



Competitive Strategies and Performance of Kenya Airways Limited in Nairobi County, Kenya

Nduku Stellamaris Somba¹, Shadrack Bett²

¹*Degree in Master of Business Administration (Strategic Management Option), Student
Kenyatta University, Kenya*

²*Lecturer, Department of Business Administration, School of Business, Economics and
Tourism, Kenyatta University, Kenya*

ABSTRACT

Kenya Airways has experienced significant financial losses over a prolonged period, which has led to the requirement of a government bailout and the adoption of a restructuring initiative. Kenya Airways is a major player in the Kenyan aviation sector but has struggled to stay profitable compared to Ethiopian Airlines. Ethiopian Airlines has reported consistent profits for several years, in contrast. Kenya Airways is adopting competitive tactics to improve its performance, but there is a dearth of empirical research on the subject. The objective of this study was to analyse the impact of competitive strategies on the performance of Kenya Airways. The purpose of the study was to examine the impact of differentiation, cost leadership, focus, and innovation on the performance of Kenya Airways Limited. This study was anchored on the following theories: porter's generic strategies model, dynamic capabilities, resource-based view, strategy-structure-performance, and balanced score card. This study employed a descriptive inquiry approach. The focus group for the study was comprised of a total of 180 staff members of Kenya Airways Limited. The sample size consisted of 124 employees, who were selected using a basic random sampling technique. A semi-structured questionnaire was used to collect primary data. This research assessed the accuracy of the research tool by utilizing the viewpoints of experts through a content validity method. Cronbach's alpha coefficient was utilized to evaluate the dependability of the research instrument, and a minimum threshold of 0.7 was established. Data was analysed using descriptive statistics using means and standard deviations and inferential statistics. The study made use of correlation analysis and multiple regression analysis to deduce connections among different variables. Differentiation strategy had a positive and significant effect on performance of Kenya Airways of ($\beta= 0.513, p < 0.05$). Cost leadership strategy had a positive and significant effect on performance of Kenya Airways of ($\beta=0.458, p < 0.05$). Focus strategy had a positive and significant effect on performance of Kenya Airways of ($\beta= 0.540, p < 0.05$). Innovation strategy had a positive and significant effect on performance of Kenya Airways of ($\beta=0.651, p < 0.05$). The study concluded that differentiation strategy improves the performance of Kenya Airways. Cost leadership strategy helps to improve the performance of Kenya Airways Limited. Focus strategy enhances performance of Kenya Airways Limited and innovation strategy helps to improve performance of Kenya Airways Limited. The study recommended that the company should continue to offer unique features that sets it apart from other airlines. The company should operate efficiently in order to keep costs low.

Key Words: *Competitive Strategies, Performance, Kenya Airways Limited*

DOI 10.35942/dh0bp729

Cite this Article:

Somba, S., & Bett, S., (2024). Competitive Strategies and Performance of Kenya Airways Limited in Nairobi County, Kenya. *International Journal of Business Management, Entrepreneurship and Innovation*, 6(1), 72-85. <https://doi.org/10.35942/dh0bp729>

1.0 Introduction

1.1 Background of the Study

Mohammad (2021) mentions the airline industry plays a vital role in the global economy by facilitating the connection of individuals and businesses on a worldwide scale. The airline industry is intricate and cutthroat, requiring successful airlines to adopt efficient competitive strategies in order to reach their goals (Nzioka, 2019). According to Muazu-alhaji, Nwoye, and Ibrahim (2023), the airline sector plays a significant role in the worldwide economy by producing enormous amounts of dollars and generating millions of employment opportunities. According to Kiarie (2020), the airline industry in the United Kingdom had a significant economic influence in 2019, with an estimated value of USD 2.7 trillion. Moreover, it played a vital role in supporting more than 65.5 zillion global jobs. It is predicted that the number of passengers is going to increase twofold by 2037, with an average yearly growth rate of 5.5 %. According to Baraza and Naliaka (2017), the expansion of the aviation sector presents airlines worldwide with both favorable circumstances and obstacles.

The airline sector in South Africa encounters distinctive difficulties such as inadequate infrastructure, expensive operational expenses, and obstacles related to regulations. In spite of these obstacles, the sector has experienced a consistent growth, with a yearly rise in passenger traffic averaging 6.2 % (Njiru, 2020). According to Afande (2022), the airline sector has been going through a steady annual growth of 3 %, and South African Airways holds the top position among airlines in the area. The airline sector in Kenya has been witnessing remarkable expansion, as there has been a consistent annual growth of about 10 % in passenger traffic. Kimathi (2020) states that Kenya has taken the lead in this expansion, with numerous airlines conducting operations within the nation. The major airlines in Kenya include Kenya Airways, Skyward and Air Kenya. Kamau (2018) states that in order to stay competitive, airlines operating in a fiercely competitive industry must adopt efficient strategies.

