

**EFFECT OF STRATEGIC MANAGEMENT DRIVERS ON  
PERFORMANCE OF AIRPORTS IN KENYA**

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## **DECLARATION**

This thesis is my original work and has not been submitted for a degree in any other University.

Signature..... Date.....

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This thesis has been submitted for examination with our approval as the University Supervisors.

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**JKUAT, Kenya**

## **DEDICATION**

To my children, Gloria, Sheila and Kiptoo, you mean the world to me.

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## ACRONYMS

|              |   |
|--------------|---|
| <b>AODB</b>  | Airport Operations Data Base              |
| <b>ARMS</b>  | Airport Resource Management System        |
| <b>ACI</b>   | Airports Council International            |
| <b>A S Q</b> | Airport Service Quality                   |
| <b>CAM</b>   | Corporate Affairs Manager                 |
| <b>CF</b>    | Customer Focused                          |
| <b>CRM</b>   | Customer Relations Management             |
| <b>DPF</b>   | Deposit Protection Fund                   |
| <b>E I A</b> | Eldoret International Airport             |
| <b>FIDS</b>  | Flight Information Display Screens        |
| <b>ICT</b>   | Information and Communication Technology  |
| <b>IO</b>    | Industrial Organization                   |
| <b>GFS</b>   | Ground Flight Safety                      |
| <b>HRD</b>   | Human Resources Development               |
| <b>ICAO</b>  | International Civil Aviation Organization |
| <b>IATA</b>  | International Air Transport Association   |
| <b>JKIA</b>  | Jomo Kenyatta International Airport       |
| <b>KAA</b>   | Kenya Airports authority                  |
| <b>KIA</b>   | Kisumu International Airport              |
| <b>KIM</b>   | Kenya Institute of Management             |

|                  |   |
|------------------|---|
| <b>KRA</b>       | Kenya Revenue Authority                 |
| <b>MIA</b>       | Moi International Airport               |
| <b>M&amp;BD</b>  | Marketing and Business Development      |
| <b>MD</b>        | Managing Director                       |
| <b>OPI</b>       | Organizations Performance Index         |
| <b>RM&amp;IA</b> | Risk Management and Internal Audit      |
| <b>SMO</b>       | Strategic Marketing Orientation         |
| <b>SPSS</b>      | Statistical Package for Social Sciences |
| <b>TQM</b>       | Total Quality Management                |
| <b>IO</b>        | Industrial Organization                 |
| <b>RBV</b>       | Resource Based Review                   |

## **DEFINITION OF TERMS**

|  |  |
|--|--|
| Strategic Management                               | Strategic management is defined as an art/science which involves formulating, implementing, and evaluating cross-functional decisions aimed at assisting organizations to achieve long-term organizational objectives/goals (O'Regan & Ghobadian, 2004; Wang, Walker & Redmond, 2007). |
| Organizational Performance                         | Is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results Lebans & Euske ,(2006)  |
| Strategic Information and Communication Technology | Is typically a long-term action plan for achieving a goal, set in the context of a rapidly changing technology environment. For any IT strategy to be effective it must have measurable links to a business strategy. Afsal,(2016)   |
| Strategic Customer Focus                           | Strategic customer focus describes performance in terms of brand image, customer satisfaction, customer retention and customer profitability. Odhuno and Wadongo, (2010)   |

|                              |  |
|------------------------------|--|
| Safety and Security Strategy | Good, safe and secured workplace bring a lot of improvements to organization in terms of healthy and sustained operations that result in improved profit, organizational and operational efficiency, employee satisfaction with appertained effect of improved customer satisfaction all of which ultimately lead to organizational growth and development. Bertini (2000) |
| Strategic Human Capital      | Strategic human capital is one of the organization drivers which helps the organization in monitoring performance, identifying the areas that need attention, by enhancing motivation, improving communication and strengthening accountability. Njihia et al, (2013)  |

## **ABSTRACT**

The main objective of this study is to establish the effect of strategic management drivers on performance of airports in Kenya. This study is guided by the following specific objectives to find out the effects of strategic human capital on performance of airports in Kenya, to establish the effects of safety and security strategy on airports performance in Kenya, to determine the effects of strategic customer focus management practices on airports performance in Kenya, and to establish the effects of use of strategic ICT on airports performance in Kenya. The study was based on the Profit maximizing and competition based theory, Resource based theory, Contingency theory and Stakeholder theory. The study used descriptive and correlational research designs. The target population comprised of 2078 respondents cutting across the whole organization ranging from senior managers to staff that are directly linked to the airports operations from all the airports in Kenya. Questionnaires were administered randomly to a sample of 120 respondents across the departments in the organization after a pilot study involving twenty heads of sections in JKIA. The statistical package for social sciences, SPSS (version 20.0) was used for data analysis. Both descriptive statistics and inferential statistics were used to analyze the quantitative data. Stratified simple random sampling procedure was used. Pearson's correlation analysis was used to explore the relationships among the variables. A moderate positive linear relationship was found to exist between four independent variables strategic information and communication technology, strategic customer focus, safety and security strategy and strategic human capital and the dependent variable organizational performance. For all the four variables the null hypothesis was rejected and the alternative hypothesis was taken to hold thus confirming that there was a positive linear relationship between all the independent variables and the dependent variable. Based on the findings of the study it was found that three of the independent variables i.e. Strategic Information and Communication Technology, Strategic Human Capital and Strategic Customer Focus have a strong relationship with performance of Airports. However the relationship between Strategic Security and Safety and performance of Airports is not strong. Therefore the study recommended that Airports in Kenya and other organizations should invest in the latest and modern technology, focus on the customers' needs, and also invest in human capital for improved performance.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background**

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and evaluation (David, 2005; Haim Hilman Abdullah, 2005; Mohd Khairuddin & Hashim, 2005; Zainal Abidin & Mohamed, 2005). Strategic management is grounded in the principle that companies need to proactively manage change by conducting not only internal audits but also external audits (David, 2013). Today—more than ever—21st century company survival, competitiveness, and financial viability hinges on businesses mastering the art of effectively managing change (Waterman, 1987). In other words, companies need to constantly address several important questions regarding their *raison d'être* in order to remain competitive (e.g., Are we in the right business? Who are our competitors and how will they impact our business? How are our consumer demographics changing and how will we respond to changing needs?) (David, 2013). Answering such questions is of critical importance since rate and magnitude of change nowadays is being fueled by numerous global factors such as technological advances, mergers/acquisitions, economic recessions, rapidly changing demographics, open markets-commerce and the like (Situma, 2012) which can quickly lead to organizational failure in situations where strategic planning is not being proactively practiced (Stoner, Freeman, & Gilbert, 1995). Nowadays, business survival and prosperity depend heavily on companies conceptualizing new and improved strategic tools and strategy analyses which involves intersecting strategy with basic disciplines to improve management practice and overall organizational performance (Rumelt et al., 1996).

