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STRATEGIC PLANNING AND PERFORMANCE OF THE AIRLINE INDUSTRY IN KENYA

[1] Kageni Joan Widava, [2] Dr. Kariuki Paul

[1] Masters Student, Jomo Kenyatta University of Agriculture and Technology
[2] Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

The airline industry plays a crucial role in Kenya's economic development by facilitating domestic and international trade, boosting tourism, and enhancing connectivity. Kenya is a key aviation hub in Africa, with Jomo Kenyatta International Airport (JKIA) serving as a major transit point for regional and international flights. According to the Kenya Civil Aviation Authority (KCAA), the aviation sector contributes approximately 1.1% to Kenya's GDP and supports over 137,000 jobs directly and indirectly. The general objective of this study is to investigate the effect of strategic planning on performance of the airline industry in Kenya. Specifically, the study sought to assess the effect of resource allocation on performance of the airline industry in Kenya and to establish the effect of goal setting on performance of the airline industry in Kenya. This study used descriptive research design. This study focused on airline industry in Kenya. According to Kenya airports authority (2024) there are 8 domestic airline companies in Kenya. These domestic airline companies in Kenya include; Kenya Airways, Jambojet, Fly540, Safarilink, Skyward Express, Bluesky Aviation, Jetways Airlines and Renegade Air. This study targeted management employees working in these companies since they are in a better position to provide information on strategic orientation and organization performance. The unit of analysis was therefore 8 airline companies in Kenya while the unit of observation was 200 management employees working with the 8 airline companies in Kenya. The study used Krejcie and Morgan (1970) formula to arrive at the sample size. The study sample size was therefore 133 employees. This study used a questionnaire to collect primary data. Descriptive statistics such as frequency distribution, mean (measure of dispersion), standard deviation, and percentages were used. Inferential data analysis was conducted by use of Pearson correlation coefficient, and multiple regression analysis. The relationship between the study variables were tested using multivariate regression models. The study results were presented through use of tables and figures. The study concludes that resource allocation has a positive and significant effect on performance of the airline industry in Kenya. The study also concludes that goal setting has a positive and significant effect on performance of the airline industry in Kenya. Based on the findings, the study recommends that the management of airline industry in Kenya should prioritize strategic resource allocation towards technology and fleet modernization. By investing in more fuel-efficient aircraft and advanced digital systems for operations, booking, and customer service, airlines can reduce operational costs, enhance reliability, and improve the overall customer experience.

Key Words: Strategic Planning, Resource Allocation, Goal Setting, Performance of the Airline Industry

Background of the Study

The airline industry is a crucial component of the global economy, contributing significantly to employment creation, economic growth, and the efficient movement of people and goods (Aldehayyat, & Twaissi, 2020). According to the International Air Transport Association (IATA), the aviation sector supports approximately 87.7 million jobs worldwide, including those directly employed by airlines, airports, aircraft manufacturers, and indirectly in related industries such as tourism and trade. The industry also plays a significant role in global economic growth, contributing an estimated $3.5 trillion to global GDP, which accounts for 4.1% of the world's economy. Air transport facilitates both domestic and international trade by providing fast and reliable connections for goods and services (Gitagia, 2020). Globally, airlines transport over 61 million metric tons of freight annually, representing 35% of world trade by value, including high-value goods such as pharmaceuticals, electronics, and perishable agricultural products. The passenger segment of the airline industry is equally vital, with 4.5 billion people traveling by air in 2019, before the COVID-19 pandemic temporarily disrupted operations (IATA, 2023). The industry also plays a key role in tourism, as 58% of international tourists travel by air, supporting millions of jobs in hospitality, entertainment, and related sectors. Given its vast contributions to economic activity, connectivity, and global trade, the airline industry remains one of the most dynamic and influential sectors in modern economies (Kushnirenko, & Gakhovych, 2023).

