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PERFORMANCE OF DOMESTIC AIRLINES IN KENYA: THE ROLE OF STRATEGIC MANAGEMENT PRACTICES

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ABSTRACT

The study sought to examine the effect of strategic management practices on performance of domestic airlines in Kenya. This comes at a time when the domestic airlines in Kenya have been facing tremendous challenges orchestrated by dynamics in the operating environment and disruptions in the global markets. The domestic airlines have seen a surge in customer-shun rate due to low customer satisfaction. Moreover, most of the players in domestic airlines have faced a steady decline in sales revenues and the overall market share. This raises the question on what could be the remedy to upscale organizational performance of domestic airlines. The study specifically addressed the effect of environmental scanning, strategy formulation, strategy implementation and strategy evaluation on performance of domestic airlines in Kenya. The study employed a descriptive survey approach, and targeted 129 employees drawn from 43 domestic Kenyan airlines. A questionnaire was used to collected primary data for the study, which was analysed using descriptive and inferential statistics. The findings revealed that strategic management practices (environmental scanning, strategy formulation, strategy implementation and strategy evaluation) significantly influenced performance of domestic airlines in Kenya. It was therefore concluded that the deficiencies in performance of domestic airlines in Kenya was strongly associated with effective embrace of strategic management practices. It is recommended that for the domestic airlines to expand and continue performing in the current competitive market, the managers have a duty to integrate strategic management practices through vigorous environmental scanning, formulation of strategies that respond to market demands, effective implementation of developed strategies and evaluation of implemented strategies to ensure they align with the external operating market for enhanced performance.

INTRODUCTION

Background of the Study

The airline business operates under a highly competitive environment, where the target audience of this business include both domestic and international customers, and it offers a range of specialized services (Supardi et al., 2023). The strategic management methods are very important for the management to assess the decision-making process in order to address the unpredictable situations arising from the surrounding environment (Bolang et al., 2023). Analyzing the financial and administrative impacts of sales growth has become crucial because of its impact on tourism activity and budget projections (Bolang et al., 2023). According to Desderio et al. (2022), strategic management makes a significant contribution in addressing the danger by using conventional business practices. Globally, organizations are focusing on steering their performance as a way of sustain their operations in the market (Yao et al., 2021). As expounded by Dehisat and Awang (2020), organizational performance is considered as a fundamental indicator of the success of organization's operations and processes as it informs the extent to which long-term and short-term goals have been achieved. Consequently, Farrukh et al. (2020) consider performance as challenge facing most organizations globally, where the management highly struggle to balance the stakeholder needs as far as driving organizational goals are concerned.

According to the International Air Transport Association (IATA, 2020), more than sixty percent of the commercial airline fleet throughout the world was grounded, which resulted in a decrease of more than fifty-five percent in passenger travel revenues overall. As highlighted by Rawashdeh (2022), numerous airlines, in reaction to the current crisis, have implemented strategic management methods with the objectives of developing more creative services, decreasing the number of employees, retiring fleets, and ending operations that are under performing financially. In order to do this, it was necessary to identify and analyze both internal and external strengths and weaknesses, devise action plans, put these plans into action, evaluate their effectiveness, and make modifications as required (Wenzel et al., 2020). According to Sarsour and Aldalou (2021), owing to the dynamics in the operating environment, the airline sector is increasingly facing pressure to generate economic results or risk closure. This is because the expenses of fuel, labor, and assets are increasing while demand is decreasing.

According to Chmielewska et al. (2022), performance of Africa's airlines has been a subject of concern even long before the disruptions faced in 2020 orchestrated by emerge of Covid-19 crisis. With a surge in global airlines starting or increasing their flights in Africa, most of Africa's airlines have opted to downsize as a result of declining revenues, while others have opted for mergers as a result of declining market share (Abdulahi et al., 2020). Based on reviews by Soelton et al. (2021), at the beginning of the year 2020, Sub-Saharan Africa was hit with its first significant disruption to the growth of sales as a result of external forces. It has been reported by the African Centre for Disease Prevention and Control (African CDC) that the effect was considerable in 52 of the 54 nations that make up Africa, and that it had a major influence on both revenues and operational capability (ACDC, 2020). Due to travel restrictions and economic slowdowns, the airline business was especially badly struck, which resulted in a rapid decrease in sales growth (Pilling, 2020).

