Performance of Domestic Airlines in Kenya: The Role of Strategic Management Practices

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Research Article

Abstract

Purpose: *The study sought to examine the effect of strategic management practices on the performance of domestic airlines in Kenya. This comes when the domestic airlines in Kenya face tremendous challenges orchestrated by dynamics in the operating environment and disruptions in the global markets. Domestic airlines have seen a surge in customer shuns rates due to low customer satisfaction. Moreover, most domestic airline players have faced a steady decline in sales revenues and overall market share. This raises the question of 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 the performance of domestic airlines in Kenya.*

Methodology: *The study employed a causal research approach and targeted 129 employees from 43 domestic Kenyan airlines. A questionnaire was used to collect primary data, which was analyzed using descriptive and inferential statistics.*

Results: *The findings revealed that strategic management practices (environmental scanning, strategy formulation, strategy implementation, and strategy evaluation) significantly influenced the performance of domestic airlines in Kenya.*

Implications: *Domestic airlines should expand and continue performing in the competitive market. Managers have the 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.*

Keywords: Strategic Management, Environmental Scanning, Strategy Formulation, Strategy Implementation, Strategy Evaluation, Organizational Performance, Domestic Airlines, Kenya.

1. Introduction

The airline business operates in a highly competitive environment, where the target audience includes both domestic and international customers, and it offers a range of specialized services (Supardi et al., 2023). The strategic management is 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 sales growth's financial and administrative impacts 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 to addressing the danger by using conventional business practices. Globally, organizations are focusing on steering their performance to sustain their operations in

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the market (Yao et al., 2021). As expounded by Dehisat and Awang (2020), organizational performance is considered a fundamental indicator of the success of an 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 a challenge facing most organizations globally, where the management struggles to balance the stakeholder needs for driving organizational goals.

According to the International Air Transport Association (IATA, 2020), more than sixty percent of the commercial airline fleet worldwide was grounded, resulting 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 underperforming operations financially. In order to do this, it was necessary to identify and analyze 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), the airline sector is increasingly facing pressure to generate economic results or risk closure due to the dynamics in the operating environment. This is because fuel, labor, and asset expenses increase while demand decreases. According to Chmielewska et al. (2022), the performance of Africa's airlines has been a subject of concern even long before the disruptions faced in 2020 orchestrated by the emergence of the COVID-19 crisis. With a surge in global airlines starting or increasing their flights in Africa, most airlines have opted to downsize due to declining revenues. In contrast, others have opted for mergers due to 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 sales growth because 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 significant influence on both revenues and operational capability (ACDC, 2020). Due to travel restrictions and economic slowdowns, the airline business was especially poorly struck, which resulted in a rapid decrease in sales growth (Pilling, 2020).

The solution to the continuing performance challenge in the 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 the continued embrace of strategic management approaches that have made them more agile and resilient to disruptions. The authors noted that the management team's commitment to developing key strategies that fostered business growth was integral in maintaining the airline's operations amid disruptions. On a regional stage, Mati and Atikiya (2022) noted that the airlines in Sub-Saharan Africa have inadequately addressed the performance problem due to the ineffective embrace of key strategic approaches that could make the airlines' operations more optimal. Sylva and Amah (2021) alluded that regional airlines like Air Zimbabwe could maximize their overall performance if exemplary strategic management practices were implemented, especially during global transport disruptions. In Kenya, the performance of airlines is declining, and among the significant 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), local airlines have the 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 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.

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Although the Eastern African area had been the least hit in Africa, the United Nations Economic-based corporation 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 significantly slow GDP growth, going from 6.6% in 2019 to 0.6% in 2020. Despite 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. Regarding East Africa, nations that had previously built coordinated plans for e-commerce were better positioned 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 specifically geared toward establishing or enhancing an internet presence. Mwangi (2022) suggested that the performance of airlines would increase if creative strategies were 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.

Falling sales growth had become an integral aspect of the existential crisis airline companies were going through, putting the sector at a critical juncture. Kenya Airways (KQ) and the airline industry 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 despite cutting 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 the exit of some markets and the stoppage of some of their routes (Ingara & Omwenga, 2024). However, the link between strategic management practices and Kenyan aviation companies' prosperity 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. In contrast, larger corporations did not gain much from them. Business strategies and airline size attenuated draw a context about service efficiency and quality of core services, according to a 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 is 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 or explore the strategic management strategies proposed in this study.

