery, integrity, creativity, responsiveness and efficiency, performance and commitment of employees is paramount (Mwashighadi & Kising'u, 2017).

2.4 Competitive Strategy in the Airline Companies

The airline companies have found themselves in a very competitive market characterized by globalization and increased consumer demand for quality services. Key competitors include British Airways, Air France, Singapore Airlines, Qatar Airways and Emirates who operate globally. In Africa, the market capacity and potential perspective, intercontinental capacity to and from Africa by African airlines currently stands at 36.4% compared to 63.6% by non-African airlines mainly from Europe, the Middle East and lately North America and Asia (IATA, 2018).

Significant changes in the global airline companies have placed much pressure on national carriers to perform and fend off stiff competition from global players. However, this has not been the case with national carriers battling for local and global routes and passengers with well-established and highly subsidized airlines. As such, to remain relevant and competitive, Africa national carries like Kenya Airways have had to expand and modernize their fleet, increase destinations, while at the same time, reduce operational costs. Globalization pressures such as the entrance of global players such as Emirates, Etihad, and Qatar Airways have chipped away part of the market Kenya Airways initially dominated (Kariuki, 2017).

2.5 Innovations in the Airline Companies

Airlines are required to be innovative with their products and have multiple ways of selling their products online. The use of e-commerce website is the strongest digital tool that helps generate revenue for airlines compared to other channels. One of the earliest pioneers of e-commerce in the world was American Airlines, which developed the SABRE computer reservation system to track seat availability across the hundreds of flights that it operated daily. It did this almost 45 years ago (Bryce, 2020). The American airline benefited as it had a competitive advantage over other airlines, through its online system it enabled travel agents to book directly for American airlines; at the same time it gave customers online internet access (Dubos, 2019).

A study done by Informa Markets (2015) found out that most of the legacy airlines like KLM, American Airlines, Delta Airlines were the most advanced in use of e-commerce. They are also highly sophisticated in the use of e-commerce website. For instance, Delta Airlines has used e-commerce in cutting costs by selling tickets online and handling of baggage through computerized tracking. On the other hand, KLM has used its e-commerce website as a strategy tool to develop a user-friendly KLM cargo which is easier to access, is faster and allows rapid increase in post and express consignments. KLM has successfully used airfreight carrier and a global logistics provider to create a direct system to-system connection that transforms manual quotation and capacity booking process into a digital automated solution, fostering collaborative relationships and next-generation supply chain practice (Kuehne + Nagel Group, 2019).

2.6 Performance of the Airline Companies

Worldwide, airlines continue to report phenomenal growth in terms of performance. For instance, in 2009, Emirate Airlines reported astounding profits while their rivals faced agonizing losses. This growth could partly be attributed to the formulation and implementation of appropriate strategies, like operational strategies, generic strategies, intensive strategies, and diversification strategies led to the exceptional performance, profitability, and success of Emirate Airlines (Sundaram & Al-Aali, 2011). A good performance was also recorded in the American Airline. In 2018 the Airline reported pre-tax profit of $456 million, a net profit of $341 million and $46 million as return to shareholders in the form of dividends during the third quarter (British Airways, 2018).

In Africa, the performance of the aviation industry is still lagging behind those of the rest of the world. A report by IATA (2018) indicated that Africa has the weakest airline region in the world over the past four years. According to IATA predictions, African carriers are expected to report a $300 million net loss in 2019 (slightly improved from the $400 million net loss in 2018). The cost of operation in African Airlines is high due to the high taxes imposed by the African governments and costly monopoly airlines dominating the aviation industry in Africa. However, these are not the only factors leading to failure of many African Airlines. Other factors include; poor management practices and restrictions imposed by the governments on airline operations. Former top airlines in Africa, such as Kenya Airways and South African Airways, continue to struggle (IATA, 2018).

2.7 Empirical Literature Review

Several global and local studies have been carried out in this area. While focusing on the civil service in Kenya, Nyabuti et al. (2017) investigated how organizational culture affects employee performance. Cross-sectional survey design was utilized in the research. From the analysis, organization culture significantly impacts employees' performance in the public sector. The study did not indicate how adhocracy, clan, hierarchy and marketing culture influences organization performance presenting a conceptual gap.

Sheikh and Kimencu (2017) carried out a research on the impact of competitive strategies on Barclays Bank's performance in Garissa County, Kenya. They discovered that cost leadership tactics had a positive impact. The study concluded that the high degree of asset commitment and capital-intensive practices that frequently accompany low-cost leadership are associated with this approach. Banks frequently invest significant amounts of money in rigid, inflexible assets and manufacturing or distribution technologies that are difficult to transfer to other goods or uses in order to manufacture or distribute services at a low cost. This study will concentrate on airline firms which operate differently from commercial banks.

Ngari and Bichanga (2017) investigated the impact of competitive strategies on customer contentment among Kenyan commercial banks. They discovered that the competitiveness of banks was enhanced by differentiation strategy by providing personalized services to their customers through innovation, product, market, and pricing, resulting in higher customer satisfaction Commercial banks used differentiation strategies in the areas of innovation, product, market, and pricing. Quality, service, purpose, and value all influenced the use of differentiation strategies in commercial banks, according to the findings. This study focused on other dependent variables and therefore it is not conclusive when it comes to competitive strategy and organization performance.

While focusing on Saudi Arabian public service, Saad et al. (2018) studied how organizational culture impacts job performance. A structured questionnaire was employed to collect data concluding that organizational culture positively influences job performance. Change management, cultural strength, goal achievement and teamwork positively impacts job performance though in varying degrees. The current study attempted to illustrate how organizational culture impacts an organization’s performance, presenting a conceptual gap.

While focusing on Berhan International Bank, Atfraw (2019) determined the effect of four organizational culture traits namely, consistency, mission, involvement and adaptability on employee performance. Structured questionnaire to collect explanatory data was administered to Berhan International Bank employees. Since the research is descriptive in nature, a quantitative method was used. However, the study looked at commercial banks in Ethiopia which may differ in terms of operational context with the airline industry in Kenya.

Fatema and Islam (2021) investigated the effects of technological and non-technological innovations on the overall performance of Indian manufacturing enterprises, as well as the mediation and synergy effects in the innovation-performance correlation. On a combined data set from the World Bank Enterprise Survey and the follow-up Innovation Survey for India in 2014, the research utilized the partial least squares structural equation modeling technique. The findings suggest that technological innovations (product and process innovation) have a substantial impact on a firm's overall performance, and that innovation strategy moderates these impacts significantly, whereas non-technological innovations (marketing and organizational innovation) are fully influenced by innovative performance. The study was conducted in India whose social and economic setting is different from Kenya which is the focus of the current study.

2.8 Summary of Literature and Research Gaps

This chapter covered the literature review of the study that comprises of the theoretical foundation, and empirical studies on culture, competitive strategy, innovations and competitive advantage. The study highlights three key theories which are the culture theory, competitive advantage theory and disruptive innovation theory. Most empirical studies from the literature examined appear to corroborate the fact that overall culture, competitive strategy and innovations influence firm performance.

The studies reviewed have shown that conceptually, there is no consensus on the effect of culture, competitive strategies and innovations on firm performance. Contextually, most of the local studies done on the study variables have focused on other industries whose operations are distinct from those of the airline industry. In addition, the studies carried out on this area has mostly focused on one variable and therefore need for the current study that studies the interaction among several variables to compliment the findings. This therefore justifies the need for further research in this field.

2.9 Conceptual Framework

Displayed in figure 2.1 is the predicted relation between the variables. The predictor variables are culture given by clan, adhocracy and hierarchy; competitive strategies given by cost leadership, differentiation and focus and innovation given by product, process and market innovation. The response variable is performance given by market share, profitability, and customer satisfaction.