The solution to the continuing performance challenge in airline sector can mainly be linked to strategic management (Ingara & Omwenga, 2024). According to Aydın et al. (2021), global airlines like Delta Airlines and British Airways have maintained their performance trends despite the recent disruptions due to continued embrace of strategic management approaches that have made them more agile and resilient to disruptions. The authors noted that the commitment by management team to develop key strategies that fostered business growth was integral in maintaining the airlines operations amid disruptions. In a regional stage, Mati and Atikiya (2022) noted that the airlines in Sub-Saharan Africa have inadequately addressed the performance problem as a result of ineffective embrace of key strategic approaches that could make the airlines' operations more optimal. Sylva and Amah (2021) alluded that regional airlines like the Air Zimbabwe had a great potential of maximizing their overall performance if the right strategic management practices were put in place, especially in the times of global transport disruptions. In Kenya, performance of airlines has been found to be declining, and among the major elucidations that could address this underperformance as stipulated by Ingara and Omwenga (2024) is committed strategic management that makes the airlines more strategically placed in the region's airline sector. According to Masawe and Isanzu (2020), the local airlines have a potential to gain more market share and generate superior sales revenue by tapping into both local and international markets, but this can only be achieved through proper strategic management prospects that seek to develop and actualize more market-oriented strategies. Following a growth rate of 2.8% in 2019, it was anticipated that the global economy had a contraction of 3.5% in the year 2020. According to a prognosis made by the World Bank in September 2020, Sub-Saharan Africa (SSA) would experience a recession in 2020 for the first time in more than 25 years. The World Bank further predicted that economic disruptions would cost the area between USD 37 billion and USD 79 billion in production losses in 2020 alone.

Although the Eastern African area had been the least hit in Africa, the United Nation Economic-based corporate focusing on Africa (UNECA) indicated in October that it would still face a considerable economic downturn. This was despite the fact that the region had been the least affected. The UNECA predicted that the EAC area would have a significant slowdown in GDP growth, which would go from 6.6% in 2019 to 0.6% in 2020. In spite of this, growth improved to 5.5% in 2021 and 4.2% in 2022, which reflects predictions of a rebound that will be led by strategic management practices and enhanced governmental assistance in a few big countries. When it came to East Africa, nations who had previously built coordinated plans for e-commerce were in a better position to successfully execute policies that used e-commerce to their advantage during the crisis (UNECA, 2022). Among them were modifications to the regulations and help that was specifically geared at establishing or enhancing an internet presence. Mwangi (2022) suggested that the performance of airlines would increase if creative strategies were

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developed, devised, and executed in a timely way. This would also enhance the quality of strategic decision-making and leadership via capacity development. In light of the fact that economic disturbances have an effect on the commercial performance of airlines, Farah et al. (2018) pointed out that it would be vital to identify how strategic decisions have affected performance within Kenya's aviation sector.

Statement of the Problem

Falling sales growth had become an integral aspect of the existential crisis that airline companies were going through, putting the sector at a critical juncture. Kenya Airways (KQ) and the airline industry as a whole have been seeing revenue declines and other signs of inconsistent performance, according to the Kenya Civil Aviation Authority (2022). Kenya Airways remained in the red even though it cut its losses in half to $97.6 million in 2017. Contrast this with last year's $249.7 million in losses. Kiiru et al. (2019) state that over the six months ending in June of 2018, KQ managed to reduce its net losses to Sh4 billion, a decrease of 28.8 percent. Revenue in the aircraft industry fell 12.4% in 2022 compared to the previous year. Network strategies, passenger flows, and ineffective income diversification processes were the primary causes of this decrease. Other airlines have seen a decline in their market share following exit in some markets and stoppage of some of their routes (Ingara & Omwenga, 2024). The link between strategic management practices and the prosperity of Kenyan aviation companies, however, remains little understood. This study aims to fill that knowledge gap.

The research by Schmidt (2020) on strategic alliances and their effect on airline performance found that smaller airlines may improve their performance via alliances, whereas larger corporations did not gain much from them. Business strategies and airline size attenuated draw a context in regard to service efficiency and quality of core services, according to study by Parast and Golmohammadi (2020). Research by Agrawal (2021) on the long-term viability of Indian airlines revealed that, as sales growth ebbs and flows, it's crucial to re-evaluate turnaround strategies by adjusting revenue and operational models. According to studies done by Lin, Osman, and Wang (2018), Malaysian airlines may boost their performance by focusing on customer pleasure and trust. This, in turn, leads to higher customer loyalty. The studies did not focus on Kenyan airlines and neither did they explore the strategic management strategies that are proposed in this study.

Farah et al. (2018) point to the essence of competitive-based approaches and frameworks which have a major role in the success or failure of Kenyan commercial airlines. Developing markets, introducing new goods, and forming financing arrangements are all positively correlated with the performance of airline businesses, according to research by Nyaga and Simiyu (2018). Musyoki (2018) showed that, across all firms, organizational resources are positively associated with competitive advantage, with a focus on these resources as possible sources of competitive advantage. To ensure survival and recovery in these challenging conditions, strategic management strategies are highly crucial. In light of the above, this study aims to examine how strategic management approaches affect the overall efficiency and effectiveness of Kenya's domestic airlines.

Objectives of the Study

i) To evaluate the effect of environmental scanning on organizational performance of domestic airlines in Kenya.

ii) To examine prospects under preparation of strategies towards steering success of the domestic airlines in Kenya.

iii) To analyze the effect of execution of strategies on success of domestic airlines in Kenya.

iv) To determine the influence of strategy evaluation on organizational performance of the domestic airlines in Kenya.