Farah et al. (2018) point to the essence of competitive-based approaches and frameworks, which have a significant 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, focusing on these resources as possible sources of competitive advantage. Strategic management strategies are crucial to ensure survival and recovery in these challenging conditions. In light of the above, this study examines how strategic management approaches affect Kenya's domestic airlines' overall efficiency and effectiveness. To achieve the main objective of this study, the following specific objectives were derived:

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i) To evaluate the effect of environmental scanning on the organizational performance of domestic airlines in Kenya.
ii) To examine prospects in preparing strategies to steer the success of domestic airlines in Kenya.
iii) To analyze the effect of the execution of strategies on the success of domestic airlines in Kenya.
iv) To determine the influence of strategy evaluation on the organizational performance of domestic airlines in Kenya.

2. Literature Review

This section reviews related literature on the effect of strategic management practices on the performance of domestic airlines in Kenya. It focuses on the theoretical review, empirical review, and conceptual framework.

2.1 Theoretical Literature Review

2.1.1 Institutional Theory

This theory was derived from 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. It addresses how core prospects and norms ensure an entity is aligned to a framework that strengthens given outcomes. When understanding the mechanics of control method implementation, institutional theory provides an alternative perspective companies may adopt. Companies incorporate this principle into developing new structures, processes, and programs to move beyond the conventional method of focusing only on objective economic cost-benefit analysis. This method acknowledges that, to varying degrees, new procedures and practices must be implemented to execute it. Organizations follow the socially embedded, well-established, and rationalized ideas of organizational labor in order to conform to the specified processes and procedures. Shale (2014) argues that this behavior boosts a company's reputation and increases the likelihood of its survival in the long term. Even if the newly learned protocols have direct practical applications, this remains the case. According to Raduan et al. (2009), organizational structures serve as symbols of social responsibility and compliance. Many different functions, procedures, and systems of internal control are housed in these structures.

The institutional theory 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 with the broader goals of environmental scanning, which is aimed at understanding the trends in the external world (institutional environment) to develop 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 the external market, thus coming up with strategies (strategy formulation) that address societal expectations for enhanced performance. The theory of organizations anchored this study in evaluating the role played by strategic management on the performance of domestic airlines in Kenya.

2.1.2. 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 a firm's competitive advantages 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 the unique combination of tangible and intangible resources and the operational competencies to employ these resources efficiently. As stated by Pearce and Robinson (2007), organizations can acquire skills via various

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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.

Drawing from assertions of the theory, there is a notable need for intangible and unique resources to be integrated into an organization's internal processes (strategy implementation) to drive competitive advantage. Domestic airlines require a more proactive and unique approach to implementing their strategies to get different results (enhanced performance). Therefore, the resource-based view aligns with the need to incorporate 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 develop better ways to avoid repeating mistakes in future strategies.

2.2 Review of Empirical Literature

Strategic management practices refer to organizations' processes, techniques, and tools 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, strategic management practices must be carefully designed and aligned with organizational goals, mission, and vision. Environmental scanning is one of the strategic management practices that has been described to foster the effectiveness of the entire strategic management process (Soleiman et al., 2022). This, as described by Chiwawa et al. (2021), encompasses the commitments made by the management team to assess the external market and internal conditions requiring major strategic moves to enhance the organization's effectiveness in response to any changes. Strategy formulation is another strategic management practice highly emphasized by scholars like Alkhodary (2023) and Williams et al. (2020). This is mainly the process of developing 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 a notable portion in ensuring adequate and proportional success under an entire strategic management process. Desderio et al. (2022) expounded that strategy implementation or execution is the process of actualizing a set strategy by implementing 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. Therefore, this study will focus on the four main approaches in management (strategic): environmental scanning, development of such strategies, their execution, and ultimate assessment.

2.2.1 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 believed that through continuous analysis of market conditions and other prospects of the operating environment, organizations stood a better chance to be effective and bring up strategies that strongly respond to any observed changes.

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Nkemchor and Ezeanolue (2021) investigated how strategic management affects the overall organizational performance of Nigerian universities in the state of Delta. In particular, descriptive context was employed in their prospect. Results revealed that tertiary institutions contemporaneously determined success among entities through 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 a company's success influences strategic management.
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 the need for organizations like airlines to focus on core mandates, it becomes essential to outsource some functions like market surveys and environmental scanning to have the best results from experts (Ongongo & Mang'ana, 2022). According to Desderio et al. (2022), ineffective environmental scanning when developing new strategies harms the ability of firms to have the right strategies on board for effective performance. As noted by Dahir and Nyang'au (2019), organizations risk not having strategies not aligned with the market when environmental scanning is not done adequately and effectively.

