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STRATEGIC ORIENTATION AND PERFORMANCE OF AIRLINE COMPANIES IN KENYA

[1] Adam Abdulrahim Omar, [2] Dr. Thomas Mose, PhD

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

ABSTRACT

Airline companies play a pivotal role in the economic development and connectivity of a country, particularly in Kenya, which is a major travel hub in East Africa. The performance of airline companies in Kenya faces several challenges. These challenges are compounded by a dynamic and competitive environment, which requires companies to adapt quickly to external factors. The general objective of the study was to determine the influence of strategic orientation on performance of airline companies in Kenya. Specifically, the study sought to establish the influence of innovation orientation on performance of airline companies in Kenya, and to evaluate the influence of learning orientation on performance of airline companies in Kenya. This study will be anchored on Dynamic Capabilities Theory and Social Learning Theory. This study used descriptive research design. This study focused on airline companies 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 232 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 147 employees who were selected through use of simple random sampling technique. This study used a questionnaire to collect primary data. This study collected quantitative data. The quantitative data was coded then analyzed using Statistical Package for Social Sciences (SPSS) computer software version 28. Data analysis was done through descriptive and inferential statistics. Descriptive statistics was used to analyze the data in frequency distributions and percentages which was presented in tables and figures. Inferential statistics comprised of correlation and regression analysis. The study results were presented through use of tables and figures.

Key Words: Strategic Orientation, Learning Orientation, Innovation Orientation, Performance of Airline Companies

Background of the Study

The airline industry is a crucial component of the global transportation network, facilitating the movement of passengers and goods across vast distances with efficiency and speed Bucktowar, Kocark, & Padachi, 2020). This industry includes passenger airlines, cargo airlines, and low-cost carriers, all of which contribute to connecting different parts of the world. It plays a pivotal role in enhancing globalization, tourism, and trade, acting as a vital link between businesses, governments, and communities. Airlines also create job opportunities in aviation, logistics, and related sectors, fostering economic development (Belgacem, 2020). The airline industry significantly contributes to a country's economy and overall development. Firstly, it boosts tourism by making destinations accessible to both domestic and international travelers, thereby generating revenue and creating employment in hospitality, retail, and service industries (Acquaah, 2021).

Airline companies are organizations that provide air transportation services for passengers and cargo. They operate a fleet of aircraft and offer scheduled flights, charter services, or both, to various domestic and international destinations. These companies manage all aspects of air travel, including flight operations, ticketing, customer service, baggage handling, and safety measures (Hussain, Khan & Khan, 2020). Airline companies may be classified into different categories based on their size, scope of operations, and services offered, such as full-service carriers, low-cost carriers, regional airlines, or cargo carriers. They play a crucial role in connecting people and goods across the globe, contributing to the global economy and tourism industry (Mohamad, Fadhi & Unggul, 2021). Airline companies play a vital role in the global transportation infrastructure, facilitating the movement of people and goods across vast distances in relatively short periods. One of their primary functions is to provide passenger services, allowing individuals to travel for business, leisure, or personal reasons. Through scheduled flights, airlines connect cities, regions, and countries, fostering economic and social interactions. The convenience and speed of air travel have made it a preferred mode of transportation, especially for long-haul trips, where alternative modes like road or rail are impractical or time-consuming (Acquaah, 2021).

Airline companies are also integral to the global supply chain by providing cargo services. Airlines move goods ranging from perishable items, such as food and medical supplies, to high-value commodities like electronics and machinery. Air cargo is often used for time-sensitive deliveries due to its faster transit times compared to other forms of transport (Bataineh, 2023). This role is especially critical in industries like e-commerce, pharmaceuticals, and manufacturing, where prompt delivery is essential to maintaining business operations. Airlines also contribute significantly to the economy by generating employment and supporting various industries. They employ thousands of people in various roles, including pilots, flight attendants, ground crew, maintenance personnel, and administrative staff (Chayanan & Chanathat, 2020). Airlines create business opportunities in tourism, hospitality, and logistics sectors. They stimulate the economies of the regions they serve, promoting tourism and enabling international trade and investment. Furthermore, airline companies play a crucial role in global connectivity and diplomacy (Olalekan, *et al*, 2020). Air travel bridges cultural and geographical gaps, promoting international cooperation and understanding. Airlines enable people to participate in global events, engage in cross-cultural exchanges, and strengthen diplomatic and economic ties between nations. By offering access to remote or underserved areas, airlines also support regional development and provide essential services to populations in isolated regions (Khutso & Olawale, 2020).

Strategic orientation refers to the approach or direction a company or organization adopts to align its resources, capabilities, and efforts towards achieving long-term goals and objectives. It involves making decisions that shape the organization's overall strategy, guiding its response to market conditions, competitive pressures, and internal dynamics (Rutihinda, 2020). A company with a clear strategic orientation focuses its actions on a specific set of priorities, such as customer satisfaction, innovation, cost leadership, or market expansion, in order to maintain a competitive advantage and ensure sustainable growth. This orientation also reflects the company's ability to adapt to external changes and capitalize on emerging opportunities, ultimately determining the success of its strategic initiatives (Anlesinya, 2020).