Disruptions in the airline industry have significant economic consequences, affecting global trade, tourism, employment, and overall economic stability. A decline in airline operations due to factors such as pandemics, fuel price volatility, geopolitical conflicts, or airline bankruptcies can lead to substantial financial losses. For instance, during the COVID-19 pandemic, the airline industry suffered a $370 billion revenue loss in 2020 alone, with passenger numbers dropping by 60% compared to 2019 (IATA, 2021). This decline severely impacted tourism-dependent economies, as 58% of international tourists rely on air travel. Additionally, disruptions in air cargo services affect global supply chains, delaying the transport of high-value goods such as medical supplies, electronics, and perishable agricultural products, which make up 35% of global trade by value. Job losses in the aviation sector also ripple through other industries, with over 46 million jobs at risk globally during major airline crises (IATA, 2020). Furthermore, reduced airline connectivity can hinder foreign investment and business expansion, as limited air travel options make it difficult for multinational companies to operate efficiently. These disruptions underscore the airline industry's critical role in economic stability, emphasizing the need for resilience and strategic planning to mitigate potential crises (Lipitakis, & Phillips, 2020).

Strategic planning is a structured process that organizations use to define their direction, allocate resources effectively, and establish goals to achieve long-term success (Makiko, 2020). It involves analyzing internal and external environments, setting objectives, and formulating strategies to enhance competitive advantage. Strategic planning provides a clear roadmap for decision-making, ensuring that an organization remains adaptable and responsive to market changes (Tan, 2020). Resource allocation is the process of distributing financial, human, and technological resources to strategic initiatives that drive organizational success (Usoh, & Preston, 2020). Effective resource allocation ensures that investments align with strategic priorities and maximize returns. This process involves budgeting, workforce planning, and capital investment in critical areas such as research and development, marketing, and infrastructure. Goal setting in strategic planning involves defining clear, measurable, and time-bound objectives that align with an organization's mission and vision (Wachira, & Irungu, 2020). Goals provide direction, enhance accountability, and serve as performance benchmarks. Organizations often use the SMART (Specific,

Measurable, Achievable, Relevant, Time-bound) framework to ensure effective goal setting (Yusuf, Mukulu, & Oloko, 2020).

The airline industry in Kenya plays a critical role in the country's economy by facilitating the movement of people, goods, and services both locally and internationally. As a key component of the transportation sector, the industry is instrumental in supporting trade, tourism, and business activities. Kenya's strategic location as a gateway to East and Central Africa further enhances the importance of its airline industry, attracting international airlines and making the country a key transit hub. Nairobi, the capital city, is home to Jomo Kenyatta International Airport (JKIA), one of the busiest airports in Africa. It serves as the main gateway for both passengers and cargo, connecting Kenya to the global market. Additionally, the country is home to major carriers such as Kenya Airways, which operates a wide network of domestic, regional, and international routes. The airline industry thus contributes significantly to Kenya's GDP, creating jobs and supporting the livelihoods of thousands of people employed in aviation, tourism, and related sectors.

The Kenyan airline industry has experienced substantial growth, particularly in the 1990s and 2000s, driven by the increasing demand for air travel within Africa and beyond. However, the industry has faced various challenges that have hindered its sustained growth. One of the most significant challenges has been rising operational costs, which include fuel prices, maintenance expenses, and airport fees. Additionally, competition from low-cost carriers and foreign airlines has put pressure on local airlines to remain competitive in terms of pricing, service delivery, and route options. Another challenge has been the volatile political and economic climate, which impacts tourism and business travel, two crucial sectors that drive demand for air transport. The industry has also struggled with regulatory issues, such as the failure to meet international safety and operational standards, which has occasionally led to restrictions on Kenyan airlines by international bodies like the European Union.

Despite these challenges, the airline industry in Kenya has shown resilience and adaptability. Strategic initiatives by Kenya Airways and other local carriers have focused on improving efficiency, modernizing fleets, and expanding their route networks. For instance, Kenya Airways has sought partnerships with global airline alliances such as SkyTeam to enhance connectivity and improve its global presence. Additionally, there has been increased investment in airport infrastructure, including expansions at JKIA and regional airports, to accommodate growing passenger numbers. These efforts, combined with the increasing demand for air travel due to a growing middle class in Kenya and the broader East African region, offer a promising outlook for the industry.

Statement of the Problem

The airline industry plays a crucial role in Kenya's economic development by facilitating domestic and international trade, boosting tourism, and enhancing connectivity (Kenya Ports Authority, 2023). Kenya is a key aviation hub in Africa, with Jomo Kenyatta International Airport (JKIA) serving as a major transit point for regional and international flights. According to the Kenya Civil Aviation Authority (KCAA), the aviation sector contributes approximately 1.1% to Kenya's GDP and supports over 137,000 jobs directly and indirectly (KCAA, 2023). Additionally, airlines such as Kenya Airways, Jambojet, and Fly540 provide essential air transport services for business and leisure travelers, supporting economic growth and integration into global markets. However, despite its economic significance, the Kenyan airline industry has been facing performance challenges in recent years (KPA, 2023).