LITERATURE REVIEW

a) Institutional Theory

This theory was derived Meyer and Rowan’s (1977) and DiMaggio and Powell’s (1977) work. The pioneers of this theory developed a perspective that focuses on how organizations are influenced by the broader social, cultural, and institutional environments in which they operate (Meyer et al., 2017). This theory challenges traditional views of organizations as primarily rational, profit-maximizing entities and in its place address how core prospects and norms ensure an entity is aligned to a framework that strengthens given outcomes. When it comes to understanding the mechanics of control method implementation, institutional theory provides an alternative perspective that companies may adopt. To move beyond the conventional method of focusing only on objective economic cost-benefit analysis, companies incorporate this principle into the development of new structures, processes, and programs. This method acknowledges that, to varying degrees, new procedures and practices must be put into place in order to execute it. Organizations follow the societal embedded, well-established, and rationalized ideas of organizational labor in order to conform to the specified processes and procedures. Shale (2014) argues that this kind of behavior boosts a company's reputation and increases the likelihood that it can survive in the long term. This remains the case even if the newly learned protocols have direct practical applications. Organizational structures, according to Raduan et al. (2009), serve as symbols of social responsibility and compliance. Many different functions, procedures, and systems pertaining to internal control are housed in these structures.

Organizations with well-established processes often refrain from doing thorough audits of their internal workings. Following up on Berger and Luckmann's seminal 1966 work, Meyer and Rowan deepened our understanding of institutionalized laws and their applicability. To better understand organizational phenomena, institutional theory looks at how companies interact with their surroundings and the official and informal rules that govern their operations. This idea states that established norms and policies are the product of repeated patterns of conduct. This conceptual framework proposes methods for enhancing the efficiency of operational operations within the framework of a business.

The institutional theory, therefore, provides a rich framework for understanding how organizations are influenced by their broader institutional environments, through which they seek legitimacy and conform to societal expectations. This theory aligns to the broader goals of environmental scanning which is aimed at understanding the trends in the external world (institutional environment) so as to come up with strategies that respond to societal expectations. By scanning the market conditions and doing so frequently, domestic airlines stand a better chance to understand the conditions of external market, thus come up with strategies (strategy formulation) that address the societal expectations for enhanced performance. The theory pf organizations will therefore be used in this study to instigate level at which scanning given environs streamline continued success among entities and in this case the domestic airlines in Kenya.

b) Resource-Based View Theory

The Resource-Based View (RBV) theory was publicized by Barney (1991), while addressing the internal drivers of organizational competitiveness. The theory entails evaluating and characterizing the competitive advantages that a firm has by analyzing the distinctive mix of characteristics, skills, capabilities, and intangibles that the company possesses over its competitors. According to the Resource-Based View (RBV), businesses are fundamentally different from one another as driven by varied elements such as unique combination of tangible and intangible resources, as well as the operational competencies to efficiently employ these resources. As stated by Pearce and Robinson (2007), organizations are able to acquire skills via a variety of techniques, and when these abilities are nurtured widely, they become the major driver of competitive advantage. According to Sharabati and Fuqaha (2017), this theory emphasizes the considerable impact that a company's resources have on how a strategy is executed towards strengthening success in given entities. It also emphasizes that effective strategies stay static if they do not have the essential resources for execution.

The study is in keeping with the company's resource-based worldview and draws on concepts from strategic management and organizational economics (Barney, 1991). Finding out how a company's unique skills could boost its efficiency and competitiveness is the main goal of this thesis (Johnson et al., 2008). All parties agree that conventional sources of competitive advantage—such as natural and financial resources, technological advancements, and economies of scale—contribute to value creation. But according to the resource availability perspective, these sources are becoming more accessible and thus easier to replicate. Some have argued that there is a lack of scientific evidence supporting the claim that resources are strategically important, rare, difficult to replicate, and integrated inside companies to gain a competitive advantage (Raps, 2005).

Drawing from elucidations of the theory to support assessment at hand, it is notable need for intangible and unique resources to be integrated in an organization's internal processes (strategy implementation) to drive competitive advantage. The domestic airlines require more proactive and unique approach in implementing their strategies to get different results (enhanced performance). Therefore, the resource-based view aligns to the need for incorporation of key technologies, communication and management processes that are unique for them to achieve better results than their competitors. The theory was utilized in this study to inform on the essence of implementing strategies effectively by investing in unique resources like skills, communication and leadership, while evaluating the implemented strategies to learn from the past and come up with better ways to avoid repeating mistakes in future strategies.