Innovation orientation focuses on a company's commitment to developing new products, services, or processes that differentiate it from competitors. This orientation encourages creativity and continuous improvement, fostering an environment where experimentation and risk-taking are valued (Ngetich, 2023). Companies with a strong innovation orientation strive to be market leaders by introducing groundbreaking technologies or business models. Learning orientation emphasizes the importance of acquiring knowledge and skills, both internally and externally, to adapt to changing environments. Companies with a strong learning orientation constantly seek to improve by encouraging knowledge sharing, employee development, and a culture of continuous improvement (Muchirir & Muathe, 2024). This study aimed to determine the influence of strategic orientation on performance of airline companies in Kenya.

Statement of the Problem

Airline companies play a pivotal role in the economic development and connectivity of a country, particularly in Kenya, which is a major travel hub in East Africa. They facilitate the movement of people and goods both domestically and internationally, contributing significantly to tourism, trade, and investment (Ngetich, 2023). The aviation industry also supports various sectors such as hospitality, agriculture, and manufacturing, by providing efficient transportation of goods and services. Moreover, airline companies create thousands of jobs, foster regional integration, and generate foreign exchange, all of which are vital for national economic growth. The success and efficiency of these companies, therefore, have a profound impact on Kenya's overall economic performance (Hamisis & Ibrahim, 2023).

The performance of airline companies in Kenya faces several challenges. These challenges are compounded by a dynamic and competitive environment, which requires companies to adapt quickly to external factors. The Kenyan aviation market has seen significant competition from both local and international players, affecting the market share of domestic airlines. Kenya Airways, the national carrier, has struggled to maintain its dominance in the region (Muchirir & Muathe, 2024). In 2019, the airline's market share in East Africa dropped to approximately 27%, a sharp decline from its peak of 41% in the early 2010s. The rise of competitors like Ethiopian Airlines, which currently controls about 50% of the regional market share, and the aggressive expansion of low-cost carriers such as Jambojet, have contributed to this decline (Mwangi & Kerre, 2023). According to the International Air Transport Association (IATA), East Africa has experienced a 5% annual increase in the number of international flights over the past five years, much of which has been captured by foreign airlines. In contrast, Kenya Airways' regional share has remained stagnant despite efforts to expand its route network. This competition has made it difficult for Kenyan airlines to retain or grow their market share, especially on popular regional routes like Nairobi to Dar es Salaam or Nairobi to Kigali (Chepkoech & Mangana, 2024).

Profitability remains a significant challenge for Kenyan airlines, largely due to high operating costs and external factors that affect revenue. The fuel price in Kenya, which accounts for approximately 40% of an airline's operating expenses, has fluctuated greatly, directly impacting the profitability of carriers (Ngetich, 2023). In 2022, the price of jet fuel in Nairobi averaged KSh 120 per liter, which was a 25% increase compared to the previous year. This rise in fuel costs has forced airlines to pass on the increased cost to consumers in the form of higher ticket prices, which can reduce demand. Additionally, according to Kenya Airways' financial reports, the airline posted a net loss of KSh 11.5 billion in 2020 as the COVID-19 pandemic drastically reduced passenger numbers. The airline's debt burden also contributes to its financial struggles (Hamisis & Ibrahim, 2023). As of 2023, Kenya Airways reported a debt-to-equity ratio of approximately 3.5:1, which limits its ability to invest in new fleets or modernize its services. Despite efforts to cut costs and improve efficiencies, the airline continues to face challenges in turning a profit, with Kenya Airways projecting a loss of KSh 7.5 billion in 2022. This sustained negative performance has led to continued government support, further straining public resources (Muchirir & Muathe, 2024).

Customer satisfaction is another area where Kenyan airlines face significant difficulties. According to a 2022 survey by the Kenya Civil Aviation Authority (KCAA), 32% of airline passengers reported dissatisfaction with delays and cancellations on their flights (Mwangi & Kerre, 2023). In particular, Kenya Airways, the largest local carrier, received 28% negative feedback for delayed departures, which was significantly higher than regional competitors like Ethiopian Airlines, which reported only 17% complaints for the same category. The KCAA's Passenger Satisfaction Survey revealed that only 69% of passengers felt that the in-flight service met their expectations, and 18% were dissatisfied with the overall experience, citing issues with cabin cleanliness and meal quality (Chepkoech & Mangana, 2024). Another report by the Kenya Airports Authority (KAA) in 2023 indicated that Nairobi's Jomo Kenyatta International Airport had a passenger satisfaction rating of 3.5 out of 5, reflecting concerns about long check-in times and baggage handling delays. This dissatisfaction with service quality results in negative reviews and can ultimately impact customer loyalty and repeat business. Furthermore, customer service complaints have led to a 15% decline in Kenya Airways' repeat customer base over the past five years, suggesting that improving customer satisfaction is crucial for airline profitability and growth (Ngetich, 2023). Strategic orientation is a key determinant of an organization's performance as it guides decision-making and shapes long-term goals. A clear strategic direction can significantly influence operational efficiency (Mwangi & Kerre, 2023). Various studies have been conducted in different parts of the world on strategic orientation and organization performance. For instance, Ngetich (2023) researched on the effect of strategic orientation on the performance of large retail stores. Hamisis and Ibrahim (2023) conducted a study on strategic orientation and firm performance of commercial banks and Muchirir and Muathe (2024) examined on the strategic orientation and organizational performance. However, none of these studies focused on innovation orientation, and learning orientation on performance of airline companies in Kenya.