The performance of Kenya's airline industry has been on a decline due to financial losses, reduced passenger numbers, and increased operational costs. Kenya Airways, the national carrier, has reported consistent losses, with a KSh 38.26 billion net loss in 2022, an increase from KSh 11.49 billion in 2021 (Kenya Airways Annual Report, 2022). The airline has been struggling with high fuel costs, heavy debt burdens, and reduced market share due to increased competition from regional and international airlines. In addition, the number of passengers handled at JKIA declined from 8.2 million in 2019 to 4.5 million in 2020 due to the COVID-19 pandemic (Kenya National Bureau of Statistics, 2021). Although there has been a gradual recovery, the industry has not returned to pre-pandemic levels, and operational efficiency remains a key concern (Wachira, & Irungu, 2023).

Strategic planning is widely recognized as a key driver of organizational performance, enabling firms to set clear goals, allocate resources efficiently, and adapt to changing market conditions. Studies have shown that effective strategic planning enhances competitiveness and financial performance. For example, a study by Pearce and Robinson (2024) found that firms with well-structured strategic plans experience a 15-20% improvement in profitability and operational efficiency. Similarly, research by Njanja, Ogutu, and Pellisier (2023) on strategic planning in East African firms revealed that organizations with strong strategic frameworks outperform competitors in revenue growth and market share. However, despite the documented benefits of strategic planning, limited research has been conducted on its direct impact on the performance of the airline industry in Kenya. Existing studies focus on general business sectors without addressing the unique operational challenges in aviation, such as fluctuating fuel prices, regulatory constraints, and global competition. This study sought to bridge this gap by investigating how strategic planning influences the performance of Kenya's airline industry,

General Objective

The general objective of this study is to investigate the effect of strategic planning on performance of the airline industry in Kenya

Specific Objectives

i. To assess the effect of resource allocation on performance of the airline industry in Kenya
ii. To establish the effect of goal setting on performance of the airline industry in Kenya.

Theoretical Literature Review

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) of the firm is a strategic management theory that highlights the critical role of a firm's internal resources and capabilities in achieving and maintaining a competitive advantage. Developed by Jay Barney and Birger Wernerfelt in 1981, the RBV suggests that a firm's unique set of resources—ranging from physical assets like machinery and technology to intangible assets such as knowledge, brand reputation, and organizational culture—determines its ability to outperform competitors. Unlike traditional strategic models that focus primarily on external factors such as market conditions or industry structure, the RBV emphasizes the importance of what a firm already possesses internally (Kushnirenko & Gakhovych, 2023). It underscores the need for firms to strategically leverage their existing resources to create value and sustain long-term success (Lerai, Rintari, & Moguche, 2023).

At the core of the RBV is the understanding that not all resources are equally valuable in helping a firm achieve competitive advantage. To create sustained value, resources must meet certain key criteria. According to Jay Barney's (1991) work, resources need to be valuable, rare, inimitable, and non-substitutable—collectively known as the VRIN criteria. A valuable resource allows a firm to exploit opportunities or neutralize threats, improving its performance. Rare resources are those that are not widely available to competitors, making them a source of uniqueness. Inimitable resources cannot be easily replicated by competitors, either due to unique historical conditions, causal ambiguity, or social complexity. Lastly, non-substitutable resources are those that cannot be replaced by other resources, ensuring a firm's competitive edge remains unchallenged. These criteria determine whether a resource can provide a sustainable competitive advantage over time (Makiko, 2020). Theory was used to assess the effect of resource allocation on performance of the airline industry in Kenya

Strategic Contingency Theory

Strategic Contingency Theory was developed by scholars such as Lawrence and Lorsch in 1967 and focuses on the idea that the most effective strategy for an organization depends on the specific circumstances it faces, including both internal capabilities and external challenges (Yusuf, Mukulu, & Oloko, 2020). This theory posits that organizations are not static entities; rather, they must continuously assess and adjust their strategies to respond to changing conditions. It highlights the importance of flexibility and adaptability in the strategic management process, arguing that no single strategy works universally across all situations. Instead, the optimal strategy is contingent upon a variety of factors, including the organization's internal resources, skills, leadership, and the external market environment. Success is achieved when organizations align their strategies with these ever-changing conditions, ensuring that they are both responsive and resilient in the face of challenges (Wachira & Irungu, 2020).