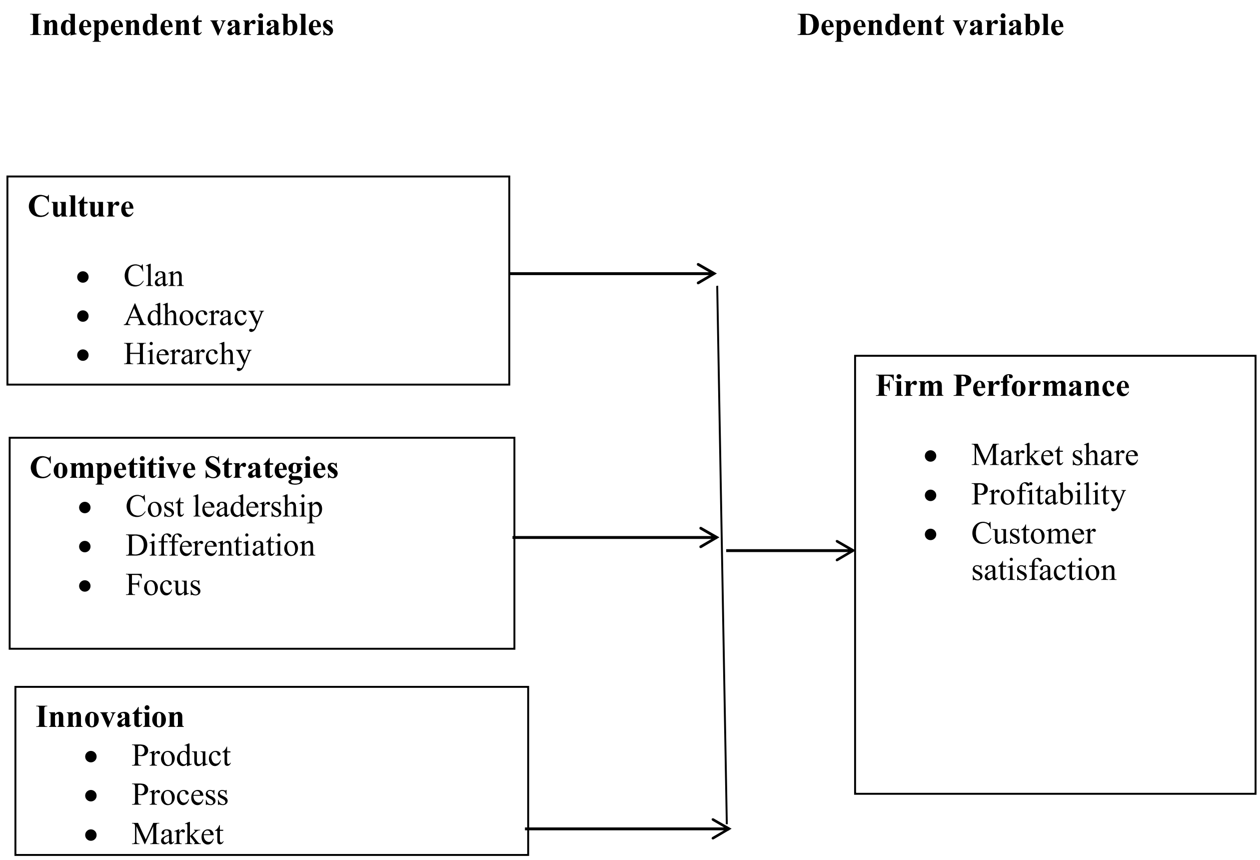

Figure 2.1: The Conceptual Model

Source: Researcher (2023)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

To ascertain the effect of culture, competitive strategies and innovation on performance of the airline industry in Kenya, the study ought to have a research methodology which lays out the procedure through which the research was conducted. Four sections are incorporated in this chapter that comprise of the research design, the procedure of collecting data, population of the study and lastly the technique of analyzing the data.

3.2 Research Design

Khan (2008) described research design as a method that is systematically adopted by a researcher to allow him respond to the research question objectively, accurately, economically and validly. Both descriptive and causal research design was used for the study. The aim of a descriptive study is establishing the how of a condition. The suitability of this design is that it permits the researcher to use quantitative data so as to ascertain the state of culture, competitive strategies, innovation and performance in the airline industry in Kenya. The researcher used the causal design to establish the cause and effect between culture, competitive strategies, innovation and firm performance.

3.3 Population of the Study

Population is characterized as a group of individuals or objects which the sample findings can be generalized (Cooper & Schindler, 2008). This research study population was conducted on all 85 registered and operational airlines in Kenya (KCAA report, 2021). A census was carried out since the number of firms was relatively small.

3.4 Data Collection

Primary data was used in the study. A total of 85 questionnaires were issued to operations managers of the respective airlines. According to Burns and Burns (2008), questionnaires are ideal for collecting specific research information pertaining a population and can cover a wide number of subjects able to read and write. Google forms will be employed in administering the questionnaires to the selected respondents. The researcher ensured that each respondent is supplied with the same set of questionnaires in exactly the same way for feedback. Section A of the questionnaire contained information on the background of the respondents. Section B contained information on the culture profiles of the airlines, Section C contained information on the competitive strategies employed; section D contained information on the state of innovations while section E provided information on performance of Kenya airlines.

3.5 Data Analysis

The primary data collected by the questionnaire was checked, edited and coded. For objectives I to IV, descriptive statistics was used while objective V was achieved by applying multiple linear regression model. This enabled the researcher to establish if there exists an association of the dependent variable with either one or more of the independent variables.

The regression model below will be used:

$FP= \beta_0=+\beta_1 OC+\beta_2 C+ \beta_3 I+ \varepsilon$

Where:

FP = Firm performance

β_0 = intercept of the regression equation

β_1, β_2, β_3 =are the slope of the regression

OC = Organization culture

C = Competitive Strategies

I = Innovations

ε =error term

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers the data analysis, findings, interpretation and presentation of results. The first objective of this study was to determine the culture profiles of the airline companies in Kenya. The second objective was to establish the competitive strategies employed by the airline companies in Kenya. The third objective was to analyze the state of innovation in the airline companies in Kenya. The fourth objective was to analyze the performance of the airline companies in Kenya. The fifth objective was to assess the effect of culture, innovation and competitive strategies on performance of the airline companies in Kenya. Data was analyzed using the aid of SPSS analysis package. It was then presented by tables, pie charts and bar graphs and interpreted with frequencies and percentages. Likert-type findings were further processed to yield meaningful interpretation using mean and the standard deviation.

4.2 Background Information

This section discussed the background information about the airlines in terms of response rate, number of employees who work in the airlines, their level of education, their job title and work experience.

4.2.1 Response Rate

The researcher administered 85 questionnaires to operations managers of the respective airlines. Out of the 85 questionnaires 62 were returned representing 73% of the total questionnaires administered and this response rate was deemed to be adequate in the realization of the research objectives. Mugenda and Mugenda (2003) stated that a response rate of more than 50% is deemed to be adequate.

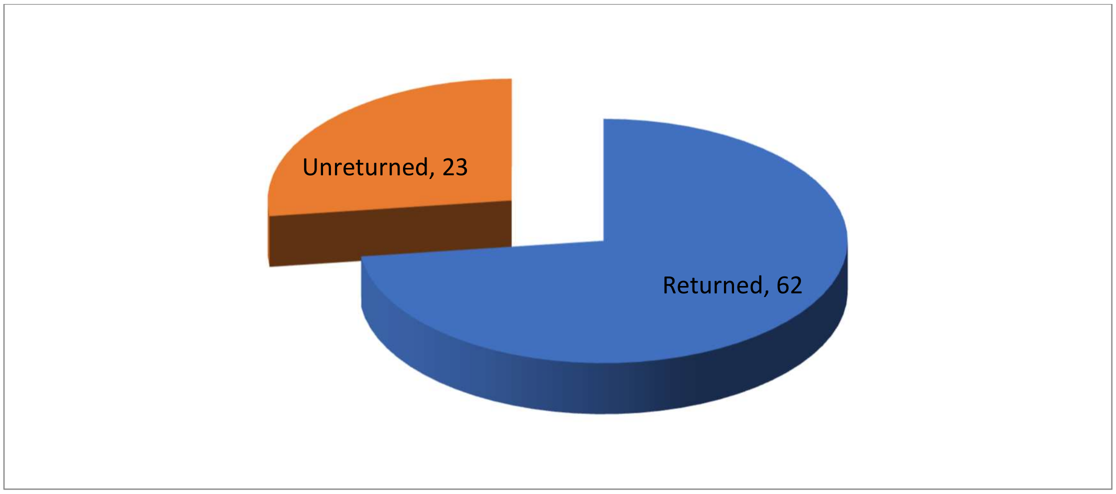

Figure 4.1 Response rate

4.2.2 Gender

This study sought to determine the gender of the respondents. Table 4.1 presents the findings on the distribution of respondents.