Objectives of the Study

The general objective of the study was to determine the influence of strategic orientation on performance of airline companies in Kenya. The study was guided by specific objectives;

i. To establish the influence of innovation orientation on performance of airline companies in Kenya
ii. To evaluate the influence of learning orientation on performance of airline companies in Kenya

LITERATURE REVIEW

Theoretical Framework

Dynamic Capabilities Theory

Dynamic Capability Theory is a framework within strategic management that emphasizes a firm's ability to adapt and respond to rapidly changing environments. At its core, the theory, initially developed by David Teece, Gary Pisano, and Amy Shuen (1997), posits that in order to sustain a competitive advantage, organizations must possess dynamic capabilities—unique, high-level processes that enable them to sense opportunities and threats, seize opportunities, and maintain competitiveness through continuous reconfiguration of their resources (Fahad & Khairul, 2020). One of the central aspects of Dynamic Capability Theory is the idea that firms need more than just static resources or operational efficiencies. In a volatile and unpredictable business landscape, the ability to innovate, adapt, and reconfigure resources becomes crucial. Dynamic capabilities are essentially organizational routines that help firms integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. This might involve processes like strategic decision-making, knowledge management, and the development of new technologies or products (Ahimbisibwe, 2020).

Furthermore, the theory highlights that dynamic capabilities are not uniform across all organizations but vary depending on their history, experience, and specific circumstances. For example, a tech company might excel in dynamic capabilities related to innovation and R&D, while a manufacturing firm might focus more on efficiency and process optimization. These capabilities are developed over time and are influenced by the organization's unique path, including its history, resources, and strategic choices (Ifidon & Edenkwo, 2024). Dynamic Capability Theory also underscores the importance of sensing and responding to changes in the environment. This involves not only identifying emerging opportunities and threats but also effectively mobilizing resources and capabilities to address them. Firms must be adept at both sensing changes and acting upon them to achieve and sustain a competitive edge (Kimani, 2022).

Dynamic Capability Theory rests on several key assumptions about how firms operate and compete in changing environments. One primary assumption is that the business environment is inherently dynamic and unpredictable, requiring organizations to continuously adapt to survive and thrive (Nguguna, Kabata & Wambugu, 2022). This assumption underscores the need for firms to develop capabilities that allow them to sense, seize, and reconfigure resources effectively. Another fundamental assumption is that organizations are not static entities but rather evolving systems that must develop and reconfigure their capabilities over time to maintain a competitive edge. This suggests that competitive advantage is not solely derived from existing resources but from the firm's ability to adapt and innovate (Akwir, Oloko & Juma, 2024). Additionally, the theory assumes that firms possess a range of capabilities that can be strategically leveraged. These dynamic capabilities are seen as unique to each organization and are shaped by its specific history, resources, and strategic choices. The idea is that through these capabilities, firms can achieve superior performance by being more agile and responsive than their competitors. This perspective implies that organizations with well-developed dynamic capabilities are better equipped to anticipate and respond to environmental changes, thus gaining a competitive advantage (Fahad & Khairul, 2020).

Despite its contributions, Dynamic Capability Theory has faced several critiques. One critique is that the theory can be somewhat vague and abstract, making it challenging to operationalize and measure dynamic capabilities in practical terms. Critics argue that while the concept of dynamic capabilities is valuable, it lacks specific guidelines on how to develop or assess these capabilities systematically. This vagueness can lead to difficulties in applying the theory in real-world scenarios and assessing its impact on organizational performance (Ahimbisibwe, 2020). Another critique concerns the theory's emphasis on continuous adaptation and reconfiguration. Critics point out that not all firms have the resources or organizational structures necessary to implement constant change effectively. For some organizations, especially those with limited resources or in highly regulated industries, the focus on dynamic capabilities might be less relevant or practical. Additionally, the theory may underemphasize the importance of maintaining core capabilities and operational efficiencies, which are also critical for long-term success (Ifidon & Edenkwo, 2024).

Moreover, Dynamic Capability Theory has been criticized for its tendency to overlook the role of external factors in shaping organizational success (Kimani, 2022). While the theory focuses on internal capabilities and processes, critics argue that it may downplay the significance of external influences such as market conditions, regulatory changes, and competitive pressures. By concentrating predominantly on internal adaptability, the theory might not fully account for the complexities of the external environment and how they interact with organizational capabilities (Nguguna, Kabata & Wambugu, 2022). This theory was used to establish the influence of innovation orientation on performance of airline companies in Kenya.

Social Learning Theory

Social Learning Theory, developed by Albert Bandura (1977), posits that people learn behaviors, attitudes, and emotional reactions through observing others, rather than solely through direct experience. This theory emphasizes the importance of modeling, imitation, and reinforcement in the learning process. Bandura's experiments, particularly the famous Bobo doll study, demonstrated that children who observed aggressive behavior exhibited similar actions themselves, underscoring the role of observational learning (Kharabsheh, Ensour & Bogolybov, 2020). A key component of Social Learning Theory is the concept of attention, retention, reproduction, and motivation, often summarized as the ARRM model. For learning to occur, individuals must first pay attention to the behavior of the model. They then retain the information for later reproduction. Finally, motivation plays a crucial role; individuals are more likely to imitate behaviors that they see rewarded rather than punished. This highlights the interplay between environmental factors and cognitive processes in shaping behavior (Han, Namwoon & Rajendra, 2020).