The history of strategic planning dates back to long-range planning (Cappelli, 2005). Strategic planning was therefore a proactive alternative to long-range planning which was found to be obsolete because it was not increasing firm's true value. Strategic Planning is a core task of senior management which involves fourteen (14) processes (Armstrong, 2010). These processes are designing objectives, planning strategy, establishing goals, developing company philosophy, policies, procedures, organization structures, establishing personnel and facilities, capital, establishing standards, programs and operational plans and institutionalization and evaluation. Robinson (2008) viewed Strategic Planning as an organizational process that is vision driven and that aims at developing the future value of an organization. Dan, (2009) stated that Strategic Planning process involves the implementation of strategy in an organization which should be managed through a sequence of steps. These steps include setting of objectives, analysis of environmental trends European Journal of Business and Innovation Research Vol.2, No.1, pp.63-92, March Development UK ([www.eajournals.org](http://www.eajournals.org)) capabilities, evaluation of the available options and planning, implementation, operationalization and institutionalization of strategy. Barney and Hesterly (2006) were of the view that the process of strategic planning involved the mission and vision of the organization, environmental analysis, selection of objectives and analyzing strategic choices (Porter, 2004). There are no any best way of conducting the process of strategic planning in an organization and therefore strategies should be formulated explicitly and implicitly (Johnson & Scholes, 2003). Many organizations have acknowledged the importance of strategic planning because strategic planning helps them to clearly identify and prioritize their objectives, and targets. Strategic planning however has to be done under a conducive strategic planning environment which has the appropriate structures for proper coordination and cooperation (Dobini, 2003). Managers' perception is also very important to the strategic planning process because they are the initiators as well as the implementors of the plans (Balogun, 2003). The concept of strategic planning has been widely adopted by organizations but its dimensions, roles and impact to the performance of the overall organizations'

management was still disputable. Creating a winning strategy is not a one-time event because a good strategy today might not be successful tomorrow. Changes in the business environment are leading to new and greater demands on strategic planning systems.

Jehad and Adel (2013) asserted that there were several planning systems used by organizations in order to manage change and these systems have evolved in order to cope with the continuously changing environment. Strategic plans can help organizations communicate their goals, strategies and operational tasks to internal and external stakeholders (Galbreath, 2010). Higher planning formality is beneficial for firms that operate in highly competitive environments and this may assist them to meet competitive threats more systematically (Law & Jogaratnam, 2005).organizations could adopt strategies in both the internal and external environment. The internal environment included the physical and social factors within the boundaries of the organization or specific decision units that are taken directly into consideration in the decision-making behavior of individuals in those systems (Richard et. al., 2009). Internal environment also can refer to the amount of attention devoted to an organization's recent history and current situation, its past performance and an analysis of its strengths and weaknesses. On the other hand, external orientation involves the ability to obtain reliable research information in order to learn about external environmental opportunities and threats (Dinceret.al., 2006).

Wheelen and Hunger (2008) concluded that strategic planning attempts to look ahead to where a firm wants to be in future together with the budget to get there. Strategic planning helps managers to identify a clear-cut concept and as a result of this make it possible to formulate plans and activities that will bring them close to their goals (Pearce & Robinson, 2008). Airports managements operate in a world that is ever changing and nothing is static whether in technology, politics or society. They therefore have no choice but to come up with prospects of their Organizations.

Performance is a complex and dynamic concept which has been conceptualized in two ways namely the drivers of performance and the results of performance (Neely 2005). Organizational performance is concerned with the overall productivity in an organization in terms of stock turnover, customers, profitability and market share. Competition in the global economy has intensified the importance of identifying the drivers of sustainable performance. The search for such drivers is no longer restricted to tangible factors but has expanded to include intangibles. Performance may be measured by both quantitative and qualitative methods. Ittner and Larcker (2003) stated that non-financial measures are better performance indicators in the service industry than financial measures. This is because non-financial measures are better measures of value and motivation which complement short-run financial figures as indicators of long-term goals.

Performance is regarded as an output which is aligned to objectives or simply profitability and is explained in terms of expected behavioural output and also results. Oduhon *et al.* (2010) asserted that the only worthy performance measure is financial performance because of its value to shareholders, executives and the market. This measure is an indicator of organizational success and sustainability because it is the reason for the existence of firms. The financial success of an organization is a measure of a firm's performance because it depicts the ability of an organization to operate above all its costs. Ittner and Larcker (2003) claimed that a firm's performance should not be measured by financial performance but also operational and market indicators.

The environment in which organizations operate is constantly changing with different factors influencing the organizations. This is because organizations are open systems that operate in environment that carries with it a myriad of challenges and uncertainties. For them to deliver efficiently, they must learn to appreciate the present challenges and cope with the increasingly competitive environment which calls on firms to rethink their strategies (Pearson & Robinson, 2005). The days when companies could wait for clients

to walk to their organizations are long gone thus organizations must realize that their services and products regardless of how they are cannot sell themselves (Kotler, 2000).

Ivo et al. (2013) state that one of the important questions in business has been why some organizations succeed and why others fail (Awino, 2011) asserts that for an organization to be successful it has to record high returns and identify performance drivers from the top to the bottom of the organization. Njihia et al, (2013) highlight performance measurement as one of the tools which helps firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability. Performance of an organization can be measured using different approaches. The financial perspective, customer perspective, internal business perspective and innovation and learning perspective. (Kaplan & Norton, 1992). The financial perspective identifies the key financial drivers of enhancing performance which are profit margin, asset turnover, leverage, cash flow, and working capital (Odhuno & Wadongo, 2010). The customer focus describes performance in terms of brand image, customer satisfaction, customer retention and customer profitability. Internal processes involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing conditions. The balanced scorecard retains the financial aspects as key in measuring performance while it adds other drivers of future performance (Mucheru, 2008).

According to Stonich (1982), successful firm performance depends on effective implementation and rationalization of the basic strategic elements. Strategy implementation involves the actions of establishing policies and annual objectives and allocating resources so that a formulated strategy can be accomplished. "A firm's performance generally has been considered to be the result of a strategic management process which contains all possible situations and activities, including the external environment, and internal factors, including a firm's size, age and structure, and strategy choices"

David (1997) argued that strategic management is the art and science of formulating, implementing, and evaluating the cross-functional decisions that enable an organization to achieve its objectives. As the definition implies, strategic management focuses on integrating management, finance/accounting, production/operations, research and development, information systems, and other factors, and matching them with external environmental factors in order to achieve organizational success. Schendel and Hofer (1979) add that the goal of strategic management is to determine a firm's strengths and weaknesses, and then match its resources with the threats and opportunities in the environment in order to achieve long-term viability. According to Hunger and Wheelen (2006) "Organizations that engage in strategic management generally outperform those that do not. The attainment of an appropriate match or fit between an organization's environment and its strategy, structure, and processes has positive effects on the organization's performance.

Kotler (2000) advanced an argument that days when companies could wait for clients to walk to their organizations are long gone and for them to survive they must realize that their services and products regardless of how they are cannot sell themselves and there is great need to advertise and diversify. In 1970s and 80s airports developed as business and shopping centres, attracting more income to the airports. During 1990s trend of leisure and entertainment evolved. Such development of airport activities means that airports are also involved in commercial activities such as retail trade, property rent and other non-aviation income generating activities which implies higher return per square meter of terminal and expands non-aviation revenues.

Amankwah – Amoah and Debrah (2011) states that liberalization has fundamentally altered the competitive landscape for the airline industry and as a result, competition for scarce human capital has intensified for businesses to gain a competitive advantage over rivals Humphreys and Ison (2004) observed that since privatization airports have been run as dynamic businesses rather than simply being places for aircraft to land and take

off. Whether or not it was realized before privatization – it is now clear that airports belong to the service industry and their customers are both the airlines and the passengers travelling on aircraft. This is different viewpoint from traditional operations where airports saw airlines as their primary customers and passengers as part of the airlines business.

Douglas (1999) as competition becomes stronger, the choices available for consumers increases forcing the firms to become more flexible in responding to changes in an external environment characterized by intense competition. Kohli and Jaworski (1990) noted that businesses are becoming more aggressive in discovering customer wants and building superior customer value in order to satisfy consumers in the face of increased competition. According Egeren and O'Connor (1998) organization must monitor and respond to consumers' changing needs and preferences to ensure that they select its products/services over its competitors'.

Kotter and Cohen (2002) argued that in the current hyper-competitive era human element is the crucial factor in organizational excellence and therefore improving human performance has become a crucial factor in organizations and leaders have to focus on this to successfully steer through. However, the pursuit of the improvement of human performance hinges on the “performance management capability” of an organization. A well-structured performance management tool embedded within the performance management framework and that delivers important financial and operational data reflecting current performance status is key for a company's management team to identify gaps and take corrective measures.