2.2.2 Strategy Formulation and Organizational Performance
Ondera (2019) evaluated the strategy formulation process in Nairobi, which established that the employees work 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 significantly impacted firm performance. A study by Jennings and Behrens (2017) revealed that businesses fall from the very disorganized to the somewhat organized. Based on the attained outcome, it was clear that the preparation of strategies firmly determined the para-transit company's success. Formulating strategies is an integral phase in the strategic management process that seeks to bring into context what the organization needs to do to respond 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 reviewing previous ones 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 the ineffective embrace of strategy formulation as a core aspect of strategic management directly impacts declining performance as it leads to strategies that do not conform 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 that are aimed at driving a practical operating framework to enhance the 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).

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2.2.3 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 the effective execution of strategies was strongly correlated with business competitiveness. Effective communication and information sharing during the execution of their strategies have been upheld as essential to ensuring that strategies are implemented to promote organizational success. As argued by Mati and Atikiya (2022), this is a significant setback to the effectiveness of organizational strategies toward 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 do to achieve the best out of the strategies. According to Karanja and Juma (2020), without effective processes and frameworks for 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 putting across such technologies, it limits the extent to which organizations can fully optimize their strategies.

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

2.2.4 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 better understood 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 a mobile telecoms business using a structured strategy review process 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 the effectiveness of organizational strategies toward promoting performance.

Soleiman et al. (2022) portray strategy evaluation as a core component of strategic management, which enables organizations to make sounding outcomes 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 seek 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 should continuously update their performance indicators based on emerging changes (Nyangoto & Nyang'au, 2022). As Chmielewska et al. (2022) noted, it is difficult for organizations to adequately ensure that the strategies are aligned with the set objectives without effectively monitoring the implemented strategies. Soleiman et al. (2022) alluded that strategy evaluation is a critical component of the strategic management process that stimulates the success of organizational strategies by enabling the organizations to track down the implementation process of the strategies laid out

3. Research Framework

As portrayed in the framework provided above (Fig. 1), independent variables have been drawn from strategic management practices and include scanning the environment, formulating the strategy, executing the strategy, and evaluating the success of executed strategies. Kayalık and Akdoğan (2021) expounded that environmental scanning entails assessing the operating environment to determine any emerging trends and changes that would warrant formulating a strategy in the organization. This is best achieved through analysis of the market conditions, frequently carrying out scanning with the proper scanning competency and adopting the appropriate scanning levels (Lisnik & Majerník, 2023). Strategy formulation is the strategic management practice that incorporates developing the appropriate strategy that adequately responds to changing environmental conditions. This, as described by Pandisha et al. (2022), can be achieved by setting a clear vision, incorporating changes in the external environment, operationalizing the strategies, and considering the internal profile in the formulated strategies.