Review of Empirical Literature

Strategic management practices refer to the processes, techniques, and tools organizations use to formulate, implement, and evaluate strategies that help them achieve their objectives (Azmi et al., 2023). These practices are carried out by managers who must adopt a strategic mindset to achieve the intended results. According to Sinnaiah et al. (2023), as strategic management gains traction among theorists and practitioners, the strategic management practices must be carefully designed and aligned with organizational goals, mission, and vision. One of the strategic management practices that has been described to foster effectiveness of the entire strategic management process is environmental scanning (Soleiman et al., 2022). This as described by Chiwawa et al. (2021) encompasses on the commitments made by the management team to assess the external market and internal conditions that would require major strategic moves to enhance the organization's effectiveness in response to any changes. Strategy formulation is another strategic management practices that has highly been emphasized by strategic management scholars like Alkhodary (2023) and Williams et al. (2020). This is mainly the process of coming up with an appropriate response (strategy) to the changes observed during scanning to align the organization's internal processes and functions to these changes (Ekon & Isayas, 2022). Strategy implementation is the other strategic management practice that according to Akinrinlola et al. (2022) plays notable portion in ensuring adequate and proportion success under an entire strategic management process. As expounded by Desderio et al. (2022), strategy implementation or execution is the process of actualizing a set strategy by putting in place the planned actions including communication, resourcing, and incorporating the right technologies to support the strategy's execution. Strategy evaluation is the other strategic management practice that according to Soleiman et al. (2022) seeks to assess the implemented strategy to ascertain its effectiveness and the extent to which it was implemented according to the plan. This study therefore will focus on the four main approaches in management (strategic) which are environmental scanning, development of such strategies, their execution and ultimate assessment.

a) Environmental Scanning and Organizational Performance

Nyagaki et al. (2021) looked at how commercially oriented parastatals in Nairobi County, Kenya's organizational performance is affected by environmental scanning. The study shows that predictor factors do impact organizational success. The authors were of the view that through continuous analysis of market conditions and other prospects of operating environment, organizations stood a better chance to be effective and bring-up strategies that strongly respond to any observed changes.

Nkemchor and Ezeanolue (2021) investigated how strategic management affects the whole organizational performance of Nigerian universities in the state of Delta. In particular, descriptive context was employed in their prospect. Results revealed that tertiary institutions contemporarily determined success among entities through which scanning given exteriors and interiors strategy creation, strategy implementations, and strategic assessment. While assessing whether strategic management approaches impact the efficiency and effectiveness of the Mandera County Government, Ali and Wambua (2019) suggested that strategic management is influenced by a company's success.

Yusuf and Galoji (2022) argued that limited and ineffective commitment to have adequate and properly trained staff to undertake environmental scanning would limit the effectiveness of environmental scanning towards developing appropriate strategies that respond to market needs. Based on the changing times and need for organizations like airlines to focus on core mandates, it becomes essential to outsource some functions like market surveys and environmental scanning so as to have the best results from experts (Ongongo & Mang'ana, 2022). According to Desderio et al. (2022), ineffective environmental scanning when developing new strategies has negative impact on the ability of firms to have the right strategies on-boarded for effective performance. As noted by Dahir and Nyang'au (2019), when environmental scanning is not adequately and effectively done, organizations risks having strategies that are not aligned with the market.

b) Strategy Formulation and Organizational Performance

The strategy formulation process was evaluated by Ondera (2019) in Nairobi established that the employees works together to create, implement, and assess a work plan. In addition, management assists with the strategy execution process by allocating funds depending on the work plan. Further, they asserted that control mechanisms should be built into the strategy's design so that they can monitor, evaluate, and provide feedback on the strategies in action. Chijioke and Olatunji (2018) established that strategy formulation had a significant impact on firm performance. A study by Jennings and Behrens (2017) revealed that businesses fall somewhere along a spectrum from the very disorganized to the somewhat organized ones. Based on attained outcome, it was clear that para-transit company's success was strongly determined by preparation of strategies. Formulating strategies is an integral phase in strategic management process that seeks to bring into context what the organizations needs to do as a response to forces and changes observed during the environmental scanning phase (Karikari & Famiyeh, 2018).

According to Ingara and Omwenga (2024), for strategies to be meaningful to organizational success, they ought to be inspired and driven by changes in external or internal environmental factors. Formulating strategies requires that a review of previous ones is undertaken to draw lessons on what can be done differently in the current strategies (Desderio et al., 2022). As portrayed in the results, most of the surveyed airlines did not draw lessons from previous strategies, implying that they may not be undertaking reviews of implemented strategies. This could limit the ability of the organizations to formulate strategies that do not repeat previous mistakes or risks.

Empirical literature further confirms that ineffective embrace of strategy formulation as a core aspect of strategic management has direct impacts on declining performance as it leads to strategies that are not conforming to the changes in the operating environment (Nyangoto & Nyang'au, 2022). According to Lee and Tsai (2019), formulating a strategy that has the potential to contribute significantly to organizational success requires that the strategies are anchored on emerging market/operating environment changes, or motivated by internal changes which are aimed at driving an effective operating framework to enhance organization's efficiency. Where strategies are not formulated in a well-thought process and corroborated with external environment factors, they lack the ability to effectively drive the much needed change for better performance (Fuertes et al., 2020).

c) Strategic Implementation and Organizational Performance

A study by Mutia and Kipruto (2020) on the relationship between strategy execution and overall business competitiveness in Kenya revealed that execution of strategies in an effective manner was strongly correlated with business competitiveness. Effective communication and information sharing during execution of their set strategies has been upheld as essential way of ensuring strategies are implemented towards promoting organizational success. This, as argued by Mati and Atikiya (2022), is a major setback top effectiveness of organizational strategies towards steering performance. Further, Dahir and Nyang'au (2019) noted that for entities to fully implement their strategies and ensure that such strategies are significantly contributing to success, they ought to have a clear communication process where employees and management can share information on what best to be done to achieve the best out of the strategies. According to Karanja and Juma (2020), without effective processes and frameworks of implementing strategies, there might be minimal results on the executed strategies. According to Bolang et al. (2023), in the modern era, technology plays a central role in actualizing effective execution of organizational strategies. Without put across such technologies, it limits the extent to which organizations can fully optimize their strategies.