Vecchio (2003) observes that strategic management consists of an organization's strategy formulation in relation to human capital and that effective strategic management focuses on integrating human element in the aspects of the organization as the organization performance largely dependent on the human element in its strategy implementation to achieve its objectives, and enhance organization's performance, a fact

that both academia and practitioners have long recognized. Ledford *et al.*(1985) pointed out that organizations are manifestations of the underlying human values ensuring culture and output of their founders, managers, or members and concluded that human capital has enormous influence in the organization and that well performing organizations has built a culture of excellence within the organization. Baptiste (2001) explains that human capital comprises of employee knowledge and skill that produce economic potential for organization and is assumed to be the most important element in obtaining competitive advantage for most organization (Memon *et al.*, 2009).

Fletcher (2004) human capital consists of knowledge, skill, talent and experience which give value to a company. Snell and Dean (1992) further identifies that human capital of the company has two dimensions: value and uniqueness which contribute to lower cost and improve the performance of company. Carnelli (2004) in his study analyzed the relationship between strategic human capital and the performance of public sector and concluded that public sectors with the human capital strategy such as education, competence, and experience have better financial performance.

ICT positively influences employee performance because it is the human capital that spearheads innovations. All types of ICT will be totally dependent on the human resource of the organization who will design, run and review the programs (Zaheer *et al.*, 2011). Wong *et al.*, (2007) confirmed a positive relationship between innovation and organizational performance and therefore when an organization achieves competence in making a certain product; it can add value to the product by investing in the latest and modern technology. The Resource Based Theory of the firm explains the role of ICT and performance by assuming that distinctive competencies are relatively stable overtime and are heterogeneously shared across firms (Denson, 2008). ICT has been cited as one of the valuable resources and sources of competitive advantage which influence organizational performance. Information Communication Technology involves the introduction of modern ideas within an organization which is one of the driving forces of

performance (GoK, 2007). Cagna (2007) proposed ICT as one of the ways for the survival of organizations today. Shimpton *et al.* (2006) stated that ICT can be sustained by involving human resources to manage, create, transfer and implement knowledge.

Technological innovation includes the development of new business methods to achieve desired objectives. ICT will lead to high organizational performance which is characterized by high financial income, continuous sustainable innovations, satisfied customers and a motivated human resource (Epstein, 2004). Sabri *et al.* (2004) in his study established a positive relationship between ICT and the performance of firms.

According to Bertini (2000), good, safe and secured workplace bring a lot of improvements to organization in terms of healthy and sustained operations that result in improved profit, organizational and operational efficiency, employee satisfaction with appertained effect of improved customer satisfaction all of which ultimately lead to organizational growth and development. In support of this opinion, Kiruja, Eirik and Sicko (2011) said good security management is about good program management: Proactively managing risks and being better positioned to deal with crises enables us to work safety and securely. This benefits our staff, beneficiaries, and other stakeholders. The inference here is that safety and security of personnel in an organization are factor that can engender organizational growth. It follows that any organization that graves for growth and development should, in addition to managing other resources of the organization, also strive to ensure that employees work in a safe and secured environment.

Bel and Fageda (2007) claim that commercialization lead to competition in the airport industry and further efficiency gains and *privatization* referring to the sale of equity, full or partial share flotation, private participation and involvement, public private partnerships, lease agreements as well as perpetual franchising or the sale of the facility (Humphreys, 1999; Keshawarni, 1999; Oumet *et al.*, 2006). Much of the policy debate concerning the efficacy of airport governance focuses on the efficiency and the airport

charges effects on privatization (Carney & Mew, 2003) and growing attention is paid to market positioning, marketing driven practices and the ability to serve various evolving demands. Jarrach (2001) argues that airports are now considered as commercial enterprises, and a business-like management philosophy has been introduced in the sector.

Humphreys and Ison (2004) noted that in the past decades air traffic deregulation has also caused airports to shift their focus from traditional business activities, such as existing hub position or airline portfolio management to more commercialized business types. Airports are no longer just infrastructure for passengers or freight to be forwarded to another destination. Further Competition in the airport industry is increasing because of open sky agreement which allowed airlines to fly with no restrictions and giving them more freedom to choose where to locate their hubs or bases.

Airports are critical part of economies especially for the regions they are located as they ensure growth frontiers for local and national economies as they create gateways for trade (ACI, 2009). As gateways to regions, airports have been promoted primarily as logistics hubs, and have become focal points for regional development through the fostering of economic growth and attractiveness (Kasarda, 2001). According to Charles *et.al.* (2007) the airports being the gateways to the world plays an important role in the realization of Vision 2030.

### **1.1.1 Global Perspective**

Pearson and Robinson (2005) argued that the environment in which organizations operate is rapidly changing with different factors influencing the organizations. This is because organizations operate in an environment that is characterized by a myriad of challenges and uncertainties. Organizations are open systems and for them to deliver efficiently, they must learn to appreciate the present challenges and cope with the increasingly competitive environment which calls on firms to rethink their strategies.

According to Humphreys, (1999) the interest for airport governance began in the early 1990's and picked up speed in the 2000s (Barrett, 2000; Graham, 2003; Carney and Mew, 2003). Airport reforms have been rolled out according to three stages: *Liberalization* undertaken in the US air transport sector in the 70's which allowed new air service treaties, handling greater exposure to fluctuating market traffic/demand and financial uncertainty, acceding to greater freedom to manage capacity and negotiating trade agreements with airlines (Airports Council International, 2003), *Commercialization* where the emphasis is placed on the development of commercial activities (ICAO, 2008) thanks to management methods borrowed from the private sector.

According to Simonsen and Spindlove (2007) the need for airport security and safety is now a major concern for all governments around the world. Terrorist activities are increasingly common and an unfortunate reality in today's world; the shocking images of the 7 July 2005 London bomb attack, the 11 March 2004 train attack in Madrid, and the 11 September 2001 attack on world trade centre in New York remain fresh in our minds. (Bolz et al., 2005) points out that the attacks of 9/11, tremendously affected the airport industry, specifically, the attacks provided major challenges to airport security, such as the need to strengthen security and to offer better protection to the public.

Kronenwetter (2004) makes an interesting point as he describes how terrorism has been present even before 9/11, and not only in other parts of the world, but it has affected the United States. However, the undeniable reality is that terrorism was perceived by people of the United States to be a phenomenon occurring in other countries and believed that it could not happen in their place, even when it undeniably did happen here. According to Combs and Slann (2002).U.S. government responded to counter those attacks by tightening security at airports nationwide. Facemire and Lastra (2005), describes how new technology has been introduced at checkpoints in order to deter terrorists. X-ray systems have been updated and are used when checking luggage. The checkpoint security procedure has two main objectives: the screening of passengers and of their

carry-on bags. For both of these areas, new technologies promise to address the extra requirements that recent events have imposed.

Inspite of the challenge mentioned above, Ethiopia is one of the biggest success stories in aviation in Africa – Ethiopian Airlines. Ethiopian Airlines (IATA/ICAO Code ET) is the flag carrier of Ethiopia, and one of the largest and most profitable carriers in Africa (the airline boasts a record of 12 consecutive years of profit). The airline commands a lion's share of the Pan- African network and currently serves 78 international destinations, operating the newest and youngest fleets. Ethiopian Airline's vision is to become the leading aviation group in Africa by the year 2025and has taken initiatives to strategically improve and modernize its facilities with a lot of emphasizes on other strategic drivers to help realize its vision.

