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Strategic Planning and Performance of the Airline
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Strategic Planning and Performance of the Airline Industry in Kenya



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ABSTRACT

Purpose: 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 establish the effect of strategic direction on performance of the airline industry in Kenya and to establish the effect of goal setting on performance of the airline industry in Kenya.

Methodology: This study used descriptive research design. This study focused on airline industry in Kenya. The unit of analysis was 8 airline companies in Kenya while the unit of observation was 192 respondents comprising of middle level managers and functional managers working with the 8 airline companies in Kenya. Since the target population was manageable, this study used census method. Therefore all the 192 respondents participated in the study. This study used a questionnaire to collect primary data. Descriptive statistics such as frequency distribution, mean, 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 was tested using multivariate regression models. The study results were presented through use of tables and figures.

Findings: The study concludes that strategic direction 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.

Unique Contribution to Theory, Policy and Practice: The study contributes to theory by strengthening strategic management theory by confirming that strategic direction and goal setting are key drivers of performance in service-based industries such as airlines. For practice, it shows that airline managers should enhance strategic clarity, innovation, and structured goal setting to improve competitiveness, efficiency, and customer service delivery. For policy, it recommends that aviation regulators and industry stakeholders support frameworks that promote strategic alignment, digital transformation, and expansion of airline operations to improve sector performance.

Keywords: *Strategic Planning, Strategic Direction, Goal Setting, 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 (Aldehayat, & 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). Key components of strategic planning include strategic direction and goal setting, each playing a crucial role in an organization's growth and sustainability.

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). In addition, Fly540 has faced financial struggles, with reports indicating that the airline had operating losses in the range of KES 1.2 billion in 2020 and 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 aimed 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 establish the effect of strategic direction 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

A theoretical literature review is a type of literature review that focuses specifically on the theories, models, and conceptual frameworks relevant to a research topic (Creswell, 2019). A theory is a well-substantiated explanation or framework that helps to explain phenomena, relationships, or patterns observed in a particular field of study. It is based on a collection of principles, concepts, and propositions that are tested, refined, and supported by evidence over time (Bryman, 2019). The study was guided by Goal Setting Theory Strategic Contingency Theory.

Goal Setting Theory

Goal Setting Theory, developed by Edwin A. Locke in 1968, posits that the setting of specific and challenging goals, paired with appropriate feedback, leads to higher levels of performance in both individuals and organizations. According to Locke, clear and well-defined goals provide individuals with direction, purpose, and motivation to focus their efforts on achieving the desired outcomes. The theory emphasizes that goals should be specific, measurable, challenging, yet achievable within a realistic timeframe. By setting goals that are both ambitious and attainable, individuals are more likely to stay focused and motivated, improving their overall performance (Wachira & Irungu, 2020).

A central principle of Goal Setting Theory is the idea that specific goals increase motivation. When individuals know exactly what they are striving for, they can concentrate their efforts toward meeting those objectives. For instance, vague goals such as "improve sales" may lack the focus necessary to drive action. However, when a goal is specific, such as "increase sales by 15% within the next quarter," employees have a clear target that they can work towards. This specificity helps direct attention and ensures that individuals understand the precise expectations placed upon them. Moreover, a measurable goal allows progress to be tracked, which can further boost motivation and performance (Yusuf, Mukulu, & Oloko, 2020).

Furthermore, the theory asserts that clear and challenging goals not only enhance motivation but also promote persistence and the development of effective strategies to achieve the set objectives. When goals are difficult yet attainable, individuals are more likely to push beyond

their usual limits, leading to higher levels of achievement. This focus on difficult but achievable goals fosters a growth mindset, encouraging individuals to persevere through challenges. According to Kushnirenko and Gakhovych (2023), individuals who are given specific and challenging goals will often exert more effort, stay committed longer, and devise more innovative strategies to overcome obstacles. As such, Goal Setting Theory has broad implications for organizations, as it can be used to drive performance and guide employees toward success in various professional settings. This study used Goal Setting Theory to assess the effect of strategic direction 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).