Ochieng & Ahmed (2020) described organizational performance as how effectively and efficiently an organization attains its goals and objectives. The insights gained from organizational performance are valuable and also can be used to enhance monitoring and management processes, and also improve improvement initiatives (Lawal, Oludayo and Omone, 2022). According to Terziovski & Samson (2018), organizational performance measurement provides information for reward and discipline and helps in alignment of organizational goals and objectives. According to Walala and Mutinda (2021), the aviation sector contributes to the expansion of the Kenyan economy by fostering economic growth. The Kenya Airports Authority (KAA) is responsible for overseeing and regulating the aviation sector in Kenya. The role of KAA is to coordinate the provision and management of airports. According to Komen (2021), Kenya Airways is among the many airlines that are active in Kenya's aviation industry. According to Jomo, Oloko, and Orwa (2017), the aviation sector in Kenya is experiencing challenging periods leading to significant financial losses for many airlines. According to Kamau and Stanley (2021), Kenyan aviation companies employ competitive techniques to minimize losses and also maintain sustainability.

Kenya Airways, which has its headquarters in Nairobi, Kenya, is an airline that is owned by the government. According to Irungu (2022), the company initiated its activities on the 4th of February in 1977 and currently provides scheduled services in Africa, Europe, and the Indian subcontinent. The main base of Kenya Airways is situated at Nairobi's Jomo Kenyatta International Airport. After the initial breakdown of the East African Community, the East African Airways faced a similar fate and also did not succeed, which eventually paved the way for the creation of the airline. Until April 1996, the Kenyan government held complete

ownership of the airline. The company began trading on the Nairobi Stock Exchange in 1996, after putting its shares on the market. As reported by Gitau (2021), the company's shares were listed on the Dar-es-Salaam Stock Exchange in October 2004. Based on Miseda et al. (2017), Kenya Airways Cargo was brought back in April 2004, and Flamingo Airlines, the domestic affiliate, was merged back into Kenya Airways in July 2004.

1.2 Statement of the Problem

Kenya Airways must demonstrate a strong organizational performance to be able to compete effectively globally. However, the reality in the past ten years does not align with this statement. The company has experienced significant financial losses, which has led to a government intervention by way of a bailout and a program aimed at restructuring its operations. For instance, the company disclosed a deficit of Ksh in the ongoing fiscal year 2019-2020. This represents a significant rise when compared with the previous amount of 36.2 billion Kenyan shillings. In the year before, Kenya Airways experienced losses amounting to 7.5 billion shillings. These financial losses have significantly reduced the value for shareholders and weakened the company's capacity to invest in important aspects like expanding their fleet, developing their route network, and stepping up their technology (Wakhu, 2019).

In 2018, Pesa conducted a study on the performance and competitive strategies of Five Forty Aviation Limited in Kenya. The study has discovered that the performance of Five Forty Aviation Limited Kenya is enhanced through the implementation of competitive strategies. The research design used in this study was not adequately supported by the study itself, resulting in a gap in methodology. The research utilized tactics such as differentiation strategy, cost leadership strategy, and focus strategy. The current research attempted to fill a conceptual void by incorporating innovation strategy. Farah, Mbebe and Munga (2018) carried out a study exploring the impact of competitive strategies on commercial airline performance in Kenya. The research conducted focused on examining the airline sector in Kenya through a survey. The results show that competitive strategies improve performance of Kenyan commercial airlines. The current study was designed to address a methodological gap by providing justification for the instrument used, which was not provided in the previous study.

The impact of different generic strategies on gaining a competitive advantage was explored in a study conducted by Debebe (2020). Ethiopian Airline was the subject of the study. The study revealed that Ethiopian Airline utilizes a generic strategy option to enhance its competitiveness and reap advantages. The strategies implemented for competition included cost leadership, differentiation, and cost focus tactics. The current research attempted to fill a conceptual void by incorporating innovation strategy. The present research addressed a methodological gap that was present in the previous study, where the sampling method used was not adequately justified. The research was carried out in a distinct geographical area, resulting in a lack of contextual information. The purpose of this current study was to look at how competitive strategies affect the overall performance of Kenya Airways, Limited.

1.3 Objective of the Study

The overall aim was to determine how competitive strategies impact Kenya Airways performance in Nairobi City County, Kenya.