The theory further emphasizes that an organization's success is closely linked to its internal capabilities, such as its resources, skills, and leadership. By identifying strengths—such as a skilled workforce, strong brand reputation, or advanced technology—an organization can leverage these assets to gain a competitive advantage. At the same time, recognizing weaknesses—such as a lack of innovation, inefficiency, or poor leadership—allows the organization to address these issues proactively. Strategic Contingency Theory suggests that organizations must conduct regular assessments of both their internal environment and external market conditions to optimize their strategies. This approach enables them to capitalize on their strengths while addressing weaknesses, thus improving their overall effectiveness and adaptability (Tan, 2020). The study used Strategic Contingency Theory to establish the effect of goal setting on performance of the airline industry in Kenya.

Conceptual Framework

A conceptual framework is a system of concepts, assumptions, expectations, beliefs, and theories that guides research or a specific area of study (Cooper, & Schindler, 2019). It provides a structure for understanding how different variables or concepts are related and how they influence each other in a given context (Bryman, 2019). In this study, the independent variables include; resource allocation and goal setting while the dependent variable is performance of the airline industry in Kenya.

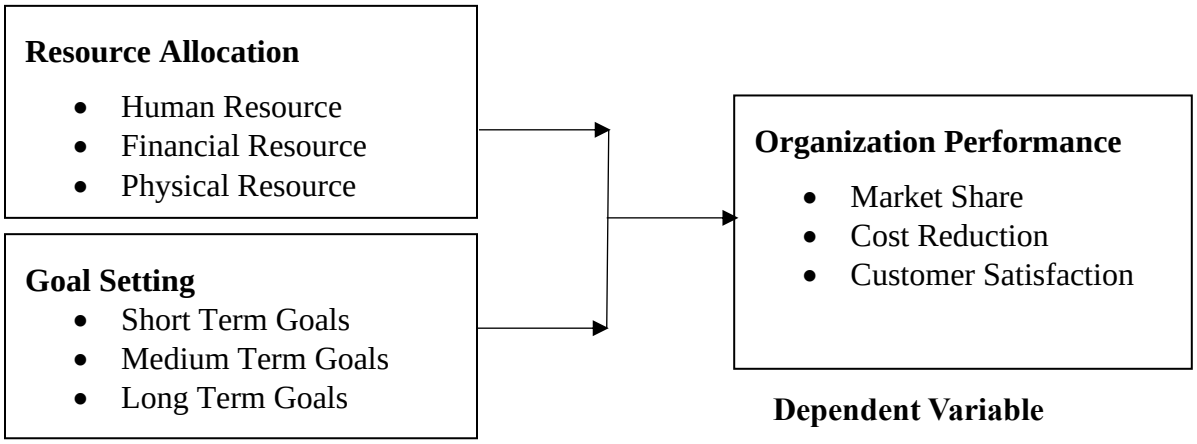

Figure 2. 1: Conceptual Framework

Resource Allocation

Resource allocation refers to the process of distributing an organization's available resources—such as time, money, personnel, and materials—across various projects, departments, or initiatives to maximize efficiency and achieve strategic objectives (Ong & Koh, 2020). It involves prioritizing activities based on their importance, potential return on investment, and alignment with long-term goals. Human resources refer to the people within an organization, including employees, managers, and leadership, who contribute their skills, knowledge, and expertise to achieve organizational goals (Ali, Ogolla & Nzioki, 2022). This resource is often considered one of the most valuable assets because the competence, motivation, and engagement of employees directly impact an organization's performance and success. Effective human resource management involves recruiting, training, developing, and retaining talent while fostering a positive organizational culture (Mwaura *et al*, 2022).