Table 4.1: Distribution of respondent's gender

	Frequency	Percent	Cumulative Percent
Male	39	62.9	62.9
Female	23	37.7	100.0
Total	62	100	

As indicated in Table 4.1, 39 (62.9%) of the respondents were male and 23 (37.7%) were female. The findings reveal airline companies in Kenya have more male employees compared to female employees. This imbalance stems from various historical, cultural, and structural factors. Traditionally, the aviation industry has been associated with male-dominated roles, and gender disparities in STEM education and career choices may contribute to the under-representation of women in aviation. Workplace culture, recruitment practices, and family-related factors can also play a role in this imbalance (Lydia et al., 2022).

4.2.3 Age

The study sought to determine the age of the respondents. Table 4.2 presents the analysis.

Table 4.2 Respondents age

	Frequency	Percent	Cumulative Percent
35-44 years	24	38.71	38.71
Above 45 years	38	61.29	100.0
Total	62	100	

The result of Table 4.2 shows that the majority of the respondents 38 (61.29%) working as operations manager in the airlines are aged above 45 years. The second age group of respondents 24 (38.71%) at are aged between 35 to 44 years old. This suggests that a substantial portion of operations managers in the airline industry are older and potentially have more experience in their roles.

4.2.4 Year of Registration

The study sought to determine the year in which the airline companies were registered. Figure 4.2 presents the analysis.

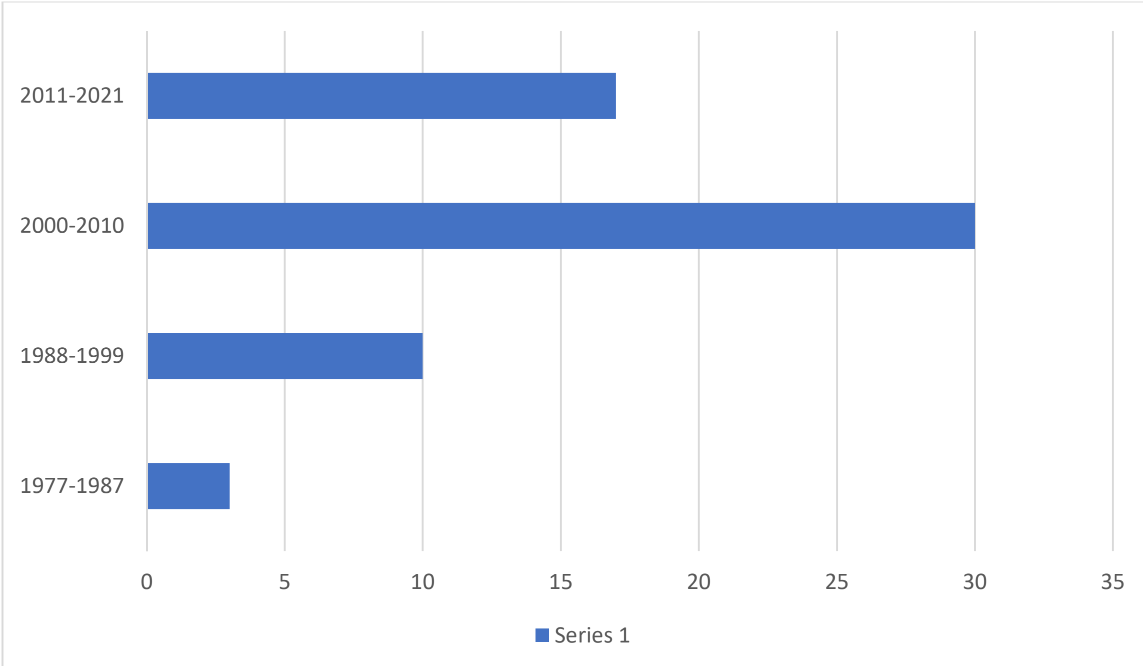

Figure 4.2 Year of airline registration

Figure 4.2 presents data on the year of airline registration across various time periods. The majority of airlines, constituting 48.39% of the total, were registered between 2000 and 2010, indicating a significant period of growth and establishment within this decade. The second-largest group, at 27.42%, encompasses airlines registered from 2011 to 2021, suggesting a continuing trend of registrations in more recent years. In contrast, a smaller number of airlines were registered during the 1980s and 1990s, representing 16.13% and a mere 4.83%, respectively, of the total. The airline registrations experienced periods of growth and decline over the years. There was a notable increase in registrations from 2000 to 2010, but a subsequent decline in registrations from 2011 to 2021. The overall trend indicates that the airline industry went through different phases of expansion and contraction during the specified time periods, this could be as a result of various economic, regulatory, and industry-specific factors.

4.2.5 Number of Employees

The study sought to determine the number of employees working for the airlines. Table 4.3 presents the analysis

Table 4.3 Number of employees

	Frequency	Percent	Cumulative Percent
5 to 20 employees	7	11.29	11.29
21 - 100 employees	7	11.29	22.59
101- 200 employees	14	22.58	45.16
Above 200 employees	34	54.84	100
Total	62	100	

The results of Table 4.3 indicate that majority of airlines, accounting for 54.84% of the total, fall into the category of having above 200 employees, suggesting a substantial operational scale. Additionally, 22.58% of airlines have workforces ranging from 101 to 200 employees, indicating a notable presence of mid-sized companies. Seven airlines each (11.29%) belong to the categories of 21-100 employees and 11-20 employees, representing smaller organizations. The large number of airlines in this category indicates that a significant portion of airlines have a relatively larger workforce, possibly indicating a higher level of operational complexity, larger fleets, or broader service areas. Airlines with above 200 employees may have more extensive operations and services, which could result in a higher frequency of employees. However, a large number of employees may also indicate the need for effective management and oversight to maintain operational efficiency.

4.2.6 Education Level

The study sought to determine the education level of the respondents working for the airlines. Table 4.4 presents the analysis.

Table 4.4 Education Level

	Frequency	Percent	Cumulative Percent
Postgraduate	14	22.58	22.58
Bachelor degree	27	43.55	66.13
Diploma	21	33.87	100
Total	62	100	

The findings of Table 4.4 indicate that majority, constituting 43.55% of respondents, hold bachelor's degrees, indicating a solid base of undergraduate education. Additionally, 22.58% of respondents have postgraduate qualifications, signifying a higher level of academic attainment within the group. Furthermore, 33.87% of respondents possess diplomas, representing a significant portion with specialized training. The employees are well qualified for their respective roles.

4.2.7 Working experience

The study sought to determine the years of working experience of the respondents working for the airlines. The findings of Table 4.5 indicate that 54.84% of respondents, possesses a significant 6 to 10 years of working experience, indicating a well-established workforce. Additionally, 22.58% of respondents have extensive working experience ranging from 11 to 15 years, showcasing a group with substantial expertise. There are also employees who are new at their position in the airlines comprising of 11.29% below 1 year and 2 to 5 years of working experience, respectively. The data suggests that the workforce in the airline sector is quite diverse in terms of experience. While a significant portion has moderate to extensive experience, there are also newer employees who are gaining their footing in the sector. This diversity in experience levels can have both advantages and challenges for the industry. More experienced individuals can provide stability and expertise, while newer employees bring fresh perspectives and potential for growth.

Table 4.5 Working experience

	Frequency	Percent	Cumulative Percent
Below 1 year	7	11.29	11.29
2 to 5 years	7	11.29	22.58
6 to 10 years	34	54.84	77.42
11 to 15 years	14	22.58	100
Total	62	100	

4.3 Culture Profiles

The first objective of the study was to determine the culture profiles of the airline companies in Kenya. Table 4.6 presents the findings. The findings of Table 4.6 indicated that the airline adequately nurtures employees to suit the needs of their tasks with a mean rating of 4.34, indicating that respondents believe the airline effectively supports employee development. This finding aligns with previous studies emphasizing the importance of employee nurturing for organizational success (Smith et al., 2020). The findings also indicated that employees' involvement in task management and delivery is well established with a low mean of 0.676, accompanied by a standard deviation of 0. 842.This suggests a lack of consensus among respondents regarding the involvement of employees in task management. This contrasts with research highlighting the benefits of employee involvement in decision-making and task management (Locke & Latham, 2018).