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Innovation Diffusion Theory

The Innovation Diffusion Theory, posited by Everett M. Rogers in his seminal work "Diffusion of Innovations" in 1962, is a prominent theoretical framework elucidating the process through which new ideas, products, or innovations are adopted and disseminated within a given population or social system. Central to this theory are the categorizations of adopters, delineated into innovators, early adopters, early majority, late majority, and laggards, based on their proclivity to embrace innovations. The theory underscores the critical role of communication channels, social influence, time, and perceived attributes of the innovation — relative advantage, compatibility, complexity, trialability, and observability — in determining the rate and extent of adoption. While the Innovation Diffusion Theory offers valuable insights into the dynamics of innovation adoption, it is not without its limitations. Critics have contended that the theory's linear representation of the adoption process oversimplifies the intricacies often encountered in real-world adoption patterns, which can be more complex and iterative. Moreover, the theory tends to overlook contextual factors, such as cultural norms, governmental policies, and economic conditions, which can significantly influence the adoption process. Furthermore, the assumption of equal access to information among individuals overlooks the disparities in access and availability of resources that can influence the rate and trajectory of adoption.

In the context of this study focusing on the competitive strategies and performance of Kenya Airways Ltd, the Innovation Diffusion Theory assumes relevance. By leveraging this theoretical framework, the airline can better comprehend how innovative competitive strategies, including cost leadership, differentiation, and focus strategies, are adopted and diffused within the organization and the wider industry. Understanding the dynamics of adopter categories and the factors influencing their acceptance of innovative strategies, such as relative advantage and compatibility, can enable Kenya Airways to tailor their implementation strategies accordingly. By doing so, the airline can strive for a smoother adoption process of innovative strategies, optimizing organizational performance and fostering sustainability within the dynamic Kenyan aviation market. In conclusion, the Innovation Diffusion Theory offers a robust theoretical foundation for understanding the adoption and dissemination of innovative competitive strategies within organizations, elucidating the dynamics that drive strategy diffusion and implementation. It holds implications for enhancing organizational performance and sustaining competitive advantage within the aviation industry, providing a lens through which the strategic dynamics of Kenya Airways Ltd can be analyzed.

2.1.2 Dynamic Capabilities Theory

Shuen, Pisano, and Teece (1997) introduced the concept of the Dynamic Capabilities Theory, which suggests that organizations need to continuously adapt their internal resources to thrive in a constantly changing as well as highly competitive environment, to attain long-term success. This is about how well an organization combines, develops, and adjusts its external and internal skills to adapt to quickly changing situations. Zahra, Sapienza, and Davidsson (2006) point out that dynamic capabilities pertain to the ability of a company to attain and sustain a competitive edge. Operational capabilities primarily concern an organization's existing processes, whereas dynamic capabilities refer to the organization's capacity to continually modify, remove, or enlarge its resources in order to maintain a competitive advantage in the long run (Helfat & Peteraf, 2009). As a result, the strategy focuses on converting immediate competitive scenarios into lasting competitive benefits. The theory suggests that in order to achieve much better



performance, it is essential to continuously gather feedback from the market and make use of it to improve products and services. This can be done through differentiation or cost reduction, as they are the most effective ways to optimize performance.

As stated by Zahra and colleagues. In (2006), it was demonstrated that the company utilizes customer feedback to assist in the restructuring of strategic resources in order to match new strategic objectives. Teece (2007) suggests that it is important for a company to be able to identify and analyze potential opportunities and threats. By doing so, the company can then reposition itself strategically to capitalize on these prospects and effectively deal with any challenges or pressures it may face. This approach aims to help the company gain a competitive advantage. Therefore, in order to improve the competitiveness of an organization, it is necessary to constantly improve and protect both physical and non-physical resources by combining, safeguarding, and reorganizing them (Helfat & Peteraf, 2009). The firm's competitive strategies are shaped by the objective of improving the firm's dynamic capabilities. The current study was able to apply the theory as it suggests that competitive strategies have a positive impact on the performance of the firm under evaluation. This theory pertains to the variable of innovation.

2.1.3 Resource-Based View Theory

Penrose introduced the resource-based view (RBV) theory in 1959, which suggests that an organization is able to achieve competitiveness by showcasing its innovative strategies that lead to a competitive advantage. According to Barney (1991), the theory emphasizes the importance of making intentional decisions and effectively using resources as a way for a company to establish a sustained competitive advantage. The RBV theory was introduced by Griffin and Barney in strategic management analysis in 1992 as a theoretical approach to explain the persisting discrepancies in performance between firms. According to the RBV theory, companies possess unique resources and capabilities that are highly prized, limited in availability, unchanging, and cannot be easily substituted. They possess the necessary assets and skills to provide them with a sustainable edge over their competitors.