Social Learning Theory also acknowledges the influence of cognitive factors. It recognizes that individuals actively process information and make decisions about whether to imitate a behavior based on their expectations of outcomes. This cognitive aspect differentiates Social Learning Theory from pure behaviorist approaches, which focus solely on observable behaviors and external stimuli. Bandura's theory thus provides a more nuanced understanding of how social contexts and individual cognition interact in the learning process (Abidemi, *et al*, 2020).

Social Learning Theory is based on several key assumptions, primarily that behavior is learned through observation and imitation of others, particularly in social contexts. It assumes that individuals are not passive recipients of environmental influences but actively engage in cognitive processes that shape their learning (Koskey, *et al*, 2023). Furthermore, the theory posits that reinforcement and punishment play crucial roles in determining whether observed behaviors are imitated. These assumptions highlight the importance of social interactions and cultural contexts in shaping individual behaviors, suggesting that learning is inherently social and influenced by the dynamics of the environment (Murithi & Kiiru, 2021).

Despite its strengths, Social Learning Theory has faced critiques. One major criticism is its relative underestimation of biological and intrinsic factors that influence behavior, such as genetics and personality traits. Critics argue that the theory may overlook individual differences in how people respond to observational learning, leading to a somewhat deterministic view of behavior (Njuguna & Orwa, 2020). Additionally, some suggest that it does not adequately account for the complexities of moral development and the role of internal thought processes in shaping decisions, arguing that simply observing a behavior does not guarantee its imitation (Kharabsheh, Ensour & Bogolybov, 2020). This theory was used to evaluate the influence of learning orientation on performance of airline companies in Kenya.

Conceptual Framework

A conceptual framework is a structure that helps organize and clarify key concepts, variables, and their relationships in a research study or project. It serves as a guide for understanding the problem being studied and provides a theoretical basis for analyzing and interpreting data (Kothari, 2019). In this study the independent variables are innovation orientation and learning orientation while the dependent variabe is performance of airline companies in Kenya.

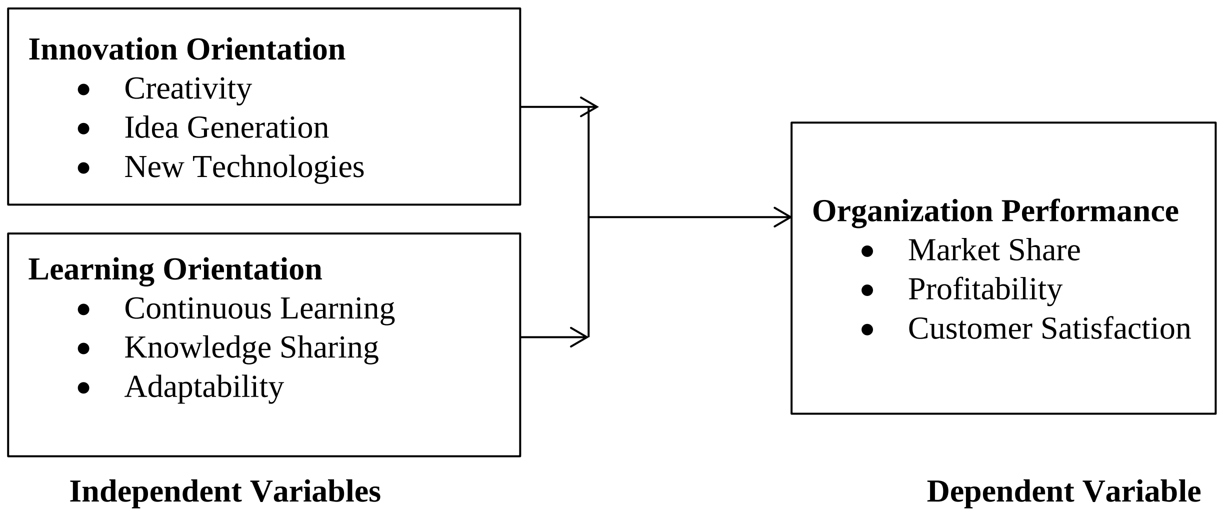

Figure 2. 1: Conceptual Framework

Innovation Orientation

Innovation orientation refers to a company's strategic focus on continuously developing and implementing new ideas, products, services, and processes to stay competitive and meet evolving market demands. It involves fostering a culture that encourages creativity, experimentation, and risk-taking, allowing the organization to adapt to changes in technology, customer needs, and industry trends (Akwir, Oloko & Juma, 2024). An innovation-oriented company prioritizes research and development, invests in new technologies, and seeks to challenge the status quo to differentiate itself from competitors. This approach helps businesses not only to stay relevant in dynamic markets but also to drive growth, enhance customer value, and create new opportunities for expansion and success (Fahad & Khairul, 2020). Creativity is the ability to generate novel and original ideas that can lead to innovative solutions, products, or processes. In a business context, creativity is essential for driving innovation and differentiation in a competitive market. It involves thinking beyond conventional boundaries, exploring unconventional approaches, and finding unique ways to address problems or meet customer needs. A creative mindset enables organizations to develop breakthrough products, enhance existing offerings, and approach challenges with fresh perspectives. Encouraging creativity within a company fosters an environment where employees feel empowered to experiment and push the limits of what is possible, which can lead to transformative business outcomes (Ahimbisibwe, 2020).