Financial resources refer to the funds and capital available to an organization to support its operations, investments, and growth initiatives (Twesigye *et al*, 2022). This includes money from various sources, such as revenue, loans, investors, or grants. Financial resources are critical for maintaining day-to-day operations, funding new projects, and expanding the organization. Effective management of financial resources involves budgeting, forecasting, controlling costs, and ensuring profitability (Ali, Ogolla & Nzioki, 2022). Physical resources encompass the tangible assets that an organization uses in its operations, such as buildings, machinery, equipment, technology, and raw materials (Nyandara, Ngacho & Yambo, 2020). These resources are essential for producing goods or delivering services and supporting daily business functions. Effective utilization and maintenance of physical resources ensure that operations run smoothly, efficiently, and cost-effectively (Ong & Koh, 2020). Managing physical resources involves making strategic investments in infrastructure, ensuring proper upkeep, and adopting new technologies that improve productivity.

Goal Setting

Goal setting is the process of defining clear, measurable, and time-bound objectives that an individual or organization aims to achieve (Rizwan, 2020). It involves identifying specific outcomes and breaking them down into actionable steps, often with a focus on motivation and performance. By setting goals, individuals or teams can create a sense of direction, track progress,

and stay focused on priorities (Ogbewere & Dunmade, 2020). Short-term goals are objectives that an organization or individual aims to achieve within a relatively brief period, typically ranging from a few weeks to a year (Gicheha & Kyule, 2022). These goals tend to focus on immediate tasks, improvements, or results that have a direct impact on daily operations. They are often specific, actionable, and easily measurable, providing quick wins and motivating progress. Short-term goals are important because they help build momentum, address urgent needs, and provide clarity on what needs to be accomplished in the near future.

Medium-term goals are those that typically span from one to three years. These goals bridge the gap between short-term achievements and long-term vision. They often focus on expanding capabilities, improving processes, or making more substantial progress toward long-term objectives (Rizwan, 2020). Medium-term goals require more planning and coordination than short-term goals, as they might involve the implementation of new strategies or investments. Long-term goals are strategic objectives set with a horizon of three years or more, often extending into five, ten, or even twenty years (Omuga & Senelwa, 2020). These goals reflect an organization's or individual's vision for the future and focus on achieving significant milestones that shape overall direction. Long-term goals are typically broad and ambitious, requiring sustained effort, resources, and adaptability to changing circumstances (Gicheha & Kyule, 2022).

Empirical Review

Resource Allocation

Ong and Koh (2020) assessed the influence of resource allocation practices on employee performance in the manufacturing sector in Malaysia. Data was collected through questionnaire from 161 employees of a manufacturing company in Johor, Malaysia. The results of the multiple regression analysis showed that resource allocation and training and development were significantly related to employee performance. The findings concluded that training and development is the most important factor that positively influences employee performance followed by performance appraisal.

Twesigye *et al* (2022) examined resource allocation practices and knowledge management at uganda bureau of statistics. The study adopted a descriptive cross sectional survey design where both quantitative and qualitative approaches were used. In this study, a total number of 105 respondents were expected but 102 respondents returned the survey instruments. The findings revealed that there is a positive relationship between resource allocation practices and rewards and knowledge management in UBOS. It was concluded that resource allocation practices both internally and externally although UBOS prefers to have top management position advertised externally because they attract a lot of people with varying skills.

Ali, Ogolla and Nzioki (2022) assessed the influence of resource allocation on organizational performance of cement manufacturing firms in Kenya. The target population was 209 staff in five leading cement manufacturing companies in Kenya. The sampling method was stratified random sampling to obtain a sample of 137 respondents. The researcher used questionnaires to collect data. The study found that resource allocation positively and significantly influences the organizational performance of cement manufacturing companies in Kenya. The study concluded that resource allocation positively and significantly influences the organizational performance of cement manufacturing companies in Kenya.

Nyandara, Ngacho and Yambo (2020) conducted a case study on the effects of resource allocation on the performance of South Nyanza Sugar Company Limited, Kenya. The research employed

descriptive research design. The target population of the study was the 994 employees of Sony sugar. A sample of 329 employees was utilized. A questionnaire was used to collect data. The study sought to determine the effects of resource allocation on the performance of South Nyanza Sugar Company Limited, Kenya. The factor was found to have high effects on the performance. Perfection in it could lead to better performance. It was important for the organization to modifying its way of allocating resources so as to enable the implementation of strategic plans successfully. Government policies and regulations as moderating variables played a significant role in the implementation of strategic plans. The study concluded that resource allocation has a positive and a significant influence on organization performance.