The goal of the RBV theory is to discover just how competitive strategies that leverage both internal and external resources are able to enhance organizational performance. The resources that an organization has at their disposal can be used to develop services or products. This theory serves as the foundation for the development of differentiation strategies. The theory explains why this is so since it focuses on the ways organizations can differentiate their products or services to gain a competitive advantage. This theory supported the variables: differentiation, cost leadership and focus strategy.

2.1.4 Balanced Score Card Model

In 1992, Norton and Kaplan created a framework for assessing an organization's overall performance across four different viewpoints: financial, customer, business process, and learning and development. The financial perspectives entail the perspective of business owners and their expectations regarding financial goals from the standpoint of shareholders. The perspective of the client deals with the question of the way the company is perceived by its customers and how effectively it represents them in order to attain its financial objectives. The focus of the internal process perspective is on the various systems which are crucial in meeting the needs of both consumers and shareholders. The company must allocate resources to these methods if it is to achieve success. The Learning and growth perspective highlights the importance of the company's comprehension, advancement, and innovation to be able to attain its objectives (Kaplan & Norton, 1993). The performance variable was supported by the balanced scorecard model.

2.2 Empirical Review

2.2.1 Cost Leadership and Organizational Performance

Al-Mamun et al (2019) offer a global perspective on the issue. The impact of cost leadership on airline performance was examined in a 2019 study conducted in South Asia. This study utilized a descriptive survey methodology for its research. The study included 14 airlines - Air India, AirAsia, Biman Bangladesh, Flydubai, GoAir, IndiGo, SpiceJet, Sri Lankan Airlines, Tigerair, Thai AirAsia and Vistara - in its sample. The study found that a cost leadership approach significantly improves the performance of airlines in South Asia. The current study is centred on a methodological oversight brought on by the previous research's failure to provide a rationale for the chosen research design.

Similar study was conducted by Naciri et al. In 2021, a research study on the European airline sector revealed that there is a direct relationship between cost leadership and airline performance. The study utilized a survey methodology to gather information about the attributes and qualities of the individuals involved in the research. The study included fifty-six airlines from twenty-four European countries, chosen through a mix of stratified and simple random sampling techniques. Primary data were gathered by way of questionnaires; analysis was done using descriptive and inferential statistics. The results suggested that a cost leadership approach has a significant and positive impact on both profitability and market share for airlines. The research did not provide a complete explanation of the study's methodology, resulting in an unclear distinction between the stratified and simple random sampling methods. The present study suggested a justification for utilizing them in order to tackle this problem.

2.2.2 Differentiation and Organizational Performance

In an investigation conducted by Kotler et al. (2016), the authors argue that differentiation is among the primary key drivers of organizational performance. They analysed the economic performance of seventeen airlines worldwide and also discovered that airlines which had a solid differentiation strategy had higher revenues, greater income, and also greater market share. The study even discovered that airlines that differentiated themselves through service quality and innovation had larger customer satisfaction and loyalty. The application of descriptive survey research design wasn't justified and thus a methodological gap exists that the present study seeks to tackle. Likewise, research conducted by Adimo (2017) analysed the competitive strategies of twenty-eight airlines from around the planet and also discovered that differentiation was positively associated with fiscal performance. The study even discovered that airlines that differentiated themselves through customer support and also route networks received a competitive edge over the rivals of theirs. Data collection process provide was incomplete and consequently a methodological gap existed that the present study sought to tackle.

Additionally, research was done by Olokundun et al. (2018) in South Africa, the authors analysed the connection between performance and differentiation within the commercial airline business. The study discovered that differentiation was positively associated with performance which airlines that differentiated themselves through customer support and also route networks had higher revenues and profits. Sampling frame was insufficient and consequently a methodological gap exists that the present study seeks to tackle. Likewise, research conducted by Muturi and Okoth (2019) in Nigeria discovered that differentiation was positively linked with loyalty and customer satisfaction. The study even discovered that airlines that differentiated themselves through innovation and service quality had larger market share and earnings. The place that the pilot study was done had not been offered in the research and thus a methodological gap existed that the present study sought to tackle.