South Africa is also another success story, it's a very popular tourist destination, with about 860,000 aircraft arrivals per month. This in addition to the country's vibrant economy, have promoted a successful aviation industry in the country. Its airports have undergone numerous strategic developments and improvements over the years to increase its capacity and to maintain it as one of the best and most comfortable airports in Africa. Most significant of these projects was commissioned in 2008, in the prospect of the 2010 FIFA World Cup. Early this year, the Airports Company South Africa (ACSA) was said to be close to signing a strategic partnership deal with development companies to expand their airports. The proposed development is based on a study previously conducted by a Netherlands company in 2005. This long-term strategic plan takes its cue from current urban design thinking around a new kind of urban form – the aerotropolis, or airport city Netherlands Airport Consultants (NACO 2012) In major hubs such as Johannesburg, Egypt, Morocco, and Nairobi, the overall efforts is toward improvement of management strategic drivers.

### **1.1.2 National perspective**

Uzel et al. (2012) Strategic management drivers of performance involve the translation of business strategies into deliverable results and Awino (2011) asserts that for an organization to be successful it has to identify performance drivers from the top to the bottom of the organization..Mshenga and Owuor, (2009) further pointed out that strategic drivers of performance are closely linked to specific strategies adopted by the organization in order to maximize organizational performance and are used to gauge how a company is able to meet its targets. A firm is considered to have a competitive advantage when it is able to create more economic value than rival firms.

As first world economies seek new territories for innovation, trade expansion, conference tourism and investment, Kenya, as one of the leading vibrant stable economies in Africa, has provided a hugely viable and attractive option (Dominic & Ngigi, 2012) Corporate Affairs Manager of Kenya Airports Authority (KAA). “This, coupled with numerous other factors, has helped contribute to the buoyant projections for the aviation industry in the country over the next 20 years, with global passenger traffic and air cargo each projected to grow by 5.0 percent per annum.”

In the last year alone Kenya has played host to the initiation of several landmark projects, from the creation of Konza City, dubbed Africa’s first silicon valley, to the development of road, rail, port and airport infrastructure(Ngigi, 2012). Such advances have resulted in the entry of new airlines from what are referred to as “non-traditional destinations” looking to maximize on trade and tourism opportunities in the country. Furthermore, the discovery of oil in the region and the much anticipated LAMU to Southern Sudan project will also contribute to the growth of aviation in Kenya. With an increase in demand for aviation services comes the need to expand and in some cases modernize.

Established through an act of parliament in 1991, KAA has since provided the country's airports and airstrips with safe, reliable and efficient management. Today it boasts an employee base of 2,078 individuals split across airports and departments including, projects and engineering services, marketing and business development, finance, legal, corporate planning and strategy, procurement and logistics, and operations, safety and security.

With an increase in demand for aviation services comes the need to expand and in some cases modernize, and examples of this work can be found across the various airports. Perhaps the best examples of this work can be found occurring in and around Kenya's main airport Jomo Kenyatta International (JKIA).

Clearly always focused on the future, great efforts to develop many strategic partnerships designed to support business development within airports. "To date the types of project that have been achieved through strategic Public Private Partnerships, based on a Build Operate Transfer (BOT) agreement, include transit shed warehouses, food courts and airline hangers," Ngigi concludes. Airports are in the process of sourcing for strategic partners that will assist in the development of all manner of new structures and facilities, from duty free facilities and airport transit hotels to medical facilities, in-flight catering facilities, transit shed warehouses and fuel service stations."

A workshop on business opportunities in the airport sector in Kenya was organized in Paris on 8th April 2014, and it was noted that Kenya's international airports welcomed over 9 million passengers in 2013. According to forecasts from Kenyan Airports , traffic for 2015 will rise to 11 million passengers and 17 million in 2020 (KAA, 2013). The upgrading of the infrastructure, which have suffered from under-investment during the 90s, especially in the field of transport, is in line with the expectations of the Kenyan government which has made it a priority for national development since 2000 in search of competitiveness and growth, both in the economic Recovery Strategy and the Vision 2030 document.

## **1.2 Statement of the problem**

According to Muogbo, (2013) the performance of organizations has been the focus of intensive research efforts in recent times. How well an organization implements its policies and programs and accomplishes its strategic intent in terms of its mission and vision is of paramount concern. Managers in both private and public organizations are becoming increasingly aware that a critical source of competitive advantage often come from indigenous product and services, best public relations strategy state-of-the-art technology and having an appropriate system of attracting and managing the organizations human resources. From the foregoing, and looking at today's trend, it is evident that the space of change in our business environment presents fresh challenges daily. Therefore, a panacea must be found for the aviation sector, if it must adequately meet its challenges. Various firms, therefore, need to come up with the applications of innovative ideas to create unique brands, customers-friendly products/services that will bring about competitive advantages in terms of brand preference and customer confidence. Muogbo, (2013)

Economic environment is changing rapidly and this change is characterized by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. To compete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market. “Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved, assesses its competitors and set goals and strategies to meet all existing and potential competitors, and then reassess each strategy annually or quarterly (i.e. regularly) to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet charged circumstances, new technology, new competitors, a new economic environment, or a new social, financial or political environment” (Lamb, 1984).

Achieving a competitive advantage position and enhancing firm performance relative to their competitors are the main objectives that business organizations in particular should strive to attain. (Raduan, Jegak, Haslinda & Alimin, 2009). Strategic management can depend upon the size of an organization, and the proclivity to change of its business environment. Therefore, a global transnational organization may employ a more structured strategic management model, due to its size, scope of operations, and need to encompass stakeholder views and requirement.

With this current trend, most organizations are incorporating strategic management drivers to enhance their performance. This is evidenced and supported by Uzel (2014) who conducted a study on effects of strategic management drivers on the performance of tourism industry in Kenya and found that strategic management drivers had a significant positive influence on performance of the Tourism sector in Kenya. Airports in Kenya have no choice if they have to remain a float in this era of global competition but to incorporate and implement strategic management drivers to enhance their clear strategic planning and improve their performance in the long-term.

In his study David (2001) noted that without understanding and commitment, strategy implementation efforts face major problems. Managers are prone to overlook implementation realities. Past local studies (Obare, 2006) Koske 2003), Lumiti, 2007. Ateng, 2007) concurred that good strategies have been written but very little has been achieved in their implementation. Munir, Baird and Perera (2011) conducted a study on the strategic responses adopted by the banking sector but failed to address how the strategic responses adopted impact on the performance of the organization.

For the past three decades, air transport sector has been rapidly growing, however there have been some major setbacks in terms of :-Terror attacks, Safety and security concerns ,Customer Dissatisfaction and Competition within the aviation industry, there is also a decline in the number of passengers, decline in revenue and overall poor performance of the industry. Kenyan aviation Sector has been losing the market share and the cost of

doing business has increased faster than the revenue and total customer experience in the airports is low compared to other African ACI airports.AC survey (2015).

Given the global nature of the aviation industry, passengers are becoming more enlightened, sophisticated and demanding with regard to security and the service they receive and therefore customer focus must be the primary concern of airports. A combination of strategic approaches therefore, needs to be adopted to revamp the performance of the industry and restore the lost glory. Awino, (2011)

It was on the background of the above worrying trends that this study carried out a comprehensive study seeking to examine effects of strategic management drivers on performance of airports in Kenya and spillover effects to economy at large and shed new light to the Government and other stakeholders on how effective strategic management drivers can turn around performance of airports in Kenya.

## **1.3 Research Objectives**

### **1.3.1 General objective**

The general objective of this study was to analyze the effect of strategic management drivers on performance of airports in Kenya.

### **1.3.2 Specific Objectives**

This study was guided by the following specific objectives:

- 1) To establish the effect of use of strategic information and communication technology (ICT) on airports' performance
- 2) To determine the effect of strategic customer focus on airports performance in Kenya
- 3) To establish the effect of safety and security strategy on airports' performance in Kenya
- 4) To assess the effect of strategic human capital on airports' performance in Kenya.