Idea generation is the process of producing a wide range of potential solutions or concepts to address specific challenges, explore new opportunities, or improve existing processes. It is a critical phase in the innovation process, where businesses engage employees, stakeholders, or external collaborators to brainstorm and contribute new ideas. Techniques like brainstorming sessions, design thinking, and crowdsourcing are often used to stimulate creativity and encourage diverse thinking (Ifidon & Edenkwo, 2024). A successful idea generation process can lead to the development of novel products, services, or business models, ensuring that a company remains competitive and responsive to market changes. Moreover, fostering a culture that values idea generation helps organizations tap into the collective knowledge and creativity of their teams, driving continuous innovation (Kimani, 2022). New technologies play a pivotal role in innovation orientation by offering new tools, capabilities, and efficiencies that can revolutionize business operations and customer offerings. Embracing emerging technologies allows companies to stay ahead of the curve, create more efficient processes, and introduce groundbreaking products or services. Technologies such as artificial intelligence, blockchain, the Internet of Things (IoT), and advanced data analytics can provide organizations with new ways to improve customer experiences, streamline operations, and enhance decision-making (Nguguna, Kabata & Wambugu, 2022). By adopting and integrating these technologies, businesses can unlock new opportunities for growth, optimize their competitive advantage, and drive long-term success. Staying updated on technological advancements and being willing to experiment with new solutions is essential for companies aiming to be leaders in innovation (Akwir, Oloko & Juma, 2024).

Learning Orientation

Learning orientation refers to a company's focus on continuously acquiring, sharing, and applying knowledge to improve its capabilities, innovate, and stay competitive. It involves creating an organizational culture where employees are encouraged to learn from both successes and failures, adapt to new information, and develop new skills (Han, Namwoon & Rajendra, 2020). A learning-oriented organization values ongoing education, open communication, and collaboration to foster the exchange of ideas and insights. By prioritizing learning, companies are better equipped to respond to changes in the market, refine their strategies, and enhance their products or services. This orientation is linked to improved problem-solving, innovation, and long-term business success, as organizations that embrace learning can better anticipate challenges and opportunities in a constantly evolving business environment (Abidemi, *et al*, 2020).

Continuous learning is the process of constantly acquiring new knowledge, skills, and experiences to stay competitive and responsive in a dynamic business environment. Organizations with a continuous learning orientation encourage employees at all levels to engage in ongoing education, whether through formal training, professional development programs, or self-directed learning (Koskey, *et al*, 2023). This commitment to learning helps businesses stay ahead of industry trends, improve operational efficiency, and foster a culture of innovation. By investing in continuous learning, companies ensure that their workforce is equipped with the latest skills and knowledge, enabling them to adapt to challenges and seize new opportunities. Moreover, continuous learning promotes a growth mindset, where individuals and teams are encouraged to see challenges as opportunities to grow and improve (Murithi & Kiiru, 2021). Knowledge sharing is the practice of exchanging information, insights, and expertise within an organization to enhance collective learning and improve decision-making. In a learning-oriented company, employees are encouraged to share their experiences, lessons learned, and best practices across departments and teams. This collaborative approach to knowledge enables the organization to leverage the collective intelligence of its workforce, leading to more effective problem-solving and innovation (Njuguna & Orwa, 2020). Knowledge sharing can take place through formal mechanisms, such as workshops or training sessions, as well as informal channels, like collaborative platforms or casual discussions. By fostering a culture of knowledge sharing, businesses can ensure that valuable information is disseminated throughout the organization, preventing knowledge silos and promoting organizational growth (Kharabsheh, Ensour & Bogolybov, 2020).

Adaptability refers to an organization's ability to adjust its strategies, processes, and behaviors in response to changing conditions, market shifts, or new information. In a learning-oriented organization, adaptability is a key trait that allows the company to remain agile and responsive to external changes, such as technological advancements, competitive pressures, or customer preferences (Han, Namwoon & Rajendra, 2020). Companies that prioritize adaptability are flexible in their approach, making it easier for them to pivot when necessary and seize new opportunities. This capability is essential for staying relevant in fast-paced industries and thriving amid uncertainty. Adaptable organizations encourage experimentation, embrace change, and view challenges as opportunities to learn and evolve, ensuring they can navigate complex environments and continue to succeed in the long term (Abidemi, *et al*, 2020).