Goal Setting

Rizwan (2020) assessed the impacts of goal setting and curiosity on the employee job performance: A Perspective from NGO Sector of Pakistan. The present study investigates the impact of goal setting and curiosity (HR outcomes) on the job performance of the employees. Non-government sector in Islamabad, Pakistan was targeted in this regard. Data was collected from 282 respondents belonging to local and international NGOs. A comprehensive questionnaire was used to collect data. The study findings expose that goal setting and curiosity have strong effect on job performance. The study concluded that goal setting has a significant and a positive influence on job performance.

Ogbewere and Dunmade (2020) researched on goal setting and performance appraisal in Nigerian public enterprises: An Empirical Study of Nigeria National Petroleum Corporation (NNPC). Therefore, this research seeks to ascertain whether goals are mutually set and the relationship between goal settings and performance appraisal as well as whether employees are trained according to weaknesses diagnosed in employees' appraisal forms in the Nigeria National Petroleum Corporation. The study consists of 354 senior officers in the NNPC Lagos branch. A total of 72 respondents were sampled. The result shows that subordinate staffs are not given the opportunity to mutually set goals with their superiors rather goals are imposed on them by the management and their supervisors. The research further reveals that weaknesses diagnosed from employees' appraisal forms are not linked to employees training and development. The study concluded that goal setting is a significant determinant of organization performance.

Omuga and Senelwa (2020) assessed the effect of self-goal setting on employee performance of NGA officers in Kenya (a case of Homa Bay County). Correlational research design was employed in the study. The population of the study was the 381 Chiefs and Assistant chiefs in the county from which 204 formed the sample. Questionnaires with five-point Likert scale were used to collect primary data. The study found that Self Goal Setting has a positive significant effect on performance of NGA officers in Homa Bay County. Based on findings for the study objective the study concluded that Self Goal Setting has a positive significant effect on performance of NGA officers in Homa Bay County.

Gicheha and Kyule (2022) examined the effect of goal setting on organization performance of Kenya Film Commission. The unit of analysis for this study was Kenya film commission while the unit of analysis was the employees of the commission. This study used the census approach since the target population is small. Therefore, the sample size for the study was 34 respondents from Kenya Film Commission. The study used primary data collected using questionnaires. The study found that goal setting has a positive and significant effect on organization performance on Kenya film commission. The study concluded that goal setting has a positive and significant effect on organization performance on Kenya film commission.

RESEARCH METHODOLOGY

Research Design

This study used descriptive research design which involved gathering of data that describes events then organizing, tabulating depicting and describing the data. The choice of this research design was influenced by the fact that it enables the researcher to assess the situation in the study area at the time of study (Manen, 2020). This design is pertinent in "developing the profile of a situation and a community of people by getting complete and accurate information through an interaction between the researcher and the respondent via data collection tools" (Kothari & Garg, 2019).

Target Population

This study focused on airline industry in Kenya. According to Kenya airports authority (2024) there are 8 domestic airline companies in Kenya. These domestic airline companies in Kenya include; Kenya Airways, Jambojet, Fly540, Safarilink, Skyward Express, Bluesky Aviation, Jetways Airlines and Renegade Air. This study targeted management employees working in these companies since they are in a better position to provide information on strategic orientation and organization performance. The unit of analysis was therefore 8 airline companies in Kenya while the unit of observation was 200 management employees working with the 8 airline companies in Kenya

Table 1: Target Population

Category	Target Population
Top management	8
Middle Level Management	72
Low Level Management	120
Total	**200**

Sample Size and Sampling Technique

The study used Krejcie and Morgan (1970) formula to arrive at the sample size. The selection formula was as follows:

$$n=\frac{N}{1+(N-1)e^2}$$

Where n= the required sample size

N = is the Target Population (200)

e = accuracy level required. Standard error = 5%

Sample calculation

$$n=\frac{200}{1+(200)0.05^2}$$

n=133.3

n=133 respondents

The study sample size was therefore 133 employees. Stratified random sampling was applied to get the respondents. The study then used simple random sampling to select respondents from each stratum. In simple random sampling, every respondent has an equal chance of participating in the study.