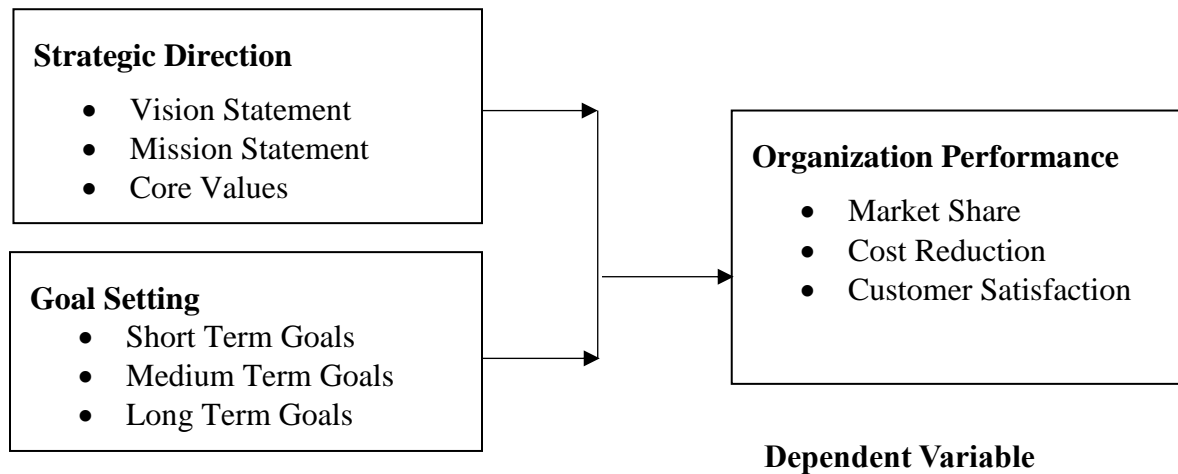
The theory further emphasizes that an organization's success is closely linked to its internal capabilities, such as its resources, skills, and leadership. By identifying strengths—such as a skilled workforce, strong brand reputation, or advanced technology—an organization can leverage these assets to 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).

Strategic Contingency Theory also highlights the need for organizations to adjust their strategies in response to external pressures, such as changes in market conditions, technology, or consumer preferences. This idea is aligned with tools like SWOT analysis, which helps organizations understand their internal and external environments. Through SWOT, companies can evaluate their strengths, weaknesses, opportunities, and threats, enabling them to select the most appropriate strategy and allocate resources effectively. By systematically analyzing both internal

and external factors, organizations can align their strategies with the most favorable conditions, ensuring long-term success and survival in a dynamic business environment (Makiko, 2020; Lipitakis & Phillips, 2020). Therefore, the Strategic Contingency Theory underscores the importance of organizational agility—constantly adapting to both internal and external factors to maintain a competitive edge and remain successful in the marketplace (Aldehayyat & Twaissi, 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; strategic direction and goal setting while the dependent variable is performance of the airline industry in Kenya



Independent Variables

Figure 1: Conceptual Framework

Strategic Direction

Strategic direction refers to the overarching vision, goals, and approach that an organization adopts to guide its long-term growth and success (Al-Harethi & Al-Maamari, 2020). It involves setting clear objectives, determining the most effective path forward, and aligning resources and actions to achieve these goals (Uwambayingabire & Mulyungi, 2020). This direction is shaped by factors such as market trends, competition, internal capabilities, and external influences, and it serves as a blueprint for decision-making and prioritization within the organization. A vision

statement outlines the long-term aspirations and desired future state of an organization (Zamzam, Ngugi & Deya, 2024). It serves as a guiding light, providing direction and purpose by describing where the organization aims to be in the years ahead. Vision statements are often inspirational and forward-looking, focusing on the impact the organization wants to make, the change it hopes to create, or the legacy it wishes to leave.

A mission statement articulates the organization's core purpose and reason for existence (Al-Harethi & Al-Maamari, 2020). Unlike a vision statement, which looks toward the future, a mission statement focuses on the present, describing the organization's key activities, values, and the target audience it serves. It defines the organization's primary objectives and guides decision-making, ensuring that day-to-day operations are aligned with its fundamental purpose. Core values represent the fundamental beliefs and guiding principles that shape an organization's culture and decision-making (Ng'iroo & Osoro, 2024). These values serve as a compass, influencing how the organization interacts with its employees, customers, and the broader community. Core values are the ethical foundation on which the organization builds trust, fosters collaboration, and drives success.

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

Strategic Direction and Organization Performance

Al-Harethi and Al-Maamari (2020) examined the impact of strategic planning on improving institutional performance at Limkokwing University of Creative Technology in Malaysia. A quantitative survey method was used; the data were collected from the staffs of LUCT in Cyberjaya – Malaysia. A total of 120 questionnaires distributed, 78 usable questionnaires were returned. The study found that strategic direction and its dimensions have a significant and positive relationship with improving the institutional performance. The study concluded that strategic direction and its dimensions have a significant and positive relationship with improving the institutional performance.

Uwambayingabire and Mulyungi (2020) researched on the influence of strategic planning on organizational performance; case study cogebanque Rwanda. Primary and secondary data have been used for the study. The study used questionnaire to elicit information from employees of Cogebanque limited. Data collected have been analyzed by using descriptive and inferential statistics. The results of the hypotheses revealed that there is a significant positive correlation between strategic direction and organizational performance. Mission of the organization, training of human resources, right leadership and technology were found are great strategies to good performance of an organization. The study concluded that strategic direction is a significant positive correlation with organizational performance.