Empirical Review

Innovation Orientation and Organization Performance

Fahad and Khairul (2020) conducted a study on the effect of the impact of entrepreneurial leadership and learning orientation on organizational performance of SMEs: The mediating role of innovation capacity This paper seeks to examine the relationship between the determinants of organizational performance such as entrepreneurial leadership (EL), learning orientation (LO), and innovation capacity (IC) of Kuwaiti's Small and Medium Enterprises (SMEs). The study used a quantitative method. A survey questionnaire was administered to gather the data, where the useable data was obtained from 384 of the 500 SME owners and CEOs in Kuwait. In developing countries such as Kuwait, where regional orientation of entrepreneurship in on the increase, there is a need to strengthen support to SMEs

Ifidon and Edenkwo (2024) conducted a study on the effect of Entrepreneurial Innovations and Organizational Performance of Telecommunication Firms in Port Harcourt, Nigeria: The study investigated the relationship between Entrepreneurial Innovations and Organizational performance of Telecom firms in Port Harcourt. The study used a correlational technique of inquiry and a quantitative research methodology. The population of the study comprised of 20 managers of 4 Telecommunication firms in Rivers The findings revealed that entrepreneurial innovation dimensions of product innovations and process innovations showed positive, strong and significant relationship with Organizational performance. The study concluded that increase in product innovations and process innovations will lead to an increase in Organizational performance and Organizational performance of telecom firms in Port Harcourt

Kimani (2022) conducted a study on the effect of Influence of innovation orientation on organizational performance of suppliers in the telecommunication industry in Kenya. This study sought to analyze the influence of innovation orientation on the organizational performance of suppliers working in the telecommunication industry in Kenya. This study used probability sampling technique, specifically, simple random sampling technique to select the companies that were included in the sample. Primary data was collected using a questionnaire The study concluded that innovation intention had the greatest influence on performance of the suppliers in the telecommunication industry followed by the intention to sustain innovation and innovation infrastructure

Nguguna, Kabata and Wambugu (2022) conducted a study on the effect of Innovation Orientation and the Performance of Insurance Companies in Kenya The study adopted a framework to examine the relationship between the three types of innovations adapted descriptive and causal research designs. The target population was 406 heads of relevant departments in the 53 registered insurance companies and 5 reinsurance companies Based on the findings, it was concluded that more resources should be allocated towards innovation in a bid to improve performance. The study observed that innovation in the insurance industry in the country is not as vibrant as other financial sectors

Akwir, Oloko and Juma (2024) conducted a study on the effect of Influence of Innovation Orientation on Performance of Non-Life Insurance in Kenya. The study was anchored on the Schumpeter's theory. The target population of the study was 35 non-life insurance companies licensed by the insurance regulatory authority and members of the association of Kenya insurer. The study revealed that innovation orientation significantly influenced the performance of nonlife insurance companies in Kenya. The study focused on non-life insurance in Kenya which limits its application to a fast growing sub-sector of micro-insurance and recommends that a study be conducted on micro-insurance

Learning Orientation and Organization Performance

Kharabsheh, Ensour and Bogolybov (2020) conducted a study on the effect of Learning Orientation, Market Orientation and Organizational Performance: The Mediating Effect of Absorptive Capacity purpose: this paper aims to examine the mediating effect of absorptive capacity on the relation between two construct: learning orientation (LO) and market orientation (MO) and organizational performance (OP).Design/methodology/approach: data were gathered through field survey of 190 senior managers in manufacturing organizations in Jordan. Findings: Results indicate that learning orientation, market orientation and absorptive capacity all have a positive and significant effect on organizational performance. This study concludes that while knowledge acquisition and values of external knowledge are important, related prior knowledge, basic skills and research and development (R&D) (absorptive capacity) are important as well.

Han, Namwoon and Rajendra (2020) conducted a study on In recent years, a market-oriented corporate culture increasingly has been considered a key element of superior corporate performance the effect of Market Orientation and Organizational Performance: Is Innovation a

Missing Link To this end, the direct causality assumption of market orientation on organizational performance is examined with Narver and Slater's (1990) market orientation framework. Using banking industry data, the authors empirically test and substantiate innovation's mediating role in the market orientation-corporate performance relationship.

Abidemi, *et al* (2020) conducted a study on the effect of role of learning orientation on SMES' performance: empirical evidence from SMES in Nigeria This study set out to investigate the role of learning orientation and SMEs' performance. A descriptive research design was adopted to gather information from registered SMEs as captured by Corporate Affairs Commission in Nigeria. The results from statistical analysis indicates that Among the diverse dimensions of learning orientation that were adopted for this study, the greatest and most significant influence came from new strategy, innovative products and new knowledge sharing

Koskey, *et al* (2023) conducted a study on the effect of Learning Orientation and Competitive Advantage of Insurance Companies in Kenya: The Moderating Role of Senior Executive Team Integration This study aimed to advance knowledge and was based on the premise that learning orientation affected competitive advantage through the moderating effect of senior executive team integration. The study was anchored on the dynamic capabilities' theory. The findings established that learning orientation had a statistically significant effect on competitive advantage of insurance firms in Kenya. However, the moderating effect of senior executive team integration on the relationship between learning orientation and competitive advantage was not statistically significant. The study concludes that for insurance firms to create and sustain competitive advantage, they must embrace a learning-oriented culture whilst recognizing that managing companies require collaborative interaction.