Table 4.6 Culture Profiles

Statements	N	Mean	Std. Deviation
This airline adequately nurtures employees to suit the needs of their tasks.	62	4.34	4.44
Employees' involvement in task management and delivery is well established in this airline.	62	.676	.842
Teamwork among employees in this airline is highly encouraged and supported by the management.	62	4.34	4.44
In this airline, creativity among employees is highly encouraged	62	.676	.842
The working environment in this airline is adaptable to all employees with diverse socioeconomic and biological features.	62	4.34	4.44
Power is decentralized flowing from individual to individual or team to team based on employee roles.	62	3.92	3.68
This airline functions smoothly with minimal operational hitches	62	1.091	.954
There are clear guidelines regarding the manner in which this airline approaches certain tasks	62	3.92	3.68
There are clear and well-defined processes guiding the missions and visions of the airline	62	1.091	.954
Overall		2.710	2.69

The study also found that teamwork among employees in the airlines is highly encouraged and supported by the management with a mean of 4.34, indicating that respondents perceive a strong emphasis on teamwork within the airlines. This aligns with studies emphasizing the importance of teamwork for organizational success (Katzenbach & Smith, 2019). In contrast, the study found out that creativity among employees is highly encouraged had a low mean of 0.676. This suggests a lack of consensus on the encouragement of creativity within the airline, which contrasts with research highlighting the role of creativity in organizational innovation (Amabile, 2020).

The study found that the working environment in the airlines is adaptable to all employees with diverse socioeconomic and biological features with a mean of 4.34, indicating that respondents perceive the organization as inclusive and adaptable. This aligns with diversity and inclusion research emphasizing the importance of creating adaptable and inclusive workplaces (Cox & Blake,2020). The study also found that power is decentralized flowing from individual to individual or team to team based on employee roles with a moderate mean of 3.92. This suggests some level of power decentralization, which is consistent with research highlighting the benefits of decentralization in terms of employee empowerment (Nahavandi et al., 2021).

The study also found that the airlines functions smoothly with minimal operational hitches with a low mean of 1.091, indicating that respondents perceive operational challenges within the airline. This contrasts with the notion of organizational efficiency (Mintzberg, 2018). The study found there are clear guidelines regarding the manner in which the airlines approach certain tasks with a moderate mean of 3.92, suggesting the existence of guidelines, which is in line with the importance of clear processes for organizational effectiveness (Hammer & Champy, 1993). Lastly, the study found that the statement on clear and well-defined processes guiding the missions and visions of the airline had a low mean of 1.091, indicating a lack of clarity in mission and vision processes, which contradicts the idea of well-defined organizational direction (Collins & Porras, 2021).

4.4 Competitive Strategies

Kenyan firms employ a range of competitive strategies to thrive in a diverse and evolving business landscape. These strategies encompass cost leadership, product differentiation, niche market focus, innovation, and more. Among these, cost leadership and product differentiation stand out as common approaches. Many Kenyan companies compete by either offering cost-effective solutions to price-sensitive customers or by distinguishing their products and services with unique features, quality, or branding (Ochieng, 2022). The second objective was to establish the competitive strategies employed by the airline companies in Kenya. Table 4.7 presents the findings.

Table 4.7 Competitive Strategies

	N	Mean	Std. Deviation
The company is a low-cost service provider	62	3.26	3.77
The company sets the industry price to earn a profit around its market position.	62	1.305	.931
The company has improved its efficiency by controlling costs along the existing activity	62	3.26	3.77
The company markets unique products for varied customer groups	62	1.305	.931
The company has built value by creating attributes for its services at an acceptable cost	62	3.26	3.77
The company sources for uniqueness	62	4.00	3.87
The firm targets a specific niche	62	.830	1.000
The company builds relationships with customers and suppliers	62	4.00	3.87
The company has identified a market niche	62	.830	1.000
Overall		2.45	2.55

For the first statement on the company is a low-cost service provider in the airline companies the study found a Mean of 3.26 and standard deviation of 3.77. The data suggests that the airline companies in Kenya adopt a moderate approach to being low-cost service providers. This indicates a balance between cost-efficiency and providing quality service. This finding is consistent with the results of a previous study by Omondi (2019), which found that Kenyan airlines are more focused on providing quality service than on minimizing costs. On the second statement on the company sets the industry price to earn a profit around its market position the study found a mean of 1.305 and standard deviation of 0.931. The low mean score implies that respondents believe the airlines do not primarily rely on setting industry prices to earn a profit. Instead, they might employ other competitive strategies. This finding is supported by a previous study by Jones et al. (2015), which highlighted the importance of balancing cost-efficiency and quality service in the airline industry.

The third statement on the company has improved its efficiency by controlling costs along the existing activity cost chain the study found a mean of 3.26 and standard deviation of 3.77. This finding suggests that the airlines in Kenya focus on efficiency by controlling costs along their activity cost chain, which is essential for profitability and competitiveness. This finding is consistent with the results of a previous study by Robert (2018), which found that cost reduction is one of the most common competitive strategies used by South African airlines. The fourth statement on the company markets unique products for varied customer groups had a mean of 1.305 and standard deviation of 0.931. The low mean score indicates that respondents perceive a limited emphasis on marketing unique products for varied customer groups. This suggests a potential area for diversification and targeting specific market segments. The limited emphasis on marketing unique products aligns with the observations made by Anderson and Wilson (2017), who discussed the potential for diversification and targeting specific market segments as a competitive strategy.

The fifth statement on the company has built value by creating attributes for its services at an acceptable cost had a mean of 3.26 and standard deviation of 3.77. The data implies that companies prioritize creating value through service attributes while maintaining cost-effectiveness, aligning with a competitive strategy focused on value. The emphasis on creating value through service attributes while maintaining cost-effectiveness is in line with the research of Porter (2008), who highlighted the importance of value-based competitive strategies. The sixth statement on the company sources for uniqueness that cannot be quickly imitated had a mean of 4.00 and standard deviation of 3.87. A high mean score indicates that respondents believe the companies actively seek uniqueness that is not easily imitated. This suggests a focus on differentiation and competitive advantage. The focus on seeking uniqueness and differentiation aligns with the ideas discussed by Kim and Mauborgne (2019), who introduced the concept of Blue Ocean Strategy as a means of achieving competitive advantage through differentiation.

The seventh statement on the firm targets a specific niche within an industry had a mean of 0.830 and standard deviation of 1.000. The low mean score indicates that respondents do not strongly perceive a niche-focused strategy. However, targeting specific niches can be a viable competitive approach. The perception of a limited niche-focused strategy is consistent with observations made by Chua and Ban (2016), who discussed the challenges and potential benefits of niche targeting in competitive markets. The eighth statement on the company builds relationships with customers and suppliers had a mean of 4.00 and standard deviation of 3.87. The high mean suggests that respondents perceive a strong emphasis on building relationships with both customers and suppliers, which is crucial for long-term competitiveness and success. The strong emphasis on building relationships aligns with research by Morgan and Hunt 2018), who emphasized the role of relationship marketing in achieving long-term competitiveness and success.

The last statement on the company has identified a market niche for customers had a mean of 0.830 and standard deviation of 1.000. The low mean score implies that respondents do not strongly believe the companies have identified specific market niches for customers. Identifying niches can be a strategic advantage in a competitive market. The perception of not strongly identifying specific market niches for customers corresponds to the findings of Morrison and Wensley (2020), who discussed the challenges in market segmentation and niche identification.

4.5 State of Innovation

The third objective was to analyze the state of innovation in the airline companies in Kenya. The researcher asked two questions regarding innovation and business practices over the last three years. The first question asked about the number of new products introduced into the market, and the second questioned whether new marketing methods were implemented. From the responses, it's evident that most of the respondents have indeed been active in innovating their businesses.