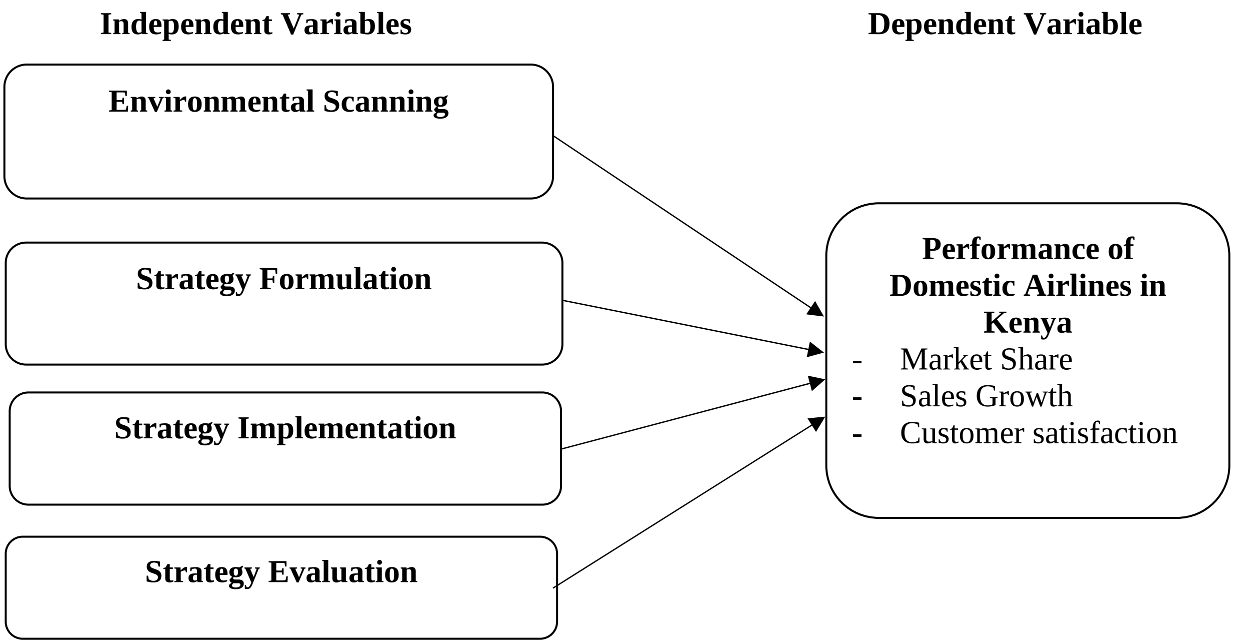

Fig. 1: Conceptual Framework

Strategy implementation entails actualizing the formulated strategy by putting in place key aspects to support the strategy, such as a transparent communication process, the right strategy 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 by updating the success indicators, implementing operational measures, undertaking constant checks, and articulating control measures. The four parameters of management in strategic approach are projected to stimulate the sustained success of the entities among domestic airlines in Kenya by enhancing the market share, sales growth, and customer satisfaction.

3. Research Methodology

The study utilized a causal design to evaluate the role played by strategic management practices in determining the performance of domestic airlines in Kenya. Specifically, it utilized quantitative approaches

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to obtain and analyze data. The causal design helped the study establish a case-and-effect relationship between strategic management practices and the performance of domestic airlines in Kenya.

The study targeted 129 employees drawn from 43 domestic airlines in Kenya. These employees were mainly senior managers involved in the airlines' day-to-day management; thus, they were more informed about the strategic management practices embraced by the airlines. Since the population was relatively small (less than 200), the study utilized a census, where all 129 employees drawn from the 43 domestic airlines were surveyed. Out of the 129 questionnaires issued, 126 were executed fully and handed over to the researcher. The study utilized primary data collected using a structured questionnaire. The questionnaire was deemed appropriate due to its ability to collect data from many respondents in relatively minimal time and freedom from biases as there is minimal interference from the researcher. The questionnaire contained 20 items (questions) addressing the four specific strategic management practices in this study. The questionnaire was first piloted and tested for validity and validity before being administered to the respondents using physical and online methods to ensure flexibility and enhanced response rate. Analysis was conducted using descriptive statistics (mean scores, standard deviations, and percentages) and inferential statistics (correlation and regression model) to test the research hypotheses. SPSS software version 27 was used as the analysis tool.

4. Findings and Discussions

This section covers the study's results regarding the effect of strategic management practices on the performance of domestic airlines in Kenya. Specifically, it covers descriptive and inferential analysis.

4.1. Descriptive Analysis

4.1.1 Effect of Environmental Scanning on the 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. As summarized in Table 1, the findings indicate a significant gap in using this practice among the airlines surveyed. Most reported that their airlines did not analyze market conditions before developing strategies. Similarly, many respondents disagreed that frequent market research was conducted to address changes requiring new strategies.

Table 1: 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 the 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

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 incorporate 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.

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4.1.2 Effect of Strategy Formulation on the Performance of Domestic Airlines

The second objective was to examine the effect of strategy formulation on the 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 2, revealed that many domestic airlines in Kenya faced significant shortcomings regarding strategy formulation. Many respondents indicated that employees did not clearly understand their airline's vision, 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. 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, reducing the chances of crafting successful strategies. Overall, strategy formulation in most surveyed airlines was insufficient in enhancing performance.

Table 2: 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

4.1.3 Strategy Implementation and Performance of Domestic Airlines

The third objective was to examine the effect of strategy implementation on the performance of domestic airlines in Kenya. Strategy implementation involves formulating strategies that require clear communication, structured processes, and the necessary technologies. As outlined in Table 3, the findings revealed several deficiencies in how domestic airlines in Kenya implemented their strategies. Many respondents reported that their airlines lacked a transparent communication process for sharing information when executing strategies, which hindered effectiveness.