Table 2: Sample Size

Category	Target Population	Sample Size
Top management	8	5
Middle Level Management	72	49
Low Level Management	120	79
Total	**200**	**133**

Data Collection Instruments

This study used a questionnaire to collect primary data. According to Patton *et. al* (2019), a questionnaire is appropriate in gathering data and measuring it against a particular point of view. It provides a standardized tool for data collection. The researcher obtained research permit from relevant authorities required for data collection. Structured questions were used to collect primary data from the field. The questionnaires were pilot tested to ascertain the extent to which the instrument is correct and to eliminate ambiguous questions, and improve on validity and reliability

Pilot Testing

MCneill (2019) defines pilot testing as a trial run done in preparation for a major study. Pilot study is conducted to determine if there are flaws, limitations, or other weaknesses within the data collection instrument to make the necessary revisions prior to the implementation of the study. According to Cauvery, Nayak, Girija and Meenakshi (2019), pilot study should be between 1% and 10% of the actual sample size. Therefore, in this study, the pilot group was 16 individuals which represent 10% of the total study sample size. The pilot group was excluded from the final study.

Data Analysis and Presentation

This study collected quantitative data. The quantitative data was coded then analyzed using Statistical Package for Social Sciences (SPSS) computer software version 28. The choice of the software is influenced by its ability to appropriately create graphical presentation of questions, data reporting, presentation and publishing. SPSS is also able to handle large amount of data and it is purposefully designed for social sciences.

Descriptive statistics was used to analyze the data in frequency distributions and percentages which was presented in tables and figures. Discussions and presentations of the analyzed data were done in tables of frequency distribution, percentages, bar graphs and pie charts. Measures of dispersion was used to provide information about the spread of the scores in the distribution. The study also adopted multiple regression analysis to test the relationships between the variables.

In the study, a statistical model was developed from the conceptual framework as follows: the dependent variable (DV) which in this study was performance of airline companies in Kenya take the variable [Y], and the coefficients of the independent variables denoted by X_1, X_2 was used to show the relationship of the independent variables. Statistically, analysis was carried out using the models.

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

Descriptive Statistics Analysis

Resource Allocation and Organization Performance

The first specific objective of the study was to assess the effect of resource allocation on performance of the airline industry in Kenya. The respondents were requested to indicate their level of agreement on various statements relating to resource allocation and performance of the airline industry in Kenya. The results were as presented in Table 3.

From the results, the respondents agreed that their organization allocates resources effectively to improve operational efficiency and service quality (M=3.884, SD= 0.779). In addition, the respondents agreed that resource allocation decisions in their organization are aligned with strategic goals to enhance business performance (M=3.765, SD= 0.767). Further, the respondents agreed that their organization invests in technology and infrastructure to support growth and improve customer experience (M=3.728, SD=0.854).

From the results, the respondents agreed that the allocation of financial resources in their organization has contributed to fleet expansion and route development (M=3.713, SD= 0.860). In addition, the respondents agreed that their organization optimizes human resources to ensure high levels of productivity and service delivery (M=3.647, SD= 0.586). Further, the respondents agreed that resource allocation in their organization is regularly reviewed to ensure competitiveness in the airline industry (M=3.614, SD=0.617).

Table 3: Resource Allocation and Organization Performance

	Mean	Std. Deviation
Our organization allocates resources effectively to improve operational efficiency and service quality	3.884	0.779
Resource allocation decisions in our organization are aligned with strategic goals to enhance business performance	3.765	0.767
Our organization invests in technology and infrastructure to support growth and improve customer experience	3.728	0.854
The allocation of financial resources in our organization has contributed to fleet expansion and route development	3.713	0.860
Our organization optimizes human resources to ensure high levels of productivity and service delivery	3.647	0.586
Resource allocation in our organization is regularly reviewed to ensure competitiveness in the airline industry	3.614	0.617
Aggregate	**3.725**	**0.744**

Goal Setting and Organization Performance

The second specific objective of the study was to establish the effect of goal setting on performance of the airline industry in Kenya. The respondents were requested to indicate their level of agreement on various statements relating to goal setting and performance of the airline industry in Kenya. The results were as presented in Table 4.

From the results, the respondents agreed that their organization sets clear and measurable goals to drive overall performance and growth (M=3.904, SD= 0.584). In addition, the respondents agreed that goal setting in their organization is aligned with long-term strategic objectives to ensure

sustainable success (M=3.883, SD= 0.874). Further, the respondents agreed that the achievement of set goals has contributed to increased market share and profitability in their organization (M=3.726, SD= 0.821).