Ng'iroo and Osoro (2024) conducted a case study on strategic direction and organizational performance of west Pokot county government, Kenya. A descriptive research design was used in this investigation. The target respondents were 77 top level county government staff. The sample size for this study was the same as the target population and the study employed census method because the target population will be manageable. The study findings were expected to be of great significance to the strategic management literature and future scholars. This study concludes and recommends that strategic direction has an impact towards the performance of West Pokot County government in Kenya.

Zamzam, Ngugi and Deya (2024) assessed the effect of strategic direction and performance of universities in Kenya. The study used descriptive research design. The target population for this study was all the 64 chartered universities in Kenya. A structured questionnaire was used for primary data collection. The study found that strategic directions has a positive and significant influence on Performance of the Universities in Kenya. From the results, majority of the respondents agreed that their universities have clearly communicated mission and vision statements. The study concludes that strategic direction is a crucial factor in establishing,

motivating and rewarding achievement of general goals and specific objectives of the universities in Kenya.

Goal Setting and Organization Performance

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.

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.

Maina, Kimosop and Gachahi (2022) investigated on headteachers' goal setting strategies and pupils' academic performance in private primary schools in Nyeri and Murang'a Counties, Kenya. The study adopted Bertalanffy and Weihrich Systems' theories. The study used a descriptive survey research design. The target population for the study is 2,630 head teachers and teachers from 259 private primary schools in the Murang'a and the Nyeri Counties. The schools considered had done KCPE for at least five years before the study period. The study employed Slovin's formula to determine the number of head teachers and teachers where 58 headteachers and 342 teachers were estimated to be representative samples for respective groups. The research also selected 15 SCQASOs using purposive sampling. The study found a statistically significant

association between target setting and academic performance of private primary schools in Murang'a and Nyeri Counties. The findings can be generalized in private and public primary schools in Kenya. The study concluded that goal setting has a significant and a positive influence on academic performance of private primary schools.

RESEARCH METHODOLOGY

Research Design

A research design is a systematic plan or blueprint that outlines how a research study was conducted. It specifies the procedures for collecting, measuring, and analyzing data to answer specific research questions or test hypotheses effectively and objectively (Mugenda & Mugenda, 2018). 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).

Target Population

Target population is the entire set of individuals (or objects) having the same characteristics as pointed out in the sampling criteria used for the study (Quinlan, 2019). 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 192 respondents comprising of middle level managers and functional managers working with the 8 airline companies in Kenya

Table 1: Target Population

Category	Target Population
Middle Level Managers	72
Functional Managers	120
Total	192

Source; Kenya Airports Authority (2024)

Sample Size and Sampling Technique

Sampling as described by Geteria, (2019) is the process of choosing the units of the target population which are to be included in the study in such a way that the sample of selected elements represent the population. Since the target population was manageable, this study used census method. Therefore all the 192 respondents participated in the study. Mugenda and Mugenda (2018) indicated that the census method is a research approach used to collect data from every individual or unit in a population

Data Collection Instruments

This study collected both primary and secondary data. The 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. Secondary data was collected through use of secondary data collection sheet. The study collected secondary data for 5 years from 2020 to 2024.

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 will be 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 represented 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 were 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.

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

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where;

Y = dependent variable (performance of the airline industry in Kenya)

X_1 = Strategic Direction

X_2 = Goal Setting

β_0 = the constant term

β_{1-4} = the Beta coefficient

ε = the error term

RESEARCH FINDINGS AND DISCUSSIONS

Descriptive Statistics Analysis

Strategic Direction and Organization Performance

The first specific objective of the study was to establish the effect of strategic direction on performance of the airline industry in Kenya. The respondents were requested to indicate their level of agreement on statements relating to strategic direction and performance of the airline industry in Kenya. The results were as presented in Table 2.

From the results, the respondents agreed that their organization has a clear vision statement that guides its decisions (M=3.853, SD=0.710). In addition, the respondents agreed that employees in their organization understand and align their work with the vision statement (M=3.831, SD=0.826). Further, the respondents agreed that the mission statement of their organization clearly defines their purpose and direction (M=3.810, SD=0.841).

From the results, the respondents agreed that their organization regularly refers to its mission statement when making key strategic choices (M=3.796, SD=0.631). In addition, the respondents agreed that the core values of their organization are well communicated across all departments (M=3.784, SD=0.784). Further, the respondents agreed that their organization's core values influence daily operations and employee behavior (M=3.771, SD= 0.519).

Table 2: Strategic Direction and Organization Performance

	Mean	Std. Deviation
Our organization has a clear vision statement that guides its decisions	3.853	0.710
Employees in our organization understand and align their work with the vision statement	3.831	0.826
The mission statement of our organization clearly defines our purpose and direction	3.810	0.841
Our organization regularly refers to its mission statement when making key strategic choices	3.796	0.631
The core values of our organization are well communicated across all departments	3.784	0.784
Our organization's core values influence daily operations and employee behavior	3.771	0.519
Aggregate	3.808	0.719

Goal Setting and Organization Performance

The fourth 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 3.