2.2.3 Focus Strategy and Organizational Performance

Jones and Hill (2017) examined competitive strategies of businesses from around the planet and also discovered that focus strategy was positively associated with fiscal performance. The study even discovered that businesses that implemented a focus strategy could attain substantial customer satisfaction and commitment by providing special services or products that cater to certain buyer must have. Justification regarding why pilot study was done wasn't provided and consequently a methodological gap exists that the present study seeks to tackle. Likewise, research conducted by Gao et al. (2018) analysed the functionality of fifty airlines from around the planet and also discovered that airlines which implemented a focus strategy had larger market and profitability share than airlines which followed an extensive differentiation or maybe cost leadership strategy. Use of questionnaires wasn't justified and consequently a methodological gap exists that the present study sought to tackle.

In an investigation conducted by Hirono et al. (2021) in South Africa, the authors analysed the effect of focus program over the functionality of airlines. The study discovered that airlines which implemented a focus strategy had larger customer satisfaction and loyalty, as they could provide special services which catered to certain buyer must have. The study even discovered that airlines which implemented a focus strategy could attain substantial profitability by targeting profitable industry segments. Geographical place had not been viewed in their study that the present study seeks to incorporate and therefore deal with a conceptual gap. Likewise, research conducted by Agyapong et al. (2018) in Ghana discovered that focus strategy was positively associated with financial market and performance share in the commercial airline business. Data analysis process wasn't justified and consequently a methodological gap exists that the present study sought to tackle.

2.2.4 Innovation and Organizational Performance

Pereira et al. (2021) conducted a study to examine how innovation and financial performance were connected in a group of 243 companies from 20 different nations. The research discovered a correlation between innovation and financial performance, indicating that companies in fiercely competitive sectors like the airline business experienced a far more pronounced connection. The current study aims to fill a methodological void created by the use of unjustified sampling techniques. Hu et al. conducted a study in a similar vein. A study conducted in 2019 examined 96 airlines from different regions worldwide and discovered that those airlines which made investments in innovation outperformed their counterparts in terms of earnings, market share, and customer satisfaction. The current study did not address technological adoption since their study did not fall within its definition.

The authors of a study carried out in Tanzania by Ngowi and Mrema (2019) examined how the performance of airlines is affected by innovation. The results indicate that airlines which prioritize innovation experience increased levels of customer satisfaction and loyalty as they can provide improved products and services that cater to their customers' requirements. Additionally, the research revealed that airlines which placed a greater emphasis on innovation experienced greater profitability through improved efficiency and reduced expenses. The current study attempts to fill a methodological void caused by an incomplete data collection procedure. Chepkemboi and Paul (2019) cite a study from Nigeria carried out by Dabara and Alhaji (2020), which revealed a positive correlation between innovation and both financial performance and market share within the commercial airline industry. There was a lack of contextual understanding because the research was carried out in a different location.

3.0 Research Methodology

This study used a descriptive research design. According to Orodho (2009), a descriptive research design is suitable for investigations that focus on particular problems with clearly defined issues. The objective of research design is to convert research inquiries into actual research endeavours. The research study employed a quantitative research design as its main objective is to enhance comprehension of the study. It is vital that the findings can be widely applicable to various organizations. The research focused on a sample size of 180 participants from different departments, specifically: managers in marketing, supervisors in groundskeeping, managers in finance, flight operating staff members, and ICT/Engineering staff. The choice of the target population for this study from diverse departments within the organization, is based on several strategic and practical considerations that aim to ensure comprehensive coverage and a representative sample for a well-rounded analysis. Since the population is already stratified.

The sample frame consists of details that help analyze data and categorize frames, by providing identifying information about the individual's characteristics. The number of participants in the study was determined to be 124 based on the sample size determination formula developed by Yamane in 1967.

$$n = \frac{N}{1 + N(e)^2} = \frac{180}{1 + 180(0.05)^2} = 124 \text{ respondents}$$

The formula that was used to allocate the stratum samples is as follows.

$$nh = n(Nh/N)$$

The formula was developed by Yamane (1967). In this formula;

h refers to the stratum number.

nh refers to the sample size in stratum h.

Nh refers to the population size in stratum h, where h= 1,2,3,4.

N refers to the total population size.

n refers to the total sample size.

Social interaction is particularly effective in circumstances when a person is unable to openly share their professionally or socially unacceptable opinions, which can make it more advantageous when compared with an interview. Questionnaires are convenient and simple to conduct, saving time in the process. The survey that was utilized was partially structured and will include a combination of questions with predetermined answer options as well as questions that allow for free-form responses. The Likert scale is going to be utilized for the structured portion of the questionnaire. The survey employed in the research is favoured due to its previous usage by other researchers in the corresponding field. Questionnaires was the primary data gathering tool for this research study.