Table 3: 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 the implementation of its strategies	2.49	1.57
The management process set in our organization adequately supports the implementation of the set strategies	2.62	1.55
Strategies' implementation in our organization has contributed to the organization's performance	2.50	1.47

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 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.

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4.1.4 Effect of Strategy Evaluation on the Performance of Domestic Airlines

The fourth objective of the study was to establish the effect of strategy evaluation on the performance of domestic airlines in Kenya. Strategy evaluation is a key aspect of strategic management that helps organizations track based on how core approaches instigate success and responsible means to support their betterment. However, the results (Table 4) showed that a sizeable aspect of domestic airlines did not have the necessary operational measures to assess the success of their strategies. Airlines cannot effectively measure and adjust their strategies without tools like Key Performance Indicators (KPIs) or benchmarking. 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 4: Descriptive Statistics on Strategy Evaluation

Statements	Mean	Std. Dev.
The entity at hand has employed parameters to gauge how core approaches continue to be fair	2.74	1.57
The indicators of the 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 the organization's vision	2.41	1.42
The organization has put control measures to ensure implemented strategies continue being effective in achieving its goals	2.49	1.50
The strategies in the organization are adequately evaluated for enhanced performance	2.46	1.42

4.2 Inferential Analysis

4.2.1 Correlation Analysis

Correlation analysis was carried out to establish the relationship between strategic management drivers and the performance of domestic airlines in Kenya. This was done using Pearson Correlation. The results, as shown in Table 5, revealed that the correlation coefficients (r) for the correlation between strategic management practices (environmental scanning, strategy formulation, strategy execution, and strategy evaluation) and the performance of domestic airlines were all above 0.6 (60%), implying that strategic management practices had a strong correlation with the performance of domestic airlines in Kenya. The results concur with those of Akinrinlola et al. (2022), who established that effective environmental scanning before strategies strongly impacted organizational success as it ensured the development of strategies that responded to market trends and dynamics.

Table 5: Correlation Analysis Results

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

According to Chmielewska et al. (2022), there is a strong correlation between the formulation of organizational strategies and the performance of modern entities. The authors stated that the adequate formulation of organizational strategies had a decisive role in ensuring organizations were operating within the right frameworks that responded to external market dynamics. Li et al. (2021) found that modern organizations' performance depended on developing strategies and actualizing the strategies through an effective execution process. Also, as Mati and Atikiya (2022) noted, a good strategy that is not effectively implemented remains a dream. Thus, they concluded that implementing strategies was fundamental in steering organizational performance.

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4.2.2 Regression Analysis Results

A regression analysis was undertaken to expound further on the effect of strategic management practices on the performance of domestic airlines in Kenya. The results are summarized in Table 6. The model summary results revealed that an R-Square (r2) of 0.914 was obtained, implying that 91.4% of the variation in the performance of the airlines was a result of strategic management practices (environmental scanning, strategy formulation, strategy execution, and strategy evaluation). The model was also 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 a positive and significant effect on the performance of domestic airlines in Kenya.

Table 6: Regression Model Results

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					

5. Conclusion and Recommendations

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 not informed by comprehensive market insights are unlikely to drive growth and competitiveness successfully. The findings suggest that domestic airlines in Kenya are not effectively formulating strategies 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 enhance performance significantly.

The study highlights significant shortcomings in implementing 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.

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It is recommended that domestic airlines in Kenya prioritize integrating environmental scanning into their strategic management processes. This can be achieved by investing in recruiting and training competent staff capable of conducting thorough market analyses.
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 to steer the airlines' success. This includes ensuring that external market conditions and internal capabilities inform strategies. 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 transparent 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 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 domestic airlines implement robust strategy evaluation mechanisms through their respective management teams. 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.

6. Limitations and Direction of Future Research

The study was limited to domestic airlines in Kenya, so it may not be generalized to other sectors. Thus, future research should expand its context to other sectors to ascertain how strategic management practices affect their performance. The study was limited to four major strategic management practices: environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. It is suggested that future studies should expand this scope to focus on other possible strategic management practices and how they impact organizational performance.

Conflict of Interest: The author declares no conflict of interest.

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