As noted by Zainuddin (2022), with ineffective management process as seen in most of the surveyed airlines, the ability of internal processes to support execution of strategies is derailed, and this affects performance negatively. Akinrinlola et al. (2022) stipulate that implementing strategies requires a properly aligned management framework and a structure that is flexible enough to support changes mainly orchestrated by the new strategies. Therefore, without setting out these core aspects of strategy implementation, it makes it effective for the proposed strategies to successfully contribute to continued performance (Alkhodary, 2023).

d) Strategy Evaluation and Organizational Performance

Hieu and Chijioke (2019) conducted an in-depth analysis of the strategy evaluation process and the connection between the two. Strategic performance and the method of assessing the strategic fit of Nigerian mobile telecommunications companies were the foci of this study. The authors gained a better understanding of how a company's strategy review process affects strategic performance by using theoretical perspectives drawn from the current literature on strategic management. The research shows that when a mobile telecoms business uses a structured strategy review process, it improves its overall strategic performance. With the help of the strategy assessment process, businesses may consistently assess their present strategies and how they contribute to the plan's implementation. Muogbo (2018) assessed how strategic assessment affected the performance of manufacturing enterprises in Nigeria, and established that strategy evaluation determined effectiveness of organizational strategies towards promoting performance.

Soleiman et al. (2022) portrays strategy evaluation as a core component of strategic management which enables organization to make sounding outcome as borrowed under such approaches by tracking down the success-rate of executed strategies and key areas of improvement that would make the strategies' outcome more sustainable. According to Dahal et al. (2022), operational measures in strategy evaluation provide organizations with quantitative and qualitative data to assess whether a strategy is achieving its intended objectives. Measures including using set KPIs and BSC prospects which seeks to tell where an entity is placed in terms of success, are crucial for ensuring that the strategic plan is aligned with the organization's goals and adjusting course when necessary to maximize performance and competitiveness. In the modern dynamic world, key operational issues keep on changing, thus organizations ought to continuously change their performance indicators and update them based on the emerging changes (Nyangoto & Nyang'au, 2022). As noted by Chmielewska et al. (2022), without effectively monitoring the implemented strategies, it makes it difficult for organizations to adequately ensure that the strategies are aligned to the set objectives. Soleiman et al. (2022) alluded that strategy evaluation is a critical component of strategic management process that stimulates success of organizational strategies by enabling the organizations to track-down the implementation process of the strategies laid out.

Conceptual Framework

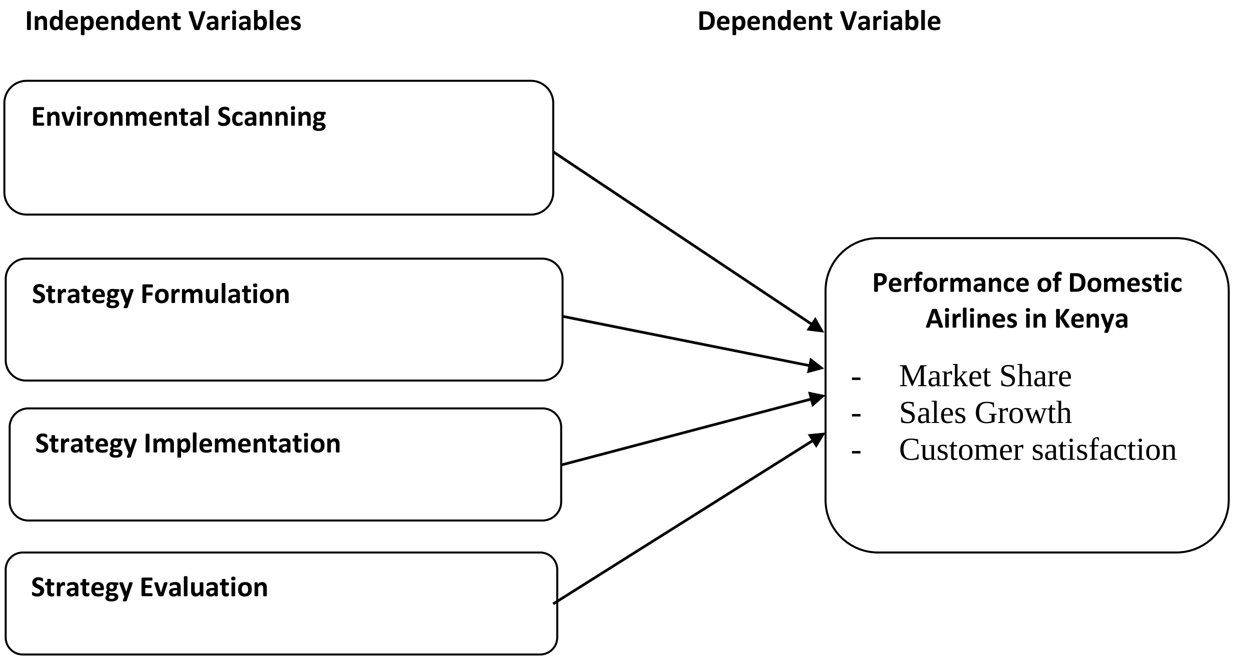

Figure 1: Conceptual Framework

As portrayed framework provided above (Fig. 1), independent variables have been drawn from strategic management practices and include scanning of environment,