Murithi and Kiiru (2021) conducted a study on the effect of learning organization and performance of Kenya urban roads authority. The general objective of this study was to investigate the effect of learning organization on performance of Kenya Urban Roads Authority The study utilized primary data where self-administered questionnaires were used as the main instrument for collecting of data This study found a positive relationship between continuous learning, dialogue, team learning and empowerment and organizational performance of KURA and concluded that continuous learning, dialogue, team learning and empowerment are significant factors of organizational performance of KURA as they lead to greater creativity of the employees, improves their retention and motivation increasing their willingness to grow and develop with the organization

Njuguna and Orwa (2020) conducted a study on the effect of Learning Organization and Employee Performance of Equity Bank in Kiambu County, Kenya. The study employed a descriptive research design. A sample size of 70 respondents was selected using a stratified and simple random sampling technique. A semi-structured questionnaire was used to collect primary data from the respondents and later analyzed using SPSS software. The correlation analysis showed that learning culture, shared vision and personal mastery had a positive and significant value with employee performance. Objective one; the learning culture and employee performance of Equity bank in Kiambu County, Kenya had a relationship as indicated by the regression analysis and the Pearson product-moment correlation.

RESEARCH METHODOLOGY

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. 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). This study focused on airline companies 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 be 8 airline companies in Kenya while the unit of observation was 232 management employees working with the 8 airline companies in Kenya.

The study was Krejcie and Morgan (1970) formula to arrive at the sample size. The study sample size was therefore 147 employees, which represents 63.3% of the entire population. 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 1: Sample Size

Category	Target Population	Sample Size
Top management	8	5
Middle Level Management	64	41
Low Level Management	160	101
Total	**232**	**147**

This study used a questionnaire to collect primary data. According to Patton *et. al* 2016, a questionnaire is appropriate in gathering data and measuring it against a particular point of view. 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 were 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 were 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.

DATA ANALYSIS AND FINDINGS

The sample size of the study was 147 respondents. The questionnaires were dropped off and picked up later after they were filled by the respondents. Out of 147 questionnaires which were distributed, 128 were duly filled and returned. The drop-off and pick-up-later method yielded the high response rate of 87.1%. According to Babbie (2019), a response rate of 75 per cent is adequate for analysis as well as making conclusions and inferences about a population. In addition, Kumar (2019) indicates that a response rate of 60% and above is acceptable for analysis. Further, Egbert (2019) indicates that a response rate of 50% should be considered average, 60% to 70% considered adequate while a response rate of above 70% should be regarded as excellent. This implies that the response rate of 87.1% was adequate for analysis, drawing conclusions and reporting.

Descriptive statistics

Innovation Orientation and Organization Performance

The first specific objective of the study was to establish the influence of innovation orientation on performance of airline companies in Kenya. The respondents were requested to indicate their level of agreement on the statements relating to innovation orientation and performance of airline companies in Kenya. The results were as shown in Table 2.

From the results, the respondents agreed that their organization encourages employees to think creatively and explore new ideas (M=3.964, SD= 0.997). In addition, the respondents agreed that they foster an environment where unconventional solutions are welcomed and considered (M=3.917, SD= 0.831). Further, the respondents agreed that their organization actively supports and rewards the generation of new ideas from all levels of staff (M=3.858, SD=0.563).

From the results, the respondents agreed that they regularly hold brainstorming sessions or workshops to encourage idea generation (M= 3.831, SD= 0.851). In addition, the respondents agreed that their organization is proactive in adopting new technologies to improve efficiency and product offerings (M=3.751, SD= 0.935). Further, the respondents agreed that they invest in emerging technologies to stay competitive and meet customer demands (M=3.742, SD=0.692).

Table 2: Innovation Orientation and Organization Performance

	Mean	**Std. Deviation**
Our organization encourages employees to think creatively and explore new ideas.	3.964	0.997
We foster an environment where unconventional solutions are welcomed and considered.	3.917	0.831
Our organization actively supports and rewards the generation of new ideas from all levels of staff.	3.858	0.563
We regularly hold brainstorming sessions or workshops to encourage idea generation	3.831	0.851
Our organization is proactive in adopting new technologies to improve efficiency and product offerings.	3.751	0.935
We invest in emerging technologies to stay competitive and meet customer demands.	3.742	0.692
Aggregate	**3.844**	**0.812**

Learning Orientation and Organization Performance

The second specific objective of the study was to evaluate the influence of learning orientation on performance of airline companies in Kenya. The respondents were requested to indicate their level of agreement on various statements relating to learning orientation and performance of airline companies in Kenya. The results were as presented in Table 3.

From the results, the respondents agreed that they invest in training and development programs to ensure their workforce stays updated on industry trends and best practices (M=3.943, SD= 0.981). In addition, the respondents agreed that continuous learning is integral to their organizational culture and strategic goals (M=3.866, SD= 0.850). Further, the respondents agreed that employees within their organization freely share knowledge and best practices with each other (M=3.731, SD= 0.914).

The respondents also agreed that they have formal processes in place to facilitate knowledge sharing across departments (M=3.696, SD= 0.947). In addition, the respondents agreed that their organization is quick to adapt to changes in the marketplace and internal processes (M=3.689, SD= 0.856). Further the respondents agreed that they actively seek feedback and use it to make adjustments to their strategies or operations (M=3.671, SD=0.621).