From the results, the respondents agreed that their organization sets short-term goals that are specific, measurable, and achievable ($M=3.826$, $SD=0.713$). In addition, the respondents agreed that achievement of short-term goals is consistently monitored and evaluated ($M=3.804$, $SD=0.543$). Further, the respondents agreed that their organization formulates medium-term goals that align with strategic objectives ($M=3.792$, $SD=0.788$).

From the results, the respondents agreed that employees clearly understand the purpose of their medium-term goals ($M=3.788$, $SD=0.875$). In addition, the respondents agreed that their organization defines clear long-term goals to guide its future direction ($M=3.754$, $SD=0.600$). Further, the respondents agreed that progress toward long-term goals is regularly reviewed by leadership ($M=3.730$, $SD=0.842$).

Table 3: Goal Setting and Organization Performance

	Mean	Std. Deviation
Our organization sets short-term goals that are specific, measurable, and achievable	3.826	0.713
Achievement of short-term goals is consistently monitored and evaluated	3.804	0.543
Our organization formulates medium-term goals that align with strategic objectives	3.792	0.788
Employees clearly understand the purpose of our medium-term goals	3.788	0.875
Our organization defines clear long-term goals to guide its future direction	3.754	0.600
Progress toward long-term goals is regularly reviewed by leadership	3.730	0.842
Aggregate	3.772	0.727

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 the airline industry in Kenya) and independent variables (strategic direction and goal setting).

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (strategic direction 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 4: Correlation Coefficients

		Organization Performance	Strategic Direction	Goal Setting
Organization Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	171		
Resource Allocation	Pearson Correlation	.835**	.464	
	Sig. (2-tailed)	.003	.071	
	N	171	171	
Goal Setting	Pearson Correlation	.860**	.330	1
	Sig. (2-tailed)	.001	.036	
	N	171	171	171

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

From the results, there was a very strong relationship between strategic direction and performance of the airline industry in Kenya ($r = 0.876$, 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 findings of Al-Harethi and Al-Maamari (2020) who indicated that there is a very strong relationship between strategic direction 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 ($r = 0.860$, 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 results of Rizwan (2020) 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 (strategic direction and goal setting) and the dependent variable (performance of the airline industry in Kenya).

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871	.759	.758	.10129

a. Predictors: (Constant), strategic direction 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 0.759. This implied that 75.9% of the variation in the dependent variable (performance of the airline industry in Kenya) could be explained by independent variables (strategic direction and goal setting).

Table 6: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	105.017	2	52.509	265.197	.000 ^b
1 Residual	33.264	168	.198		
Total	138.281	170			

a. Dependent Variable: performance of the airline industry in Kenya

b. Predictors: (Constant), strategic direction and goal setting

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 265.197 while the F critical was 3.050. 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 strategic direction and goal setting on performance of the airline industry in Kenya.

Table 7: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.236	0.063		3.746	0.000
	strategic direction	0.380	0.101	0.381	3.762	0.000
	goal setting	0.364	0.096	0.363	3.792	0.001

a Dependent Variable: performance of the airline industry in Kenya

The regression model was as follows:

$$Y = 0.236 + 0.380X_1 + 0.364X_4 + \varepsilon$$

According to the results, strategic direction has a significant effect on performance of the airline industry in Kenya ($\beta_1=0.380$, 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 findings of Al-Harethi and Al-Maamari (2020) who indicated that there is a very strong relationship between strategic direction and organization performance.

In addition, the results revealed that goal setting has significant effect on performance of the airline industry in Kenya ($\beta_1=0.364$, 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 Rizwan (2020) who revealed that there is a very strong relationship between goal setting and organization performance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concludes that strategic direction has a positive and significant effect on performance of the airline industry in Kenya. Findings revealed that vision statement, mission statement and core values 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 influences performance of the airline industry in Kenya.

Recommendations

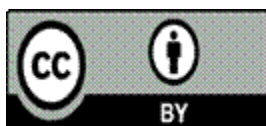
The study recommends that the management of airline industry in Kenya should adopt a clear and innovation-driven strategic direction that prioritizes route diversification, digital transformation, and customer-centric services. By expanding into underserved regional and international routes, investing in modern technologies, airlines can strengthen their market competitiveness.

The study also recommends that the management of airline industry in Kenya should adopt SMART goal setting (Specific, Measurable, Achievable, Realistic, and Time-bound) to drive performance improvement. By setting clear operational, financial, and service quality targets, airlines can align employee efforts with organizational priorities.

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