From the results, the respondents agreed that their organization regularly reviews and adjusts its goals to respond to changes in the airline industry (M=3.714, SD= 0.741). In addition, the respondents agreed that clear goal setting has improved employee focus and performance within their organization (M=3.708, SD=0.836). Further, the respondents agreed that their organization uses performance metrics to track progress towards goals and make data-driven decisions (M=3.674, SD=0.576).

Table 4: Goal Setting and Organization Performance

	Mean	Std. Deviation
Our organization sets clear and measurable goals to drive overall performance and growth	3.904	0.584
Goal setting in our organization is aligned with long-term strategic objectives to ensure sustainable success	3.883	0.874
The achievement of set goals has contributed to increased market share and profitability in our organization	3.726	0.821
Our organization regularly reviews and adjusts its goals to respond to changes in the airline industry	3.714	0.741
Clear goal setting has improved employee focus and performance within our organization	3.708	0.836
Our organization uses performance metrics to track progress towards goals and make data-driven decisions	3.674	0.576
Aggregate	**3.768**	**0.739**

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (resource allocation and goal setting) and the dependent variable (performance of the airline industry in Kenya) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients.

Table 5: Correlation Coefficients

		Organization Performance	Resource Allocation	Goal Setting
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	116		
Resource Allocation	Pearson Correlation	.876**	1	
	Sig. (2-tailed)	.001		
	N	116	116	
Goal Setting	Pearson Correlation	.851**	.124	1
	Sig. (2-tailed)	.002	.033	
	N	116	116	116

From the results, there is a very strong relationship between resource allocation and performance of the airline industry in Kenya (r = 0.876, p value =0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Twesigye *et al* (2022) that there is a very strong relationship between resource allocation and organization performance

The results also revealed that there was a very strong relationship between goal setting and performance of the airline industry in Kenya (r = 0.851, p value =0.002). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings are in line with the results of Gicheha and Kyule (2022) who revealed that there is a very strong relationship between goal setting and organization performance

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (resource allocation and goal setting) and the dependent variable (performance of the airline industry in Kenya)

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845	.714	.715	.10120

a. Predictors: (Constant), resource allocation and goal setting

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.714. This implied that 71.4% of the variation in the dependent variable (performance of the airline industry in Kenya) could be explained by independent variables (resource allocation and goal setting).

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.186	2	6.093	108.804	.000[b]
	Residual	6.311	113	.056		
	Total	18.497	115			

a. Dependent Variable: performance of the airline industry in Kenya
b. Predictors: (Constant), resource allocation and goal setting

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 108.804 while the F critical was 3.077. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of resource allocation and goal setting on performance of the airline industry in Kenya.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	0.285	0.074		3.851	0.000
	resource allocation	0.363	0.095	0.364	3.821	0.001
	goal setting	0.371	0.097	0.370	3.825	0.000

The regression model was as follows:

$$\mathbf{Y = 0.285 + 0.363X_1 + 0.371X_2 + \varepsilon}$$

According to the results, resource allocation has significant effect on performance of the airline industry in Kenya β1=0.363, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the findings of Twesigye *et al* (2022) that there is a very strong relationship between resource allocation and organization performance.

In addition, the results revealed that goal setting has significant effect on performance of the airline industry in Kenya β1=0.371, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings are in line with the results of Gicheha and Kyule (2022) who revealed that there is a very strong relationship between goal setting and organization performance.

Conclusions

The study concludes that resource allocation has a positive and significant effect on performance of the airline industry in Kenya. Findings revealed that human resource, financial resource and physical resource influences performance of the airline industry in Kenya.

The study also concludes that goal setting has a positive and significant effect on performance of the airline industry in Kenya. Findings revealed that short term goals, medium term goals and long term goals influence performance of the airline industry in Kenya.

Recommendations

The study recommends that the management of airline industry in Kenya should prioritize strategic resource allocation towards technology and fleet modernization. By investing in more fuel-efficient aircraft and advanced digital systems for operations, booking, and customer service, airlines can reduce operational costs, enhance reliability, and improve the overall customer experience.

The study also recommends that the management of airline industry in Kenya should implement SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals aligned with their strategic vision. Clear and well-structured goals provide direction, motivate staff, and enhance accountability across all departments.

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