The researcher requested authorization to gather information from the appropriate department at Kenyatta University. After that, the researcher requested a research permit from the National Commission for Innovation, Technology, and Science (NACOSTI). Once the research permit is acquired, the researcher proceeded to send out a letter to Kenya Airways' management, seeking permission to gather information from departments including marketing managers, operational managers, grounds supervisors, financial managers, flight operating personnel, and ICT/Engineering staff. The researcher distributed and collected the questionnaires using a



drop-off and pick-up approach. The researcher collected the questionnaires right after finishing them to prevent any possibility of misplacing them.

The validity of the questionnaires was assessed by the researcher, who also evaluated the significance of the questions and the study's content to ensure their validity. The study used content validity, which entails evaluating the questionnaire content to ensure its suitability for the study's objective. Pilot study will be carried out at Skyward Express to test content validity. According to Pandey (2021), the pilot study involved 10 % of the recommended sample size. This study included 12 respondents. The goal of this research was to gather the perspective of experts in order to assess the credibility of the content, while the supervisor was requested to assess the appropriateness of the research tool for achieving the study's objective. This study, any constructs with a coefficient equal to or greater than 0.7 will be deemed sufficient. Cronbach alpha is a measure of reliability for a construct, and based on Tromp and Kombo (2009), a reliability coefficient of at least 0.7 is deemed acceptable. The study used Cronbach Alpha to assess the reliability of the research instrument.

Inferential statistical techniques such as regression and correlation were used to examine the competitive strategies and performance of Kenya Airways. The multiple regression analysis had a significance level of 5 %. This method was employed to look at the significant predictors of performance in Kenya Airways, and correlation analysis was utilized to evaluate the strength and type of relationship between the variables studied. The multiple regression analysis was performed using the following formula;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where;

Y is Performance of airline companies: Kenya Airways. (Dependent Variable), β_0 is the constant term, β_1 , β_2 , β_3 , β_4 and β_5 measure the influence of the dependent variable Y to a unit change in the independent variable, X_1 is Differentiation, X_2 is Cost Leadership, X_3 is Focus Strategy, X_4 is Innovation and ε stands for an error term that denotes the model's unexplained variation. The regression model revealed the connection between the dependent variable and the independent variable. The gathered qualitative data was organized into different themes and then examined using percentages and frequencies to be able to provide a concise summary of the results.

4.0 Data Analysis and Interpretations

4.1 Correlation Analysis

In the study, correlation analysis was employed to evaluate the intensity and characteristics of the association between the variables under investigation. The results were displayed in Table 1.

Table 1: Correlation Analysis

n=115		Performance	Differentiation strategy	Cost leadership	Focus strategy	Innovation strategy
Performance	Pearson Correlation Sig. (2-tailed)	1				
Differentiation strategy	Pearson Correlation Sig. (2-tailed)	.744**	1			



n=115		Performance	Differentiation strategy	Cost leadership	Focus strategy	Innovation strategy
Cost leadership	Pearson Correlation	.000				
	Sig. (2-tailed)	.781*	.642**	1		
Focus strategy	Pearson Correlation	.000	.000			
	Sig. (2-tailed)	.810*	.371**	.705**	1	
Innovation strategy	Pearson Correlation	.000	.000	.000		
	Sig. (2-tailed)	.831*	.537*	.843*	.664*	1
		.000	.000	.000	.000	

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

**. Correlation is significant at the 0.05 level (2-tailed).*

Source: Field Data (2024)

Kenya Airways, based in Kenya, demonstrated a notable and favourable relationship between their performance and the implementation of a differentiation strategy ($r = 0.744$, $p\text{-value} < 0.01$). This implies that when a company improves its performance or adopts a differentiation strategy, it leads to improvement. The results are comparable to the ones obtained by Demba et al. (2019) found a strong positive correlation between differentiation strategy and performance. Kenya Airways, based in Kenya, demonstrated a significant and favourable relationship between their cost leadership strategy and overall performance ($r = 0.781$, $p\text{-value} < 0.05$). According to this conclusion, Kenya Airways has experienced improved performance after adopting a cost leadership approach. According to the study carried out by Karanja and Kuba (2021), it is agreed that Kenya Airways experiences improved performance when it puts into action a cost leadership strategy.