## **1.4 Research Hypotheses**

This study was guided by the following null hypothesis:

**H0<sub>1</sub>:** There is no significant relationship between use of strategic information and communication technology (ICT) and airports performance in Kenya

**H0<sub>2</sub>:** There is no significant relationship between strategic customer focus and airports performance in Kenya.

**H0<sub>3</sub>:** There is no significant relationship between safety and security strategy and performance of airports in Kenya

**H04:** There is no significant relationship between strategic human capital and performance of airports in Kenya.

### **1.5 Significance of the study**

This study sought to establish the relationship between strategic management drivers and airports performance and hence is expected to yield valuable information to be used by management in making strategic decisions, resulting in the performance that will add value to the organization.

#### **1.5.1 Management**

The research enables Management to make informed decisions that will enhance performance of the airports and come up with policies which can ensure sustainability of good performance and organizational success in the face of global competition.

#### **1.5.2 Scholars**

On the other hand the study findings formed a solid background for scholars interested to further research on this area.

#### **1.5.3 Policy makers**

Further the study findings acted as a guide to policy makers in making sound decisions that translate business strategies into deliverable results in order to maximize organizational performance and create more economic value.

## **1.6 Justification of the study**

Airports are the major gateway to our country and play a significant role in promoting tourism in Kenya which is a source of revenue to Kenyan Government. In addition airports are often key to the development of regions. They allow for connectivity, mobility and generating jobs for residents and lead to increased revenue that boosts economic development of a country. In Kenya, Airports are one of the major economic drivers and therefore a study on Kenya airports can significantly add value to the government, policy makers and the country as a whole.

Kenyan airports operate in the global competitive environment. In the current hyper-competitive era and by the fact that liberalization has fundamentally altered the competitive landscape for the airline industry, there was an urgent need to carry out a comprehensive study in this area to enable the management to continuously evaluate strategy and refine actions towards optimum performance and shed new light to the management and other stakeholders on how effective strategic management can turn around performance of airports in Kenya.

## **1.7 Scope of the study**

This study covered all the airports in Kenya. Further the Airports Authority Headquarters where major decisions and policies are made was also included.

The study was confined only to the four study variable which included; improved Security and safety strategy, strategic information and communication technology, strategic human capital and strategic customer focus so as to address the study objectives.

The main reason for focusing on Airports is because it is one of the major flagship of vision 2030. Airport operates in the global competitive environment. In the current hyper-competitive era and by the fact that liberalization has fundamentally altered the

competitive landscape for the airline industry, there was an urgent need to carry out a comprehensive study in this area to enable the management to continuously evaluate strategy and refine actions towards optimum performance and shed new light to the management and other stakeholders on how effective strategic management can turn around performance of airports in Kenya.

### **1.8 Limitations of the study**

The researcher used descriptive research design but other scholars can use other methods of research. Only four theories were used in the study, however, there are many other theories relevant to the study that can be used to expand knowledge in the area of study. The study was limited to airports in Kenya, however other researchers can carry out research on airports in other countries.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviewed the relevant literature on study variables, and considered the theoretical framework based on variables of interest and finally related the relationships of study variable in a conceptual framework. Reviewed literature was further critiqued to get the research gaps to be filled by the study.

#### **2.2 Theoretical Framework**

The study considered the relevant theories that supported the study variables in advancing the logical argument of the relevance of strategic management drivers in enhancing the performance of airports especially in this era of competition, technological advancement and globalization. To achieve our objective, therefore the study was anchored on the following four theories

##### **2.2.1 Overview of Strategic Management Theory**

Strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and evaluation (David, 2005; Haim Hilman Abdullah, 2005; Mohd Khairuddin Hashim, 2005; Zainal Abidin Mohamed, 2005). According to Radua, Jegak, Haslinda, and Alimin (2009), strategic management theories stem mainly from the systems perspective, contingency approach and information technology approach. Following David (2005) and Mohd Khairuddin Hashim (2005), among the common strategic management

theories noted and applicable are the profit-maximizing and competition-based theory, the resource-based theory and contingency theory.

### **2.2.2 The profit-maximizing and competition-based theory**

Which was based on the notion that business organization main objective is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. The industrial-organization (I/O) perspective is the basis of this theory as it views the organization external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management a systematic model for assessing competition within an industry (Porter, 1981).

The study was based on establishing the effect of use of strategic information and communication technology (ICT) on airports' performance, determining the effect of strategic customer focus on airports performance in Kenya, establishing the effect of safety and security strategy on airports' performance in Kenya and finally assessing the effect of strategic human capital on airports' performance in Kenya. Therefore the profit-maximizing and competition-based theory which provides a rationale for analyzing different factors that a corporation considers helping it to maximize profit and develop a sustainable competitive advantage was adopted in this study to form a framework of reference for analysis of how each of the study objective have either affected or contributed to the airport performance.

### **2.2.3 Resource-based theory**

Which stems from the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a

firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007).

The Resource Based Theory of the firm explains the role of ICT and performance by assuming that distinctive competencies are relatively stable overtime and are heterogeneously shared across firms (Denson, 2008). ICT has been cited as one of the valuable resources and sources of competitive advantage which influence organizational performance. Information Communication Technology involves the introduction of modern ideas within an organization which is one of the driving forces of performance in hotels (GoK, 2007). Cagna (2007) proposed ICT as one of the ways for the survival of organizations today. Shimpton *et al.* (2006) stated that ICT can be sustained by involving human resources to manage, create, transfer and implement knowledge.

The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney, 1986, 1991, 2001a; Conner, 1991; Mills, Platts and Bourne, 2003; Peteraf and Bergen, 2003). Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Barney (1991) examines the link between firm resources and sustained competitive advantage. Four empirical indicators of the potential of firm resources to generate sustained competitive advantage can be value, rareness, inimitability, and non-substitutability.

This theory is relevant to the specific objectives of the study which are:-To establish the effect of use of strategic information and communication technology (ICT) on airports' performance; To determine the effect of strategic customer focus on airports performance in Kenya; To establish the effect of safety and security strategy on airports'

performance in Kenya; To assess the effect of strategic human capital on airports' performance in Kenya. This was corroborated by Barney (1991), he argued that firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. In this article, a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. Furthermore, a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991). There is therefore a relationship between the four independent variables and organizations performance.

The study aims to assess the effect of strategic human capital on airports' performance in Kenya, therefore resource based theory is adopted in this study as it's based on principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. According to Barney (1995) gaining competitive advantage depends on the unique resources and capabilities that a firm possesses, human capital are the most crucial. The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin et al., 2007). The resource-based view stipulates that in strategic human capital forms one of the fundamental drivers to firms' competitive advantage and superior performance. Barney (1991) argues that a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any potential competitors and that other firms are unable to duplicate the benefits of this strategy. Therefore the theory forms the background upon which the relationship between strategic human capital and airport performance will be analyzed.

## **2.2.4 Contingency Theory**

Contingency theory is a class of behavioral theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Several contingency approaches were developed concurrently in the late 1960s. They suggested that previous theories such as Weber's bureaucracy and Taylor's scientific management had failed because they neglected that management style and organizational structure were influenced by various aspects of the environment: the contingency factors. There could not be "one best way" for leadership or organization.

Historically, contingency theory has sought to formulate broad generalizations about the formal structures that are typically associated with or best fit the use of different technologies. The perspective originated with the work of Joan (1958), who argued that technologies directly determine differences in such organizational attributes as span of control, centralization of authority, and the formalization of rules and procedures. Some important contingencies for companies are listed below: technology, suppliers and distributors, consumer interest groups, customers and competitors, government, and unions.

The theory provides a rationale for analyzing different factors that a corporation considers when making a decision in competitive environment and this will enhance the performance of the organization.