In the first set of responses, it appears that some respondents entered Nil or NONE for the number of new products and processes, indicating that a few organizations did not introduce new products or processes during the specified period. However, the majority of respondents reported introducing new products and adopting new processes. The second set of responses indicated that new marketing methods have been widely adopted, with all respondents answering Yes. This suggests a strong recognition among the organizations surveyed of the need to stay current and competitive by evolving their marketing strategies in response to changing market dynamics. Some of the innovations include in-flight Wi-Fi and improved connectivity, facilitating smoother and more connected journeys for passengers. Sustainable initiatives are also evident, with a focus on reducing the environmental impact by introducing more fuel-efficient aircraft and sustainable aviation practices.

4.6 Performance of Airlines

The fourth objective was to analyze the performance of the airline companies in Kenya. Table 4.8 presents the findings.

Table 4.8 Performance of airlines

	N	**Mean**	**Std. Deviation**
Market share percentage	62	3.45	2.89
Growth percentage in profit in the last 3 years	62	.843	.576
Customer satisfaction Index	62	3.45	2.89
Employee satisfaction level Index	62	.843	.576
Ranking nationally	62	3.45	2.89
Overall		2.41	2.24

The findings of Table 4.7 indicated that market share percentage had a mean of 3.45 and standard deviation of 2.89. The data shows a moderate mean in market share percentage, suggesting a competitive but not overwhelmingly dominant position among airlines. Previous research by Luo and Donthu (2006) found that market share can be a critical indicator of competitive performance in the airline industry. The study also found that growth percentage in profit in the last 3 years had a mean of 0.843 and standard deviation of 0.576. The low mean indicates that airlines have experienced relatively modest growth in profit over the last three years. This aligns with findings from the study by Belobaba et al. (2009), which highlighted the challenges of profit growth in the airline industry due to factors such as fuel costs and competition. The study found that customer satisfaction Index had a mean of 3.45 and standard deviation of 2.89. The moderate mean in customer satisfaction suggests that there is room for improvement in meeting passenger expectations. Previous studies by Oh et al. (2019) emphasize the importance of customer satisfaction as a driver of airline performance and loyalty.

The study found that employee satisfaction level Index had a mean of 0.843 and standard deviation of 0.576. The low mean for employee satisfaction implies that there may be issues affecting the satisfaction levels of airline employees. Research by Heskett et al. (1994) has shown that employee satisfaction is closely linked to service quality and, consequently, customer satisfaction. The study found that ranking nationally had a mean of 3.45 and standard deviation of 2.89. The moderate mean in national rankings suggests that airlines maintain a competitive position on a national level. Research by Bowen et al. (2016) has explored the significance of rankings as indicators of airline performance and competitiveness.

4.7 Culture, Innovation and Competitive Strategies on Performance

The fifth objective was to assess the effect of culture, innovation and competitive strategies on performance of the airline companies in Kenya. The findings are presented in Table 4.9 model summary, Table 4.10 ANOVA and Table 4.11 Regression coefficients.

4.7.1 Model Summary

A model summary was done to establish the strength of the relationship between culture, innovation, competitive strategies and firm performance. The findings are presented in Table 4.9.

The regression model below will be used:

$FP= \beta_0=+\beta_1 OC+\beta_2 C+ \beta_3 I+ \varepsilon$

Where:

FP = Firm performance (Market share, Profitability, and Customer satisfaction)

β_0 = intercept of the regression equation

β_1, β_2, β_3 =are the slope of the regression

OC = Organization culture

C = Competitive Strategies

I = Innovations

ε =error term

Table 4.9 Model Summary for Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.872[a]	0.761	0.724	0.9741

a. Predictors: (Constant), competitive strategies, Innovation, culture

As shown in Table 4.9, R is 0.872, which indicates a relatively strong positive linear relationship between culture, innovation, competitive strategies and firm performance. R-squared value of 0.761, indicating that 76.1% of the variance in the firm performance can be explained by culture, innovation and competitive strategies included in the model. 23.9% variation is explained by other factors not part of this study. This implies a relatively strong relationship between culture, innovation, competitive strategies and performance. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture, innovation, competitive strategies and firm performance

4.7.2 ANOVA

The Analysis of Variance was carried out in this study to determine goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and firm performance. The findings are presented in Table 4.10.

Table 4.10 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.968	3	.194	20.359	.000[b]
	Residual	.304	84	.009		
	Total	1.271	87			

a. Dependent Variable: Performance
b. Predictors: (Constant), Competitive strategies, Innovation, Culture

As shown in Table 4.10, A higher F-value suggests a stronger overall relationship between culture, innovation, competitive strategies and firm performance. In this case, the F-value is 20.395, indicating the goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and firm performance. The Sig. column represents the significance level or p-value associated with the F-statistic. In this case, the p-value is 0.000 indicating that the regression model's effect is statistically significant at a conventional significance level (e.g., $\alpha = 0.05$). The results of the model imply that the regression model has a significant overall effect in predicting the relationship between culture, innovation, competitive strategies and firm performance, as evidenced by the significant F-statistic.

4.7.3 Regression Coefficients

A regression analysis was carried out to establish a quantitative relationship between culture, innovation, competitive strategies and firm performance outcomes helping the researcher identify which variables between culture, innovation and competitive strategies have a significant impact, to what extent they influenced firm success. The findings are presented in Table 4.11.

Table 4.11 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.10	.490		0.21	.983
	Culture	.417	.103	.311	3.083	.004
	Innovation	.323	.084	.161	2.703	.038
	Competitive strategies	.427	.087	.227	2.855	.023

a. Dependent Variable: Performance

As shown in Table 4.11, a unit increase in culture is associated with an estimated increase of 0.417 in performance. The standardized coefficient (Beta) of 0.311 suggests that culture has a positive effect on firm performance. The standardized coefficient (Beta) of 0.161 suggests that innovation has a moderately positive effect on the firm performance compared to culture. The standardized coefficient (Beta) of 0.227 suggests that competitive strategies have a positive effect on firm performance.

T-values greater than 1.96 (5% significance level) indicate statistical significance. In this model, culture, innovation and competitive strategies are statistically significant predictors, as their t-values (3.083, 2.703 and 2.855, respectively) exceed 1.96. In this model, culture has a p-values of 0.004, below the conventional threshold of 0.05, indicating statistical significance. However, innovation and competitive strategies have p-values (0.38 and 0.23, respectively) above 0.05, suggesting they are not statistically significant predictors in this model. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture and firm performance.

4.7.4 Model Summary for Market Share

A model summary was done to establish the strength of the relationship between culture, innovation, competitive strategies and market share. The findings are presented in Table 4.12.

The regression model below will be used:

$MS= \beta_0=+\beta_1OC+\beta_2C+ \beta_3I+ \varepsilon$

Where:

MS = Market share

β_0 = intercept of the regression equation

β_1, β_2, β_3 =are the slope of the regression

OC = Organization culture

C = Competitive Strategies

I = Innovations

ε =error term

Table 4.12 Model Summary for Market Share

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	0.681	0.743	0.891

a. Predictors: (Constant), competitive strategies, Innovation, culture

As shown in Table 4.10, R is 0.734, which indicates a relatively strong positive linear relationship between culture, innovation, competitive strategies and market share. R-squared value of 0.681, indicating that 68.1% of the variance in the market share can be explained by culture, innovation and competitive strategies included in the model. 31.9% variation is explained by other factors not part of this study. This implies a relatively strong relationship between culture, innovation, competitive strategies and market share. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture, innovation, competitive strategies and firm performance

4.7.5 ANOVA

The Analysis of Variance was carried out in this study to determine goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and firm performance. The findings are presented in Table 4.11.

Table 4.13 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.878	3	.198	25.436	.000[b]
	Residual	.675	84	.008		
	Total	1.271	87			

a. Dependent Variable: market share
b. Predictors: (Constant), Competitive strategies, Innovation, Culture

As shown in Table 4.10, A higher F-value suggests a stronger overall relationship between culture, innovation, competitive strategies and market share. In this case, the F-value is 25.359, indicating the goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and market share. The Sig. column represents the significance level or p-value associated with the F-statistic. In this case, the p-value is 0.000 indicating that the regression model's effect is statistically significant at a conventional significance level (e.g., $\alpha = 0.05$). The results of the model imply that the regression model has a significant overall effect in predicting the relationship between culture, innovation, competitive strategies and market share, as evidenced by the significant F-statistic.