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formulating the strategy, executing the strategy, and evaluating success of executed strategies. Environmental scanning as expounded by Kayalık and Akdoğan (2021) entails carrying out assessments of the operating environment to determine any emerging trends and changes that would warrant formulation of a strategy in the organization. This is best achieved through analysis of the market conditions, frequently carrying out scanning and with the right scanning competency as well as adopting the appropriate levels of scanning (Lisnik & Majerník, 2023). Strategy formulation is the strategic management practice that incorporates coming up with the appropriate strategy that adequately responds to changing environmental conditions. This as describe by Pandisha et al. (2022) can be achieved through setting a clear vision, incorporating changes in external environment, operationalizing the strategies and considering the internal profile in the formulated strategies.

Strategy implementation entails actualizing the formulated strategy by putting in place key aspects to support the strategy such as a clear communication process, the right strategic for execution, appropriate technology systems as well as aligning the management process with the strategy's plan (Nyangoto & Nyang'au, 2022). Strategic evaluation focuses on assessing and monitoring the strategy to ensure it has been implemented effectively and correct any deviations accordingly (Kayalık & Akdoğan, 2021). This is achieved through updating the success indicators, putting in place operational measures, undertaking constant checks as well as articulating the control measures. The four parameters of management in strategic approach projected to stimulate sustained success of the entities among domestic airlines in Kenya by enhancing the markets share, sales growth and customer satisfaction.

RESEARCH METHOD

Research Design

The study utilized a descriptive research design. A quantitative descriptive method was used for this investigation. Due to its emphasis on answering "what" questions in order to understand the interplay between the phenomena under study, descriptive research is an ideal technique for this study.

Target Population and Sampling

The study targeted employees drawn from domestic airlines in Kenya. According to KCAA (2023), there are 43 domestic airlines operating in Kenya. The study zeroed in on operational enterprises that provide crucial information for solving the research challenge by focusing on these registered organizations. A sample of 129 respondents was identified from the 43 domestic airlines.

Data Collection and Analysis

The study utilized primary data which was collected using a structured questionnaire. The questionnaire was administered both physically and online to ensure flexibility and enhanced response rate. Analysis was carried out using descriptive statistics (mean scores, standard deviations and percentages) and inferential statistics (correlation and regression model). SPSS software was used as the analysis tool.

RESULTS AND ANALYSIS

Response Rate of the Study

The study sampled 129 respondents drawn from domestic airlines in Kenya. Out of the 129 questionnaires issued, 126 having been executed fully and handed over to researcher. As portrayed on Table 1, this was a response rate of 97.7% and a non-response rate of 2.3%.

Table 1: Response Rate of the Study

Sample Size	Response		Non-Response	
	f	%	*f*	%
129	126	97.7%	3	2.3%

Effect of Environmental Scanning on Performance of Domestic Airlines

The study examined the impact of environmental scanning as a strategic management practice on the performance of domestic airlines in Kenya. The findings as summarized in Table 2 indicate a significant gap in the use of this practice among the airlines surveyed. A large majority reported that their airlines did not analyse market conditions before developing strategies. Similarly, many respondents disagreed that frequent market research was conducted to address changes requiring new strategies. In addition, the respondents disagreed that their airlines had competent staff to carry out environmental scanning, suggesting a lack of investment in skilled personnel. Moreover, the respondents indicated that their airlines did not outsource essential skills needed for environmental scanning, implying a limited commitment to acquiring the expertise required for this strategic function. These findings underscore a significant deficiency in how domestic airlines in Kenya are incorporating environmental scanning into their strategic management processes. The absence of competent staff, reluctance to outsource necessary skills, and inadequate market research limit the airlines' ability to develop strategies aligned with market conditions, potentially hampering overall performance.