Table 3: Learning Orientation and Organization Performance

	Mean	**Std. Deviation**
We invest in training and development programs to ensure our workforce stays updated on industry trends and best practices.	3.943	0.981
Continuous learning is integral to our organizational culture and strategic goals	3.866	0.850
Employees within our organization freely share knowledge and best practices with each other.	3.731	0.914
We have formal processes in place to facilitate knowledge sharing across departments.	3.696	0.947
Our organization is quick to adapt to changes in the marketplace and internal processes.	3.689	0.856
We actively seek feedback and use it to make adjustments to our strategies or operations.	3.671	0.621
Aggregate	**3.766**	**0.862**

Organization Performance

The respondents were requested to indicate their level of agreement on various statements relating to performance of airline companies in Kenya. The results were as presented in Table 4. From the results, the respondents agreed that they are effectively positioned to capture a larger portion of the market compared to our competitors (M=3.896, SD=0.865). In addition, the respondents agreed that their market share growth is directly influenced by the strength of their marketing and sales strategies (M=3.819, SD=0.945). Further, the respondents agreed that their organization has experienced steady profitability growth in the last fiscal year (M=3.798, SD=0.611).

From the results, the respondents agreed that they consistently meet or exceed profitability targets set by the company (M=3.731, SD=0.908). In addition, the respondents agreed that their customers are generally satisfied with the products and services they provide (M=3.724, SD=0.877). Further, the respondents agreed that they regularly collect and act upon customer feedback to improve satisfaction (M=3.709, SD=0.543).

Table 4: Firm Performance

	Mean	Std. Deviation
We are effectively positioned to capture a larger portion of the market compared to our competitors.	3.896	0.865
Our market share growth is directly influenced by the strength of our marketing and sales strategies	3.819	0.945
Our organization has experienced steady profitability growth in the last fiscal year.	3.798	0.611
We consistently meet or exceed profitability targets set by the company.	3.731	0.908
Our customers are generally satisfied with the products and services we provide.	3.724	0.877
We regularly collect and act upon customer feedback to improve satisfaction.	3.709	0.543
Aggregate	**3.780**	**0.792**

Inferential Statistics

Inferential statistics in the current study focused on correlation and regression analysis. Correlation analysis was used to determine the strength of the relationship while regression analysis was used to determine the relationship between dependent variable (performance of airline companies in Kenya) and independent variables (innovation orientation, and learning orientation).

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (innovation orientation, and learning orientation) and the dependent variable (performance of airline companies in Kenya). 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	Innovation Orientation	Learning Orientation
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	128		
Innovation Orientation	Pearson Correlation	.842**	1	
	Sig. (2-tailed)	.002		
	N	128	128	
Learning Orientation	Pearson Correlation	.910**	.179	1
	Sig. (2-tailed)	.000	.081	
	N	128	128	128

The results revealed that there is a very strong relationship between innovation orientation and performance of airline companies in Kenya ($r = 0.842$, p value $=0.002$). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings conform to the findings of Fahad and Khairul (2020) that there is a very strong relationship between innovation orientation and organization performance.

The results also revealed that there was a very strong relationship between learning orientation and performance of airline companies in Kenya (r = 0.910, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Murithi and Kiiru (2021) who revealed that there is a very strong relationship between learning orientation and organization performance.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (innovation orientation, and learning orientation) and the dependent variable (performance of airline companies in Kenya)

Table 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	0.205	0.053		3.867	0.000
	Innovation orientation	0.486	0.123	0.487	3.951	0.000
	Learning orientation	0.430	0.113	0.431	3.805	0.001

a Dependent Variable: performance of airline companies in Kenya

The regression model was as follows:

$$\mathbf{Y = 0.205 + 0.486X_1 + 0.430X_2}$$

The results also revealed that innovation orientation has significant effect on performance of airline companies in Kenya ($\beta1=0.486$, 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 conform to the findings of Fahad and Khairul (2020) that there is a very strong relationship between innovation orientation and organization performance.

In addition, the results revealed that learning orientation has significant effect on performance of airline companies in Kenya ($\beta1=0.430$, 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 results of Murithi and Kiiru (2021) who revealed that there is a very strong relationship between learning orientation and organization performance.

Conclusions

In addition, the study concludes that innovation orientation has a positive and significant effect on performance of airline companies in Kenya. Findings revealed that creativity, idea generation and new technologies influence performance of airline companies in Kenya.

The study also concludes that learning orientation has a positive and significant effect on performance of airline companies in Kenya. Findings revealed that continuous learning, knowledge sharing and adaptability influence performance of airline companies in Kenya.

Recommendations

The study recommends that the management of airline companies in Kenya should focus on fostering a culture of innovation within the organization. By encouraging continuous improvement in technology, service offerings, and operational processes, airlines can differentiate themselves in a competitive market.

The study also recommends that the management of airline companies in Kenya should prioritize the development of a continuous learning culture within the organization. By fostering an environment where employees are encouraged to acquire new knowledge, improve skills, and share insights, the airline can enhance its adaptability and responsiveness to industry changes.

Suggestions for Further Studies

This study was limited to the influence of strategic orientation on performance of airline companies in Kenya hence the study findings cannot be generalized to organization performance in other organizations in Kenya. The study therefore suggests further studies on the influence of strategic orientation on organization performance in other companies in Kenya.

Further, the study found that the independent variables (innovation orientation, and learning orientation) could only explain 75.7% of performance of airline companies in Kenya. This study therefore suggests further research on other factors affecting performance of airline companies in Kenya.

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