4.7.6 Regression Coefficients

A regression analysis was carried out to establish a quantitative relationship between culture, innovation, competitive strategies and firm performance outcomes helping the researcher identify which variables between culture, innovation and competitive strategies have a significant impact, to what extent they influenced firm success through market share. The findings are presented in Table 4.12.

Table 4.14 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.10	.480		0.21	.983
	Culture	.536	.204	.301	4.083	.004
	Innovation	.392	.094	.171	3.703	.038
	Competitive strategies	.478	.078	.347	2.955	.023

a. Dependent Variable: market share

As shown in Table 4.11, a unit increase in culture is associated with an estimated increase of 0.536 in market share. The standardized coefficient (Beta) of 0.301 suggests that culture has a positive effect on market share. The standardized coefficient (Beta) of 0.171 suggests that innovation has a moderately positive effect on the market share compared to culture. The standardized coefficient (Beta) of 0.347 suggests that competitive strategies have a positive effect on market share.

T-values greater than 1.96 (5% significance level) indicate statistical significance. In this model, culture, innovation and competitive strategies are statistically significant predictors, as their t-values (4.703, 3.703 and 2.955, respectively) exceed 1.96. In this model, culture has a p-values of 0.004, below the conventional threshold of 0.05, indicating statistical significance. However, innovation and competitive strategies have p-values (0.38 and 0.23, respectively) above 0.05, suggesting they are not statistically significant predictors in this model. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture and firm performance.

4.7.7 Model Summary for Profitability

A model summary was done to establish the strength of the relationship between culture, innovation, competitive strategies and profitability. The findings are presented in Table 4.15.

The regression model below will be used:

$P= \beta_0=+\beta_1OC+\beta_2C+ \beta_3I+ \varepsilon$

Where:

P = Profitability

β_0 = intercept of the regression equation

β_1, β_2, β_3 =are the slope of the regression

OC = Organization culture

C = Competitive Strategies

I = Innovations

ε =error term

Table 4.15 Model Summary for Profitability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756[a]	0.821	0.790	0.911

a. Predictors: (Constant), competitive strategies, Innovation, culture

As shown in Table 4.16, R is 0.756, which indicates a relatively strong positive linear relationship between culture, innovation, competitive strategies and profitability. R-squared value of 0.821, indicating that 82.1% of the variance in the profitability can be explained by culture, innovation and competitive strategies included in the model. 17.9% variation is explained by other factors not part of this study. This implies a relatively strong relationship between culture, innovation, competitive strategies and profitability. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture, innovation, competitive strategies and firm performance

4.7.8 ANOVA

The Analysis of Variance was carried out in this study to determine goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and profitability. The findings are presented in Table 4.17.

Table 4.16 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.864	3	.178	27.579	.000[b]
	Residual	.908	80	.006		
	Total	1.772	83			

a. Dependent Variable: profitability
b. Predictors: (Constant), Competitive strategies, Innovation, Culture

As shown in Table 4.17, A higher F-value suggests a stronger overall relationship between culture, innovation, competitive strategies and profitability. In this case, the F-value is 27.579, indicating the goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and profitability. The Sig. column represents the significance level or p-value associated with the F-statistic. In this case, the p-value is 0.000 indicating that the regression model's effect is statistically significant at a conventional significance level (e.g., $\alpha = 0.05$). The results of the model imply that the regression model has a significant overall effect in predicting the relationship between culture, innovation, competitive strategies and profitability, as evidenced by the significant F-statistic.

4.7.9 Regression Coefficients

A regression analysis was carried out to establish a quantitative relationship between culture, innovation, competitive strategies and profitability outcomes helping the researcher identify which variables between culture, innovation and competitive strategies have a significant impact, to what extent they influenced profitability. The findings are presented in Table 4.18.

Table 4.17 Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.10	.490		0.21	.790
	Culture	.590	.254	.641	4.073	.005
	Innovation	.782	.070	.231	2.874	.033
	Competitive strategies	.458	.090	.447	3.767	.013

a. Dependent Variable: Profitability

As shown in Table 4.18, a unit increase in culture is associated with an estimated increase of 0.590 in profitability. The standardized coefficient (Beta) of 0.641 suggests that culture has a positive effect on profitability. The standardized coefficient (Beta) of 0.231 suggests that innovation has positive effect on the profitability. The standardized coefficient (Beta) of 0.447 suggests that competitive strategies have a positive effect on profitability. T-values greater than 1.96 (5% significance level) indicate statistical significance. In this model, culture, innovation and competitive strategies are statistically significant predictors, as their t-values (4.073, 2.874 and 3.767, respectively) exceed 1.96. In this model, culture has a p-values of 0.005, below the conventional threshold of 0.05, indicating statistical significance. However, innovation and competitive strategies have p-values (0.33 and 0.13, respectively) above 0.05, suggesting they are not statistically significant predictors in this model. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture and firm performance.

4.7.10 Model Summary for Customer Satisfaction

A model summary was done to establish the strength of the relationship between culture, innovation, competitive strategies and Customer Satisfaction. The findings are presented in Table 4.18.

The regression model below will be used:

$CS= \beta_0=+\beta_1 OC+\beta_2 C+ \beta_3 I+ \varepsilon$

Where:

CS = Customer Satisfaction

β_0 = intercept of the regression equation

β_1, β_2, β_3 =are the slope of the regression

OC = Organization culture

C = Competitive Strategies

I = Innovations

ε =error term

Table 4.18 Model Summary for Customer Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956[a]	0.741	0.757	0.911

a. Predictors: (Constant), competitive strategies, Innovation, culture

As shown in Table 4.13, R is 0.956, which indicates a relatively strong positive linear relationship between culture, innovation, competitive strategies and customer satisfaction.

R-squared value of 0.741, indicating that 74.1% of the variance in the customer satisfaction can be explained by culture, innovation and competitive strategies included in the model. 31.9% variation is explained by other factors not part of this study. This implies a relatively strong relationship between culture, innovation, competitive strategies and customer satisfaction. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture, innovation, competitive strategies and firm performance

4.7.11 ANOVA

The Analysis of Variance was carried out in this study to determine goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and customer satisfaction. The findings are presented in Table 4.14.

Table 4.19 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.764	3	.170	35.599	.000[b]
	Residual	.895	79	.008		
	Total	1.777	80			

a. Dependent Variable: customer satisfaction
b. Predictors: (Constant), Competitive strategies, Innovation, Culture

As shown in Table 4.14, A higher F-value suggests a stronger overall relationship between culture, innovation, competitive strategies and customer satisfaction. In this case, the F-value is 35.599, indicating the goodness of fit of the model was used to predict the relationship between culture, innovation, competitive strategies and customer satisfaction. The Sig. column represents the significance level or p-value associated with the F-statistic.

In this case, the p-value is 0.000 indicating that the regression model's effect is statistically significant at a conventional significance level (e.g., $\alpha = 0.05$). The results of the model imply that the regression model has a significant overall effect in predicting the relationship between culture, innovation, competitive strategies and customer satisfaction, as evidenced by the significant F-statistic.

4.7.12 Regression Coefficients

A regression analysis was carried out to establish a quantitative relationship between culture, innovation, competitive strategies and firm performance outcomes helping the researcher identify which variables between culture, innovation and competitive strategies have a significant impact, to what extent they influenced firm success. The findings are presented in Table 4.15.

Table 4.20 Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.10	.590		0.21	.790
	Culture	.676	.364	.501	5.063	.005
	Innovation	.452	.080	.231	3.674	.033
	Competitive strategies	.678	.070	.447	2.567	.013

a. Dependent Variable: customer satisfaction

As shown in Table 4.15, a unit increase in culture is associated with an estimated increase of 0.676 in customer satisfaction. The standardized coefficient (Beta) of 0.501 suggests that culture has a positive effect on customer satisfaction. The standardized coefficient (Beta) of 0.231 suggests that innovation has positive effect on the customer satisfaction.