The study aims at establishing the effect of use of strategic information and communication technology (ICT) on airports' performance, therefore contingency theory is adopted in this study as it deals with the formal structures that are typically associated with or best fit the use of different technologies. According to Joan (1958) technologies directly determine differences in such organizational attributes as span of control, centralization of authority, and the formalization of rules and procedures.

Therefore the theory forms the background upon which the effects of strategic information and communication technology (ICT) will be analyzed.

### **2.2.5 Stakeholder Theory**

Stakeholder theory was embedded in the management discipline in 1970 and gradually developed by Freeman (1984) incorporating corporate accountability to a broad range of stakeholders. Wheeler et al, (2003) argued that stakeholder theory derived from a combination of the sociological and organizational disciplines. Indeed, stakeholder theory is less of a formal unified theory and more of a broad research tradition, incorporating philosophy, ethics, political theory, economics, law and organizational science. Stakeholder theory can be defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”. Unlike agency theory in which the managers are working and serving for the stakeholders, stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this include the suppliers, employees and business partners.

It was argued that this group of network is important than owner-manager-employee relationship as in agency theory (Freeman, 1999). On the other end, Sundaram and Inkpen (2004) contend that stakeholder theory attempts to address the group of stakeholder deserving and requiring management’s attention. Whilst, Donaldson & Preston (1995) claimed that all groups participate in a business to obtain benefits. Nevertheless, Clarkson (1995) suggested that the firm is a system, where there are stakeholders and the purpose of the organization is to create wealth for its stakeholders. Freeman (1984) contends that the network of relationships with many groups can affect decision making processes as stakeholder theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders. Donaldson and Preston (1995) argued that this theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no sets of interests is assumed to dominate the others.

Yang (2008), O'Reilly (2010) and Ashari (2011) indicate that there is a relationship between leadership style and company performance. On the other hand, studies by Hannan and Freeman (1983) show different results – there is no relationship between leadership and performance. The study by Timothy and Robyn (2011) finds out that transactional leadership style gives positive influence to performance and leadership style has positive relationship with organization performance but does not significantly influence it. The study conducted by Slater and Narver (1994) show that orientation strategy directly and indirectly influences company performance. Asikhia (2010) concludes that there is a positive relationship between strategic marketing orientation and the performance of banks which have the lowest SMO performance. The study by Zhang and Bruning (2011) finds out that there is a relationship between entrepreneur personal characteristics and company performance with strategic orientation as the mediator variable. Morgan (2003) concludes that a company emphasizing analysis dimension, defensiveness and futurity in strategic orientation has a relationship with business performance. Laforet (2008) has conducted a study on the influence of size, strategic and market orientation toward company innovation concluding that size, strategic and market orientation are related to innovation. The study about airports conducted by Halpen (2008) finds out that: (1) market orientation has significant and positive influence towards performance mediated by market turbulence and focused on the development of service element; (2) there is a relationship between market orientation and performance mediated by innovative marketing service.

According to Freeman (1999) he argued that a group of network is important other than owner-manager-employee relationship and this supports this study as the Airports Company South Africa (ACSA) was said to be close to signing a strategic partnership deal with development companies to expand their airports based on a study conducted by a Netherlands company in 2005.

The theory provides rational for analyzing how management make tradeoffs among competing interests of all the stakeholders. It also involves analyzing proactive approaches integrated in the decision making process to maximize a firms performance.

The study aim to determine the effect of strategic customer focus on airports performance in Kenya therefore stakeholders theory is adopted in this study as it analyses the importance of incorporating corporate accountability to a broad range of stakeholders (Freeman, 1994). According to Stakeholder theory, stakeholder can be defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives”, Customers can directly influence performance of an organization and hence the theory forms the framework of analyzing effects of strategic customer focus on airport performance. Unlike agency theory in which the managers are working and serving for the stakeholders, stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this include the suppliers, employees and business partners. In summary stakeholder theory forms background for strategic customer focus analysis because it is concerned with the nature of these relationships in terms of both processes and performance for the firm and its stakeholders as all stakeholders have intrinsic value, which directly affects performance.

### **2.3 Conceptual Framework**

The conceptual framework in figure 2.1 depicts that there is a relationship between strategic information and communication technology, strategic human capital, security and safety strategy, strategic customer focus and performance of the organization.



**Figure 2.1: Conceptual framework**

### **2.3.1 Strategic Information and Communication Technology**

Technological innovation includes the development of new business methods to achieve desired objectives. ICT will lead to high organizational performance which is characterized by high financial income, continuous sustainable innovations, satisfied customers and a motivated human resource (Epstein, 2004). Sabri et al. (2004) in his study established a positive relationship between ICT and the performance of firms. ICT positively influences employee performance because it is the human capital that spearheads innovations. All types of ICT will be totally dependent on the human resource of the organization who will design, run and review the programs (Zaheer et. al., 2011). Wong et al. (2007) confirmed a positive relationship between innovation and organizational performance and therefore when an organization achieves competence in making a certain products, it can add value to the product by investing in the latest and modern technology. The Resource Based Theory of the firm explains the role of ICT and performance by assuming that distinctive competencies are relatively stable overtime and are heterogeneously shared across firms (Denson, 2008). ICT has been cited as one of the valuable resources and sources of competitive advantage which influence organizational performance. Information Communication Technology involves the introduction of modern ideas within an organization which is one of the driving forces of performance in hotels (GoK, 2007). Cagna (2007) proposed ICT as one of the ways for the survival of organizations today. Shimpton et al. (2006) stated that ICT can be sustained by involving human resources to manage, create, transfer and implement knowledge.

Iravo et al. (2013) states that one of the important questions in business has been why some organizations succeed and why others fail. Adei (2004) argues that information and communications technology has played a tremendous role in all areas of today's organizations success and is expected to drive organizations to greater and efficient performance. It provides the opportunity for organizations to be in any location on the

globe, even the remotest of locality and establish transactions oceans away within fragments of time.

According to Czenter (2002) organizations are expected to take advantage of the ICT revolution to establish a virtual presence in the international economy as an e-business on the internet. Onwuka and Eguavoen (2007) expressed that, advances in computer technology enable traders to meet demand for financial instruments such as swaps and futures with relative ease and that through ICT organizations increase their performance by their virtual expansion through the internet thus, expanding their market reach and domination. The benefits of technology, if efficiently embraced can be an engine that drives business performance in the organization; example is the online internet trade giant, ebay.com, which serves customers in almost all the countries from their American location.

Technological innovations and revolutions in transportation and especially, information and communications technology are the backbone and infrastructure of globalization and have played a crucial role in the creating of trans-world social spaces (Adei, 2004). According to Onwuka and Eguavoen (2007) it will be difficult for a corporation to become a significant player in the global market place without an extensive use of information and communications technology. Improved transportation as well as the emergence of containerization in land- and sea- based shipping has reduced both the handling requirement and transit time by more than two thirds.

Technological innovation includes the development of new business methods to achieve desired objectives. ICT led to high organizational performance which was characterized by high financial income, continuous sustainable innovations, satisfied customers and a motivated human resource (Epstein, 2004). Sabri et al. (2004) in his study established a positive relationship between ICT and the performance of firms. ICT positively influences employee performance because it is the human capital that spearheads innovations. All types of ICT were totally dependent on the human resource of the

organization that designed, run and reviewed the programs (Zaheer et al., 2011). Wong et al. (2007) confirmed a positive relationship between innovation and organizational performance and therefore when an organization achieves competence in making a certain product; it can add value to the product by investing in the latest and modern technology. The Resource Based Theory of the firm explains the role of ICT and performance by assuming that distinctive competencies are relatively stable overtime and are heterogeneously shared across firms (Denson, 2008). ICT has been cited as one of the valuable resources and sources of competitive advantage which influence organizational performance.