Table 2: Descriptive Statistics on Environmental Scanning

Statements	Mean	Std. Dev.
The organization analyses the market conditions before key strategies are developed	2.10	1.27
The organization undertakes frequent market research to identify possible changes that require new strategies	2.38	1.35
The organization has competent staff to undertake environmental scanning	2.16	1.18
The organization outsources required skills and competencies to undertake environmental scanning	2.38	1.35
The organization continually extends the level of market scanning to capture more scope	2.57	1.43
Environmental scanning as currently carried out in the organization is adequate in steering the success of its strategies in performance	2.37	1.37

Effect of Strategy Formulation on Performance of Domestic Airlines

The second objective was to examine the effect of strategy formulation on performance of domestic airlines in Kenya. Strategy formulation is critical for guiding organizations in response to changes identified during environmental scanning. However, the findings as summarized in Table 3 revealed that many domestic airlines in Kenya faced significant shortcomings as far as strategy formulation is concerned. A considerable portion of respondents indicated that their airline's vision was not clearly understood by employees, which undermines effective strategy implementation. Furthermore, strategies developed by these airlines were often not influenced by changes in the external environment, indicating a lack of insight-driven planning. This weak alignment between strategy and market conditions limits the effectiveness of these strategies in responding to evolving industry needs. Additionally, the airlines rarely reviewed their previous operational strategies when creating new ones. This lack of reflection and learning from past experiences increases the risk of repeating mistakes. Internal capabilities, such as resources, were also not adequately profiled during strategy formulation, further reducing the chances of crafting successful strategies. Overall, strategy formulation in most of the surveyed airlines was found to be insufficient in enhancing performance.

Table 3: Descriptive Statistics on Strategy formulation

Statements	Mean	Std. Dev.
The company's vision is understandable to the employees	3.03	1.54
Most of the organization's strategies are informed by changes in the external environment	2.48	1.39
The organization draws lessons from operational strategies when formulating new ones	2.37	1.35
The organization profiles its internal capabilities (e.g. resources) when formulating new strategies	2.77	1.50
The formulation of strategies as currently undertaken in the organization is adequate for enhancing performance	2.80	1.57

Strategy Implementation and Performance of Domestic Airlines

The third objective was to examine the effect of strategy implementation on performance of domestic airlines in Kenya. Strategy implementation involves the execution of formulated strategies, requiring clear communication, structured processes, and the necessary technologies. The findings as outlined in Table 4 revealed several deficiencies in how domestic airlines in Kenya implemented their strategies. A significant number of respondents reported that their airlines lacked a clear communication process for sharing information when executing strategies, which hinders effectiveness. Similarly, many respondents noted the absence of an organized structure guiding strategy implementation, which further limits successful execution. Additionally, the findings indicated that most airlines had not adopted modern technologies to support strategy implementation. This failure to integrate appropriate technologies reduces the airlines' ability to optimize their strategies. Another critical gap identified was the inadequacy of management processes in supporting strategy execution. Respondents felt that the management structures in place were not sufficiently aligned to ensure the effective rollout of strategies. Consequently, the overall execution of strategies in these airlines was seen as insufficient, leading to limited performance improvements.

Table 4: Descriptive Statistics on Strategy Implementation

Statements	Mean	Std. Dev.
There is a set communication process that guides information sharing across the organization when executing new strategies	2.49	1.54
There is a set structure on how strategies are implemented in our organization	2.41	1.49
The organization has put across modern technologies to support implementation of its strategies	2.49	1.57
The management process set in our organization adequately supports implementation of the set strategies	2.62	1.55
Strategies' implementation in our organization has contributed to organization's performance	2.50	1.47

Effect of Strategy Evaluation on Performance of Domestic Airlines

The fourth objective of the study was to established the effect of strategy evaluation on performance of domestic airlines in Kenya. Strategy evaluation is a key aspect of strategic management that helps organizations track basing on how core approaches instigate success and responsible means to support their betterment. However, the results (Table 5) had it how a sizeable aspect among domestic airlines didn’t have necessary operational measures to assess the success of their strategies. Without tools like Key Performance Indicators (KPIs) or benchmarking, airlines miss the opportunity to measure and adjust their strategies effectively. Additionally, the surveyed airlines rarely updated their performance indicators to reflect changes in the operating environment. This limits their ability to align strategic indicators with market dynamics. There was also a general lack of regular checks to ensure that implemented strategies aligned with the airline's vision, further reducing strategic effectiveness. Furthermore, control measures to ensure the continued relevance of strategies were not adequately implemented. These gaps in strategy evaluation hinder the airlines from achieving their strategic goals and enhancing performance.

Table 5: Descriptive Statistics on Strategy Evaluation

Statements	Mean	Std. Dev.
Entity at hand has employed parameters to gauge how core approaches continue to fair	2.74	1.57
The indicators of success of our organizational strategies are frequently updated	2.69	1.48
There are constant checks to ensure the implemented strategies are in line with organization’s vision	2.41	1.42
The organization has put control measures to ensures implemented strategies continued being effective to achieve its goals	2.49	1.50
The strategies in the organization are adequately evaluated for enhanced performance	2.46	1.42

Correlation Analysis

Correlation analysis was carried out to establish the relationship between strategic management drivers and performance of domestic airlines in Kenya. This was done using Pearson Correlation. The results as shown in Table 6 revealed that the correlation coefficients (r) for the correlation between strategic management practices (environmental scanning, strategy formulation, strategy execution and strategy evaluation) and performance of domestic airlines were all above 0.6 (60%), implying that strategic management practices had strong correlation with performance of domestic airlines in Kenya. The results concur to those of Akinrinlola et al. (2022) who established that effective environmental scanning before strategies had a strong impact on organizational success as it ensured development of strategies that responded to market trends and dynamics. According to Chmielewska et al. (2022), there is a strong correlation between formulation of organizational strategies and performance of modern entities. The authors stated that effective formulation of organizational strategies had a strong role to play in ensuring organizations were operating within the right frameworks that responded to external market dynamics. Li et al. (2021) found out that performance of modern organizations was not only dependent on developing strategies, but also actualizing the strategies through an effective execution process. Also as noted by Mati and Atikiya (2022), a good strategy not effectively implemented remains just but a dream, thus they concluded that implementation of strategies was fundamental in steering organizational performance.