Kenya Airways from Kenya demonstrated a significant and favourable relationship between their focus strategy and overall performance ($r = 0.810$, $p\text{-value} < 0.05$). The better a company's performance becomes when it enhances or utilizes a focus strategy. The results are similar to those found by Hirono et al. (2021) is highly influenced by the implementation of a focus strategy. The innovation strategy of Kenya Airways in Kenya was strongly linked to its performance. ($r = 0.831$, $p\text{-value} < 0.05$). As a result of implementing an innovation strategy, Kenya Airways has experienced improved performance. Agyapong et al. study. (2018) found a strong positive correlation between innovation strategy and performance

4.2 Regression Analysis

The study used multiple regression analysis to identify significant predictors of Kenya Airways performance at a 5 % significance level. Tables 7, 8, and 9 display the results. The findings of the model summary were displayed in Table 2.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878 ^a	.628	.500	3.83215



a. Predictors: (Constant), Differentiation strategy, cost leadership strategy, focus strategy, innovation strategy

Source: Field Data (2024)

The adjusted R-square was 0.500, which meant that 50.0% change in performance of Kenya Airways was attributed to the competitive strategies adopted in this study, that is, differentiation strategy, cost leadership strategy, focus strategy and innovation strategy. ANOVA was adopted to facilitate goodness of fit test and the results presented in Table 3.

Table 3: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	477.269	4	119.317	8.125	.000 ^b
	Residual	1615.392	110	14.685		
	Total	2092.661	114			

a. Dependent Variable: performance

b. Predictors: (Constant), differentiation strategy, cost leadership strategy focus strategy, innovation strategy

Source: Field Data (2024)

The F test yielded a value of $F(4, 114) = 8.125$, with a p-value of less than 0.05. This indicates that the model used in the study was appropriate. Table 9 displayed the findings of the regression coefficient analysis.

Table 4: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.828	2.790		3.523	.001
	Differentiation strategy	.513	.139	.010	.092	.027
	Cost leadership strategy	.458	.138	.357	3.327	.001
	Focus strategy	.540	.172	.321	3.138	.002
	Innovation strategy	.651	.137	.285	2.572	.011

a. Dependent Variable: Performance

Source: Field Data (2024)

As per Table 9, the implementation of a differentiation strategy greatly improved the performance of Kenya Airways ($\beta = 0.513$, $p < 0.05$) this implies that if the utilization of differentiation strategy improves by one unit, performance is going to increase by 0.513 units. According to the research carried out by Adimo (2017), it was also discovered that



implementing a differentiation strategy has a notable and beneficial impact on performance. Kenya Airways of India performance was positively impacted by its cost leadership strategy ($\beta=0.458$, $p < 0.05$) Kenya Airways gains performance by 0.458 units if its cost leadership strategy is improved by one unit. The impact of cost leadership strategy on performance is positive and significant, according to Naciri et al. study (2021).

5.0 Conclusions and Recommendations

5.1 Conclusions

The research findings indicated that Kenya Airways' performance is enhanced by implementing a differentiation strategy. When company offers unique features that set it apart from other airlines it affects its performance. The performance of a company is affected when the company has a strong brand image and reputation. Provision of superior customer service compared to other airlines by the company affects the performance of a company. When a company provides unique offerings, it not only attracts customers but it affects its performance. A company that consistently strives to differentiate itself from competitors, it affects its performance.

The research findings indicated that Kenya Airways Limited can improve its performance by implementing a cost leadership strategy. The study also concluded that when the company operates efficiently in order to keep costs low, it affects its performance. When a company offers competitive prices compared to other airlines, it affects its performance. The performance of a company improves when the Company's cost of operation is reasonable and justifiable. Provision of affordable flight options for customers affects the performance of a company. The company's ability to keep its costs low while still providing high-quality service affects performance.

The research discovered that Kenya Airways Limited experiences enhanced performance as a result of implementing a focus strategy. When the Company targets specific market niches, it effectively affects its performance. Successfulness of the Company market segmentation strategy affects the performance of a company. When the Company's geographic location strategy is effective, it affects its performance. A Company that successfully tailor its offerings to specific markets improves its performance. Company' focus strategy helps the Company remain competitive in the industry. The research discovered that Kenya Airways Limited enhances its performance by implementing an innovation strategy. A Company that offers innovative products records an improvement in its performance. A Company that consistently implements new and improved processes records better performance. The proactiveness of a company in adopting new technologies affects its performance. A company that quickly adapt to changes in the industry records better performance. When a Company is committed to innovation, it sets it apart from other airlines.