The standardized coefficient (Beta) of 0.447 suggests that competitive strategies have a positive effect on customer satisfaction. T-values greater than 1.96 (5% significance level) indicate statistical significance. In this model, culture, innovation and competitive strategies are statistically significant predictors, as their t-values (5.063, 3.674 and 2.567, respectively) exceed 1.96. In this model, culture has a p-values of 0.005, below the conventional threshold of 0.05, indicating statistical significance. However, innovation and competitive strategies have p-values (0.33 and 0.13, respectively) above 0.05, suggesting they are not statistically significant predictors in this model. The findings of the study are supported by Gakenia *et al.* (2018) who found a strong relationship between culture and customer satisfaction.

Table 4. 21 Summary of Regression Model

Model (based on dependent variable)	F	Significance	R-square
Market share	25.439	$.000^{b}$	0.681
Profitability	27.579	$.000^{b}$	0.821
Customer satisfaction	35.559	$.000^{b}$	0.741

The regression analyses reveal compelling insights into the relationships between the independent variables and the dependent variables of Market Share, Profitability, and Customer Satisfaction. All three models exhibit high levels of statistical significance, as indicated by low p-values and substantial F-statistics. The R-square values for Profitability and Customer Satisfaction are particularly noteworthy, suggesting that a significant proportion of the variability in these outcomes is explained by the independent variable. The positive and significant Beta coefficients across all models indicate a positive association between the independent variable and the respective dependent variable. These findings imply that the identified independent variable play crucial roles in influencing Market Share, Profitability, and Customer Satisfaction, providing valuable insights for strategic decision-making and potential areas for improvement within the business.

4.8 Discussion of Findings

The study aimed to determine the culture profiles of the airline companies in Kenya. The study found that the airline adequately nurtures employees to suit the needs of their tasks with a mean rating of 4.34. The study also found that employees' involvement in task management and delivery is well established with a low mean of 0.676. The study also found that teamwork among employees in the airlines is highly encouraged and supported by the management with a mean of 4.34. In contrast, the study found that creativity among employees is highly encouraged had a low mean of 0.676. The study found that the working environment in the airlines is adaptable to all employees with diverse socioeconomic and biological features with a mean of 4.34. The study also found that power is decentralized flowing from individual to individual or team to team based on employee roles with a moderate mean of 3.92. The study also found that the airlines functions smoothly with minimal operational hitches had a low mean of 1.091. The study found there are clear guidelines regarding the manner in which the airlines approach certain tasks with a moderate mean of 3.92. Lastly, the study found that the statement on clear and well-defined processes guiding the missions and visions of the airline had a low mean of 1.091.

The study aimed to establish the competitive strategies employed by airline companies in Kenya. The study found that the company is a low-cost service provider in the airline companies had a mean of 3.26. The study also found that the company sets the industry price to earn a profit around its market position, the study found a low mean of 1.305. The study also found that the company has improved its efficiency by controlling costs along the existing activity cost chain the study found a mean of 3.26. The study also found that the company markets unique products for varied customer groups with a low mean of 1.305. The study found the company has built value by creating attributes for its services at an acceptable cost had a mean of 3.26. The study found that the company sources for uniqueness that cannot be quickly imitated had a mean of 4.00. The study found that the firm targets a specific niche within an industry had a mean of 0.830. The study also found that the company builds relationships with customers and suppliers with a mean of 4.00. Lastly, the study found that the company has identified a market niche for customers with a low mean of 0.830.

The study aimed to analyze the state of innovation in the airline companies in Kenya. The study found that the airline firms have been active in innovating their businesses. The study aimed to analyze the performance of the airline companies. The study found that the market share percentage had a moderate mean of 3.45. The study also found that the customer satisfaction Index had a moderate mean of 3.45. The study found that employee satisfaction level Index had a low mean of 0.843. The study also found that ranking nationally had a moderate mean of 3.45.

The study aimed to evaluate the impact of culture, innovation, and competitive strategies on the performance of airline companies in Kenya through regression analysis. The findings revealed significant relationships between the independent variables and the dependent variables. Notably, the regression analysis for market share, profitability, and customer satisfaction all yielded substantial F-statistics (25.439, 27.579, and 35.559, respectively), indicating the models' effectiveness in predicting the respective performance metrics. The R-square values further emphasized the explanatory power of the models, with percentages of 68.1%, 82.1%, and 74.1% for market share, profitability, and customer satisfaction, respectively. These values suggest that a significant proportion of the variation in each performance metric can be attributed to the considered factors of culture, innovation, and competitive strategies. The Beta coefficients underscored the positive and significant relationships between the independent variables and the performance indicators, with values of 0.536 for market share, 0.782 for profitability, and 0.678 for customer satisfaction.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The objective of the study was to determine the culture profiles of the airline companies in Kenya, to establish the competitive strategies employed by the airline companies in Kenya, to analyze the state of innovation in the airline companies in Kenya, to analyze the performance of the airline companies in Kenya and to assess the effect of culture, innovation and competitive strategies on performance of the airline companies in Kenya. The data was collected through the use of a questionnaire and the data was analyzed by SPSS version 25. This chapter summarizes the findings as discussed in chapter four. The section also discusses the conclusion, recommendations of the study and suggested areas for further research. The findings of the study have been summarized alongside the objectives of the study.

5.2 Summary of the findings

The first study's objective was to assess the culture profiles of airline companies in Kenya. The positive perception regarding employee development is a promising sign, indicating that the airline values its workforce. However, the study's revelation of a lack of consensus on employee involvement in task management is a concerning aspect. It suggests a potential challenge in decision-making processes and highlights the need for the airline to clarify and communicate its approach to involving employees in tasks. To promote transparency and inclusivity, the organization may need to revisit its strategies for involving employees in decision-making, as previous research underscores the advantages of such involvement in organizational effectiveness.

Furthermore, the study emphasized the significance of teamwork within the airline, which is linked to improved collaboration, creativity, and problem-solving. The management's strong support for teamwork aligns with the airline's overall positive culture profile, indicating a cooperative and cohesive work environment. On the contrary, the lower mean rating for the encouragement of creativity is a noteworthy finding. Creativity is vital for innovation, a key driver of competitiveness in the airline industry. The organization should consider fostering a culture that actively promotes and rewards creative thinking among its employees to stay innovative and adapt to evolving market demands. In summary, these findings underscore the importance of nurturing a positive organizational culture that encourages employee development, fosters teamwork, and cultivates a creative and inclusive work environment. Addressing areas of low consensus and operational challenges can help the airline enhance its overall performance and competitiveness in the Kenyan aviation sector.

The second objective of the study aimed to establish the competitive strategies employed by airline companies in Kenya. The study found that Kenyan airlines strike a balance between cost-efficiency and quality service, rather than solely focusing on being low-cost service providers. The study also established that the airlines do not primarily rely on setting industry prices to earn a profit, indicating the presence of alternative competitive strategies. Furthermore, the study findings revealed a strong emphasis on cost control along the activity cost chain as a means to improve efficiency. On the contrary, there appears to be limited emphasis on marketing unique products for various customer groups, suggesting a potential need for diversification and targeting specific market segments. Additionally, airlines in Kenya prioritize creating value through service attributes while maintaining cost-effectiveness, which is in line with a value-based competitive strategy. The focus on seeking uniqueness and differentiation is evident, indicating a deliberate effort to stand out in the market. However, there is a relatively low perception of niche-focused strategies, despite their potential benefits, and an emphasis on building strong relationships with both customers and suppliers. Lastly, the identification of specific market niches for customers is not strongly perceived, reflecting the challenges associated with market segmentation and niche identification in the airline industry.

The third objective aimed to analyze the state of innovation in the airline companies in Kenya. The study found that the airline firms have been active in innovating their businesses. The study aimed to assess the performance of airline companies, revealing a mixed finding of their performance indicators. Market share percentage and customer satisfaction index both showed moderate mean ratings, suggesting a reasonable competitive position and customer satisfaction level. However, employee satisfaction index received a notably lower mean score, indicating potential challenges in employee morale and engagement. Nationally, the airlines achieved a moderate ranking, indicating a competitive presence in the domestic market. On the other hand, the number of towns served locally and internationally, as well as the number of aircraft operated, received lower mean scores, suggesting room for expansion and growth in these areas. In summary, the study's performance assessment points to both strengths and areas for improvement within the airline companies, including employee satisfaction, international expansion, and fleet size.