Table 6: Correlation Analysis Results

Independent Variables	**Pearson Correlation (r)**	**Sig. (2-tailes)**
Environmental Scanning	0.821	0.000
Strategy Formulation	0.852	0.000
Strategy Implementation	0.905	0.000
Strategy Evaluation	0.885	0.000

Regression Analysis Results

Regression analysis was undertaken to further expound on the effect of strategic management practices on performance of domestic airlines in Kenya. The results are as summarized in table 7. The model summary results revealed that a R-Square (r^2) of 0.914 was obtained, implying that 91.4% of variation in performance of the airlines was as a result of strategic management practices (environmental scanning, strategy formulation, strategy execution and strategy evaluation). The model was also found to be significant as shown by ANOVA results (F = 319.643; 0.000<0.05). The regression coefficients revealed that strategic management practices (environmental scanning, strategy formulation, strategy execution and strategy evaluation) had positive and significant effect on performance of domestic airlines in Kenya.

Table 7: Regression Model Results

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R	R Square	Adjusted R Square		Std. Error of the Estimate	
.956[a]	.914	.911		.35541	
	Sum of Squares	df	Mean Square	F	Sig.
Regression	161.507	4	40.377	319.643	.000[b]
Residual	15.284	121	.126		
Total	176.791	125			
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
(Constant)	.310	.098		3.154	.002
Environmental Scanning	.265	.049	.228	5.396	.000
Strategy Formulation	.281	.060	.225	4.707	.000
Strategy Implementation	.343	.059	.332	5.838	.000
Strategy Evaluation	.236	.048	.264	4.949	.000
a. Dependent Variable: Performance of Domestic Airlines					

CONCLUSION

Conclusion

The findings of this study revealed that domestic airlines in Kenya are not effectively utilizing environmental scanning as a key component of their strategic management practices. The limited embrace of environmental scanning is likely a contributing factor to their underperformance, as strategies that are not informed by comprehensive market insights are unlikely to be successful in driving growth and competitiveness.

The findings suggest that domestic airlines in Kenya are not effectively formulating strategies that are responsive to market changes and internal capabilities. The absence of insight-driven strategies, failure to learn from past experiences, and inadequate consideration of internal resources have hindered the airlines' ability to develop effective strategic plans. As a result, these strategies lack the necessary depth and adaptability to significantly enhance performance.

The study highlights significant shortcomings in the implementation of strategies among domestic airlines in Kenya. Poor communication, lack of structured processes, and inadequate use of technology have hindered the successful execution of strategies. Additionally, the management processes in most airlines were not aligned to fully support the strategies, negatively impacting performance. These deficiencies indicate that even when strategies are formulated, they are not effectively actualized, limiting their contribution to the airlines' success.

The study indicates that domestic airlines in Kenya are not effectively evaluating their strategies. The lack of operational measures, such as KPIs and benchmarking, along with the failure to update performance indicators and monitor alignment with organizational objectives, compromises the success of strategy implementation. This inadequate approach to strategy evaluation limits the airlines' ability to identify shortcomings, make necessary adjustments, and achieve sustainable performance improvements

Recommendations of the Study

It is recommended that domestic airlines in Kenya ought to prioritize the integration of environmental scanning into their strategic management processes. This can be achieved by investing in the recruitment and training of competent staff who are capable of conducting thorough market analysis.

Additionally, airlines should institutionalize regular and comprehensive market scanning practices to capture evolving trends, customer preferences, and competitive dynamics. By doing so, they can ensure that their strategic plans are responsive to the market environment and increase their likelihood of success.

The management team in domestic airlines should adopt a more structured approach to strategy formulation as a way of steering success of the airlines. This includes ensuring that strategies are informed by both external market conditions and internal capabilities. Airlines should institutionalize a review process for past strategies to draw valuable lessons, and foster better communication of the organizational vision to ensure alignment across all levels.

To improve the implementation of strategies, domestic airlines should prioritize establishing clear communication processes that facilitate information sharing across all levels of the organization. Additionally, they should create structured frameworks that outline how strategies will be executed, ensuring that the process is organized and consistent. The adoption of modern technologies is also critical for supporting the implementation of strategies, enabling airlines to optimize performance. Lastly, management processes should be aligned with strategy execution to ensure that internal structures are flexible and supportive of strategic goals.

It is also recommended that there is need for the domestic airlines through their respective management teams to implement robust strategy evaluation mechanisms. This includes adopting operational measures such as KPIs and the Balanced Scorecard to assess strategy success. Regular updates to performance indicators should also be institutionalized to ensure alignment with changing market conditions.

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