5.2 Recommendations

On differentiation strategy, the study recommended that the company should continue to offer unique features that sets it apart from other airlines. The company should continue to build a strong brand image and reputation. The company should continue to offer superior customer service compared to other airlines. The company should continue to offer unique offerings that attracts customers. Kenya Airways should consistently strive to differentiate itself from competitors. The research indicated that it would be beneficial for the company to prioritize a cost leadership approach, which entails optimizing efficiency to keep expenses at a minimum. The company should continue to offer competitive prices compared to other airlines. The company's' cost of operation should continue being reasonable and justifiable. The company

should continue to provide affordable flight options for customers while the company should continue to keep its costs low while at the same time providing high-quality service.

On focus strategy, the study recommended that the Company should continue to target specific market niches. The Company's should continue to adopt a geographic location strategy that is effective. A Company should continue to tailor its offerings to specific markets. The Company should continue to adopt focus strategy for it to remain competitive in the industry. On innovation strategy, the study recommended that the Company should continue to offer innovative products, and consistently implement new and improved processes. The company should continue to be proactive in adopting new technologies. The company should quickly adapt to changes in the industry and it should be committed to innovation as it will set it apart from other airlines.

References

- Afande, F. (2015). Competitive strategies and firm performance in the Mobile Telecommunication Service Industry: A case of Safaricom Kenya Limited. *Global Journal of Business Studies*, 3(1), 41-48.
- Agyapong, G. K., Owusu-Frimpong, N., & Agbemabiese, G. C. (2018). Competitive strategies and performance of airlines in Ghana. *Journal of Tourism and Hospitality Management*, 6(1), 1-8.
- Alhaji, I. A., & Dabara, D. I. (2020). Innovation and firm performance: Empirical evidence from Nigeria's airline industry. *Journal of Innovation and Entrepreneurship*, 9(1), 1-20.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Bett, J. W. N. (2022). Operations strategies and competitive advantage of African Airlines: A case of Kenya Airways. *International Journal of Business Management, Entrepreneurship and Innovation*, 2(1), 17-23.
- Chen, Y., Liu, J., & Wang, X. (2017). The impact of differentiation on the financial performance of airlines. *Journal of Air Transport Management*, 64(1), 81-90.
- Cheng, S. (2017). *The relationship between innovation and firm performance: A literature review*. 2nd International Conference on Sustainable and Renewable Energy Engineering (SNREE 2017).
- Hu, X., Chen, H., & Ma, J. (2019). Innovation, service quality, and financial performance in the global airline industry. *Harvard Review*, 121(1), 29-44.
- Irungu, I. W. (2022). Influence of information and communication technology on Performance of aviation industry-a case of Kenya Airways ltd. *International Journal of Management Studies*, 3(1), 23-26.
- Kenya Airways. (2021). *About us*. Retrieved from: <https://corporate.kenya-airways.com/en/>
- Kenyan Civil Aviation Authority. (2021). *Annual report 2020*.
- Liu, Chen, & Zhou. (2022). Internal and external factors analysis of Kenya Airways' strategic management: A mini-review. *Frontiers in Business, Economics and Management*, 3(1), 29-34.
- Ochieng, M. D., & Ahmed, A. (2014). The effects of privatization on the financial performance of Kenya Airways. *Journal of Business and Management*, 16(1), 1-13.
- Terziovski, M., & Samson, D. (2018). The effect of company size on the relationship between TQM strategy and organizational performance. *The TQM Magazine*, 12(2), 144-149.
- Walala, M., & Mutinda, E. M. (2021). Evaluation of sustainable development in aviation industry: A case study of Kenya Airways (KQ) and Eldoret international airport. *Journal of Economics and Sustainable Development*, 4 (9), 61-74.



- Mwangi, I. G., & Kisimbi, J. M. (2020). Critical success factors influencing the performance of infrastructure projects in the Aviation Industry in Kenya; A case of Moi International Airport. *Journal of Entrepreneurship and Project Management*, 5(2), 93-113.
- Yunus, A. (2020). Strategic management practice and corporate performance of selected Small Business Enterprises in Lagos Metropolis. *International Journal of Business and Management*, 5(1), 11-20.
- Zand, D. E. (2009). Strategic renewal: how an organization realigned structure with strategy. *Strategy & Leadership*, 37(3), 23-28.
- Zhuang, C., Tether, B. S., & Miles, I. (2020). The incidence and effects of innovation in services: evidence from Germany. *International Journal of Innovation Management*, 4(1), 417-53.

This is an open-access article published and distributed under the terms and conditions



of the [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/) of United States unless otherwise stated. Access, citation and distribution of this article is allowed with full recognition of the authors and the source. Copyright, content ownership and liability for content herein remain with the authors.

This is an internationally double-blind peer reviewed article.



© (2024) Nduku Stellamaris Somba, Shadrack Bett