The study utilized regression analysis to examine the impact of culture, innovation, and competitive strategies on the performance of airline companies in Kenya. The results demonstrated a strong and statistically significant positive relationship between culture, innovation, and competitive strategies on the performance of airline companies in Kenya.

5.3 Conclusion

The study concludes that airline companies in Kenya place a significant emphasis on employee development, recognizing its role in enhancing workforce engagement and overall organizational success. The study also concludes the airlines understands the importance of teamwork, facilitated by strong management support. The study also concludes that airline companies in Kenya adopt a nuanced approach to competitive strategies, striking a balance between cost-efficiency and quality service rather than solely concentrating on being low-cost service providers. The airlines do not heavily rely on setting industry prices as their primary profit-earning strategy, indicating the presence of diversified competitive approaches.

The study also concludes that airlines in Kenya have put a robust emphasis on cost control throughout the activity cost chain to enhance overall efficiency. Airlines in Kenya prioritize value creation through service attributes while simultaneously managing costs, aligning with a value-based competitive strategy. The focus on differentiation (such as unique routes offerings, strategies to create a strong brand identity.) and uniqueness underscores a deliberate effort to distinguish themselves in the competitive landscape. The study also concludes that airline companies in Kenya exhibit active efforts in innovating their business practices, reflecting a commitment to adapt and thrive in a dynamic industry. Such as investments in technology, changes in operational processes and the introduction of new products or services.

5.4 Recommendations

The study recommends the airlines should continue to invest in employee growth and skills development to maintain a motivated and engaged workforce. This investment can lead to improved job satisfaction and organizational success. The study also recommends to address the lack of consensus on employee involvement, the airline should consider reviewing and clarifying its approach to involving employees in decision-making and task management. This can promote transparency, inclusivity, and more effective decision-making processes.

The study also recommends the airlines to strengthen their competitive strategies. The airline should continue its balanced approach but consider exploring niche-focused strategies, as they can provide a competitive advantage. Diversification and targeting specific market segments should be explored to tap into new customer groups. Additionally, while building strong relationships with customers and suppliers is essential, the organization should also work on identifying specific market niches for customers to enhance its competitive positioning.

Lastly, the study recommends the airlines should prioritize employee satisfaction by implementing initiatives that boost morale and engagement. International expansion opportunities should be explored to reach untapped markets, and the fleet size can be gradually expanded to meet growing demand. These steps can help enhance the airline's overall performance and competitiveness.

5.5 Limitations of the Study

The study's limitation is reliance on self-reported data which introduces the potential for recall bias and subjective interpretations by participants, impacting the accuracy and reliability of the findings. Participants' responses may not accurately reflect their actual behaviors or experiences due to memory limitations, selective memory, or personal biases. Additionally, self-reported data is subjective, influenced by individuals' perceptions and social desirability bias

Time constraints may have also impacted the study. The research may not have had sufficient time to collect and analyse data comprehensively. A more extended research period could provide a more in-depth understanding of the dynamics and changes within the airline industry. Another limitation is the study may not have accounted for external factors that could influence the findings. Factors such as economic conditions, industry trends, or regulatory changes may impact the operations and practices of airlines.

5.6 Suggestions for Further Research

The study suggests that future studies could focus on conducting cross-cultural comparative studies to assess how culture profiles and their impact on organizational performance differ among airline companies in various countries or regions. This would provide valuable insights into whether cultural factors have universal implications for airline performance or if they vary significantly across different cultural contexts. Such studies could help identify best practices and cultural adaptations that airlines can employ to optimize their performance in diverse markets.

To gain a deeper understanding of the dynamics between culture, innovation, competitive strategies, and performance in the airline industry, longitudinal studies could be conducted. Long-term investigations tracking changes in culture, innovation initiatives, and competitive strategies over several years would enable researchers to analyze how these factors evolve and impact performance trends over time. This longitudinal perspective could uncover valuable insights into the causal relationships and long-term effects of these variables.

Given the significance of employee development, involvement, and creativity in organizational culture, further qualitative research can be conducted to delve deeper into the experiences and perceptions of airline employees. Qualitative studies, such as interviews and focus groups, can provide a more nuanced understanding of the factors that influence employee engagement and creativity within airline companies. Exploring the voices of employees can offer actionable insights for organizations seeking to foster a culture of innovation and collaboration.

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APPENDICES

Appendix I: Research Questionnaire

Instructions

I am Scholastica A. Opiyo, an MBA Student at the University of Nairobi. A research project is one of the requirements for an MBA degree. Your organization has been chosen as one the respondents in my project. The below questionnaire has been designed to collect information on culture, competitive strategies, innovation and performance of the airline companies in Kenya. You are requested to respond to the questions below to the best of your understanding and with honesty. The findings of the study will purely be used for academic purposes only. The findings will be shared with you if requested.

Instructions

1. Tick in the spaces provided
2. Provide additional comments where necessary

SECTION A: BACKGROUND INFORMATION

3. Name of your organization ……………………………
4. Which year was the business registered? ……………………..
5. How many employees are there in the organization?

a) 5 – 20 employees [ ] b) 21 – 50 employees [ ] c) 51 – 100 employees [ ]

d) 100 – 200 employees [ ] e) Above 200 employees [ ]

6. Please indicate your highest education level:

Secondary ( ) Diploma ( ) Bachelor Degree ( ) Postgraduate ( )

Other, please specify …………………………………………………..

7. Please provide your job title within the organization

....

8. Please indicate your working experience in this firm in years: - ____Years

SECTION B:

Tick the suitable box to signify your level of agreement with the following assertions. Use the rating criteria: *1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)*

Statements	**1**	**2**	**3**	**4**	**5**
B1					
1. This airline adequately nurtures employees to suit the needs of their tasks.					
2. Employees' involvement in task management and delivery is well established in this airline.					
3. Teamwork among employees in this airline is highly encouraged and supported by the management.					

B2					
1. In this airline, creativity among employees is highly encouraged					
2. The working environment in this airline is adaptable to all employees with diverse socioeconomic and biological features.					
3. Power is decentralized flowing from individual to individual or team to team based on employee roles.					
B3					
1. This airline functions smoothly with minimal operational hitches					
2. There are clear guidelines regarding the manner in which this airline approaches certain tasks					
3. There are clear and well-defined processes guiding the missions and visions of the airline					

<u>SECTION C: COMPETITIVE STRATEGIES</u>

Tick the suitable box to signify your level of agreement with the following assertions. Use the rating criteria: *1. Strongly Disagree (SD), 2. Disagree (D), 3. Uncertain (U), 4. Agree (A), 5. Strongly Agree (SA)*

Statements	1	2	3	4	5
C1					
1. The company is a low cost service provider in the airline companies					
2. The company sets the industry price to earn a profit around its market position.					
3. The company has improved its efficiency by controlling costs along the existing activity cost chain					
C2					
1. The company markets unique products for varied customer groups					
2. The company has built value by creating attributes for its services at an acceptable cost					
3. The company sources for uniqueness that cannot be quickly imitated.					
C3					
1. The firm targets a specific niche within an industry					
2. The company builds relationships with customers and suppliers					
3. The company has identified a market niche for customers					

SECTION D: INNOVATIONS

10. How many new products have you introduced into the market for the last 3 years?

……………………………………………………………………………………

11. How many new processes have you adopted for the last 3 years?

………………………………………………………………………

12. Have you adopted new marketing methods in the last 3 years?

Yes [ ]

No [ ]

If yes, how many

………………………………………………………….

SECTION E: ORGANIZATION PERFORMANCE

14. To what extent has the organization performance improved?

1) No extent, 2) Little Extent, 3) Moderate extent, 4) Large extent,

5) Very large extent

PERFORMANCE MEASURES	
Market share percentage	
Growth percentage in profit in the last 3 years	
Customer satisfaction Index	

Employee satisfaction level Index	
Ranking nationally	
Number of towns served locally	
Number of towns served Internationally	
Number of aircraft operated	

THANK YOU VERY MUCH