Koellinger (2005) advanced an argument that the key to understanding the impacts of ICT on performance is to view ICT as an enabler of innovation. This conceptualization of new technologies as possible enablers of innovation allows a market-based approach to study the relationship between ICT and performance. It also allows investigating why different firms that invest in the same technology may exhibit different payoffs. In addition, this concept allows us to argue that ICT remains of strategic relevance for firms as long as it enables innovation. Harris and Katz, (1991) points out that innovation is a strategic variable because it allows firms to differentiate their products, services and production processes vis-à-vis their competitors. Devaraj and Kohli (2000) support the argument as evidenced by previous empirical studies that technology is positively associated with firm-level growth and that positive effects on revenue growth have been demonstrated in the health care sector. Similar results were found in the insurance industry where top performing firms with high premium income growth had highly embraced ICT (Harris & Katz, 1991). In addition, positive effects of ICT investment on sales growth were found among manufacturing firms (Weill, 1992), while Koellinger (2005) found a positive relationship between ICT and turnover growth.

Brynjolfsson and Hitt (2003) technology makes a positive and significant contribution to output growth at the firm level, but the implied returns increase if longer time

differences are taken into account, which suggests that time-intensive complementary investments into organizational restructuring have to be undertaken and concluded that the returns to ICT investments usually do not occur immediately, but rather with a significant time lag. However Bertschek and Kaiser (2004) show that ICT has indirect effects on productivity by enabling workplace reorganization and organizational change, stressing strong complementarities between these investments.

Hempell (2002) argues that firms with innovative experience are particularly well prepared to make productive use of ICT by introducing appropriate complementary innovations. ICT is indeed a relevant part of current technological change processes and an important factor that contributes towards growth. However, the magnitude of impact varies significantly between firms, sectors and countries and can either be hampered or promoted by external factors (Onwuka, 2007).

Kaiser (2004) argues that globalization of the social economy is expected to further increase during the 21st century and that the mission of international air transportation will become more important, and all airports around the world will have a significant role to play. Furthermore, it is predicted that air transportation demand in the world will double over the next 15 years. However since the September 11, 2001 terrorist attacks on the United States, the environment surrounding the aviation industry has become very severe and has caused adverse impact to the entire aviation industry. Security at airports has been reinforced in all aspects, significantly deteriorated on-time performance, caused mass congestion at the airport, and caused a drastic increase in aviation management and operational costs. Owing to these issues, Information and communication technologies (ICTs) have a significant role to play here, for it is only with the strategic, widespread, intensive, and innovative use of ICT in future airport development policies and programs, that the ambitious agenda of passenger convenience and airport security becomes much more possible to achieve (Koellinger, 2005).

According to Hitt and Brynjolfsson (2003) the basic nature of most organizations is to resist change. Many have not yet recognized that the explosion of technology is forcing a tidal wave of change that is profoundly affecting global organizations. The national security environment is no exception, and may be feeling the effects of this change sooner than the rest of society as a whole. Many tasks are enhanced by application of computers, communications, and information management systems; yet, random unskilled application of these tools can lead to disaster to organizations as they have not yet realized the full implication, both positive and negative, of the evolving technology in the global information age. Facemire and Lastra (2005) noted that information technology has been introduced at checkpoints in order to deter terrorist and enhance airport security however according to McAllister (2001) the stringent security measures put in place have increased queuing times and stress levels of the passengers.

### **2.3.2 Strategic Customer Focus**

The practice of customer focus has been implemented by various organizations under the umbrella of Total Quality Management (TQM). It represents critical factors of TQM, together with other critical factors such as continuous improvement, teamwork and management commitment (Abdullah et al., 2008; Yu et al., 2012).

The benefits of customer focus practice have been confirmed in various types of firms, such as manufacturing (Mojtahedzadeh & Arumugam, 2011), retail (Chotekorakul & Nelson, 2013; Tajeddini et al., 2013), service (Alam, 2013; Dadfar et al., 2013), hospitality and tourism (Sun & Kim, 2013) and public service (Fonseca et al., 2010). Although the bottom line of this practice is to attain customer satisfaction, its effect on other firm performance measures, such as financial results and employee satisfaction, also reportedly exist (Anaza & Rutheford, 2012; Chotekorakul & Nelson, 2013). In other words, becoming a customer focused firm requires the organization to continuously improve all the processes involved (Tajeddini et al., 2013). As a consequence, the benefits of this practice to a firm had been reported to have direct or indirect impacts on

various performance measures such as employee satisfaction, innovation, and cost benefits (Alam, 2013; Anaza & Rutheford, 2012; Krivokapic et al., 2013). Meanwhile, firms implementing a customer focus strategy would be able to strengthen the processes involved in producing products or delivering services (Verhoef & Lemon, 2013). As a result, product defects and poor services would be lowered, which in turn contribute to improving cost benefits.

Odhuno and Wadongo (2010) strategic customer focus describes performance in terms of brand image, customer satisfaction, and customer retention and customer profitability. Martin-Cejas (2006) passengers are airports' main customers and their first impressions of airport facilities and services may influence their feelings toward and evaluations of airports, it is essential for airports to provide services with safety, comfort, and convenience in an economic manner. For instance, Incheon International Airport and Changi Airport, the frequent top rankers in the ASQ survey by ACI, both provide the best facilities and services from customers' and airlines' perspectives, feature enhanced staff training, and make necessary equipment and resources available to their staff.

Douglas (1999) as competition becomes stronger, the choices available for consumers increases forcing the firms to become more flexible in responding to changes in an external environment characterized by intense competition. Kohli and Jaworski (1990) noted that businesses are becoming more aggressive in discovering customer wants and building superior customer value in order to satisfy consumers in the face of increased competition. Gearin and O'Connor (1998) organizations must monitor and respond to consumers' changing needs and preferences to ensure that they select its products/services over its competitors'.

During the last decade, customer focused -strategies started to appear in the management literature as an important tool (Guilding & McManus, 2002) in both private and public organizations. For example Kaplan and Norton (1992) introduced the concept of balanced scorecard measures of performance. One of the four dimensions of the

balanced scorecard focuses on customer perspective and the importance of monitoring the rate of customer acquisition, retention and satisfaction. Likewise in total quality management (TQM), the importance of monitoring customers' complaints, acquisition and loss of customers, is one of the philosophies. Foster and Gupta's (1994) study is among the earliest studies, in the accounting literature which emphasizes the importance of monitoring customers on the premise that an organization should value customers as an asset. Within an increasingly competitive environment, CF-strategies is an organization strategic tool for improving product/service quality (Guilding & McManus, 2002).

Several studying Rao, 2002; Hendricks and Singhal, 2001; Kaynak, 2003; Douglas and Judge, 2001). Organizations placing greater emphasis on CF-strategies will tend to attach a relatively high degree of importance to eliminating non value added activities and cost, building closer links with customers, having a management approach of meeting customers' needs, finding solutions to poor service, and regularly measuring customer service (Guilding & McManus, 2002)

Organizations that focus on continuous improvement motivate employees to achieve quality output, and focus on satisfying customers' needs are found to have a competitive edge (Joiner, 2007). CF-strategies emphasize the need to provide customers with high value service through improvements in efficiency by way of eliminating waste, non-value added activities/cost and reducing lead times at all stage of services (Chenhall, 1997). Kim and Miller (1992) identify customer focused activities such as activities associated with conformance quality, product reliability, on time delivery as important capabilities for competitiveness in the manufacturing firms. Most studies report a positive relationship between CF-strategies and performance (e.g., Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001; Ittner & Larcker, 1997; Joiner, 2007; Kaynak, 2003). Carney (2003) growing attention is paid to market positioning, marketing driven practices and the ability to serve various evolving customer demands. Jarrach (2001)

argues that airports are now considered as commercial enterprises, and a business-like management philosophy has been introduced in the sector to ensure the changing customer's needs are continuously met.

Jeston (2008) organizations are increasingly being pressured to keep up with intense global customers' demands and competition, which accelerated by increased rate of change in levels of income, lifestyles taste and preferences. Thompson *et.al*, (2010) infer that the impetus for organizations now is not just in "crafting" a good corporate strategy, but also in the "execution and management" of the strategy with customer focus. In their research of global companies Kaplan and Norton (2006) found that the underlying principles of good strategy execution and performance achievement is ensuring that strategy is translated into scorecards that align to the changing customers needs and the needs of the entire organization. This essentially means applying performance management initiatives, cascaded from organizational strategy, organization-wide. The pursuit of improvement in organizational and process efficiencies has always considered customer as key factor.

### **2.3.3 Safety and Security strategy**

Over the past 15 years, airport safety and security have undergone significant change. Physical security controls and passenger screening have experienced substantial reform and cyber security has become an increasingly important aspect. Airports have the potential to deliver important improvements in overall security effectiveness, operational efficiency and passenger experience and safety. Mucheru (2008) pointed out that improved safety and security strategy involve the efficiency of all the systems in the organization while innovativeness is concerned with the ease with which a firm is able to adapt to changing security condition as drivers of future performance. Evered (2006) argues that there is need for airport security and safety to be a major concern for all governments around the world. Terrorist activities are increasingly common and an unfortunate reality in today's world; the shocking images of 2005 London bomb attack,

the 2004 train attack in Madrid, and the 2001 attack on world trade centre in New York remain fresh in our minds. Moore (1984) advocates that the nature of unlawful acts against civil aviation requires an appropriate immediate reaction as the safety of many innocent parties is frequently involved. However he points out that suitable and rapid response to unlawful acts can be achieved only if there is a pre-established organizational structure with clearly assigned responsibilities.

Bolz et al. (2005) President Bush was notified about the terrorist attacks and within a period of ten minutes, the United States airspace was ordered cleared and fortunately, it was the first time that an unscheduled closing of airspace had occurred in the United States. The general responsibility for maintaining law and order in a community was already established but threats to the security of civil aviation had taken another dimension necessitating suitable additions and amendments to the laws. Black (2003) noted that the terrorist actions against the United States which killed 20 percent more people than the bombing of Pearl Harbor. 27 were performed as suicide attacks and not just the normal terrorists attack supporting that terrorist has taken a different dimension.

Simonsen and Spindlove (2007), pointed out that the terrorists attack, tremendously affected the airport industry, specifically, the attacks provided major challenges to airport security, such that there is urgent need to strengthen security and to offer better protection to the public. Governmental departments should formulate and issue necessary orders, directives and provide guidance material to enable each airport and airline to develop a security system appropriate to its own particular needs. While recognizing that all those concerned with the transport of passengers, cargo, and mail have a responsibility to take necessary safeguarding measures while the established practices of different countries will act as a modifying factor on the national procedures for aviation security. According to (Curtis, 2000) the aviation system comprises of various levels, each differing in their perception of safety. This would mean that the definition of safety perceived at one country, might not be the same at another country.

Helmreich and Merritt (2001) in their study argued that safety is an abstract concept rather than a binary condition defined by safe and unsafe conditions. They suggested that it is a continuum that covers an array of conditions, practices and resources that are likely to vary from one place to another. Every organization attempts to operate as safely as resources and conditions permit. Further, it is speculated that the very definition of safety is culturally determined (Merritt, 1998).

Kronenwetter (2004) noted that nowadays —everyone who travels by plane is subjected to delays and potential indignities because of the security prompted by terrorism since there are several categories of security tasks at airports such as passenger security screening, checked baggage security control, access control to restricted areas, cargo and mail security, and crisis management. Simonsen (2007) since the attack most countries have strengthened their aviation security systems by either establishing new dedicated security organizations or changing some aspects of their existing security organization structures. It is thus easy to say that establishing a sole organization with a clear command chain for normal conditions as well as crisis situations is the best way to address the problems associated with the organizational structure of aviation security. However Combs and Slann ( 2002), pointed out that it is not easy to create a single organization with absolute authority that is responsible for overseeing all the security functions at an airport due to the complexity of airport communities in which various organizations hold various responsibilities.

Kronenwetter (2004) makes an interesting point as he describes how terrorism has been present even before 9/11, and not only in other parts of the world, but it has affected the United States. However, the undeniable reality is that terrorism was perceived by people of the United States to be a phenomenon occurring in other countries. They believed that it did not happen in their place, even when it undeniably did happen here. Despite the efforts of the government to increase security, they were faced with many challenges. Passengers experienced fear and dissatisfaction because of the many changes that

affected the airport industry. At the same time the government is faced with a different problem because the terrorists do not smuggle bombs into the airplanes, neither do they try to collect a ransom, they use airplanes as weapons against their target (Combs & Slann, 2002).

Facemire and Laustra (2005) in their study pointed out that some enhancements of airport security has been put in place as they described how new technology has been introduced at checkpoints in order to deter terrorists. X-ray systems have been updated and are used when checking luggage. Poole and Passantino (2003) noted that checkpoint security procedure has two main objectives: the screening of passengers and of their carry-on bags. For both of these areas, new technologies promise to address the extra requirements that recent events have imposed. Checked bags would be processed through high-speed x-ray machines first, with those that cleared the system being forwarded for loading. If a bag triggered an alarm, it would be forwarded, along with all bags from high-risk passengers, to an explosive detection scanner for detailed inspection. If the explosive detection machine flagged the bag, it would be inspected manually, preferably with the owner present.

However Thomas (2003) argued that no man-made system can be absolutely safe, we can only talk about relative safety, and the understanding that simply because a flight is completed without an accident it does not mean that the flight was risk free and, therefore, safe. McAllister (2001) the stringent security measures put in place have increased queuing times and stress levels of the passengers. The new security measures which include restricting the amount of hand luggage allowed and the carrying of liquids and gels and the increased levels of security have created confusion in terms of what people are permitted to carry. Further, airports dwell times have also significantly risen as much of the additional dwell time is spent in check-in queues and central search and the passengers are being more stressed (Evered, 2006).

### **2.3.4 Strategic Human Capital**

Human capital is defined as an employee who has the ability, experience, and knowledge to produce economic value for the company Lepak (1999); Snell and Dean (1992), Cheng-Kang and Yuan-Yin (2011), still in the same source Snell and Dean (1992) state that the knowledge and skills can create staff productivity. So, human capital refers to employees who have ability, experience and knowledge that provide economic value to the organization. Human capital investment is also one of the company's capital sources of innovation and renewal strategy, re-engineering process, as well as the dream of company resources, Bontis (1999). Human capital investment plays an important role on company's performance. This supports the validity of theories proposed by Snell and Dean (1992); Lepak (1999); Endri (2010).

To align with critical and emerging business goals, strategies and metrics, organizations have to ensure that their human resources has a strong understanding of the organization's emerging and core business issues (Global Human Capital Trend, 2014). In many economies, employers are searching for workers who possess behavioral skills such as teamwork, diligence, creativity, entrepreneurship and entrepreneurship, essential to thrive in today's rapidly evolving, technologically driven globalized economies. Thus, just improving workers' technical and vocational skills will not always meet employers' needs systems that build skills will also have to ensure that these added behavioral attributes are in place (World Bank, 2010). Kenya Vision 2030 intends to create a globally competitive and adaptive human resource base to meet the requirements of a rapidly industrializing economy. To achieve this much need to be done through life-long training and education (Republic of Kenya, 2007).

Human Resource must be invested in and leveraged efficiently in order for it to generate returns, for the individuals involved as well as an economy as a whole. World Economic Forum reported that the global economy is entering an era of talent scarcity that, if left unaddressed, will hinder economic growth worldwide (World Economic Forum, 2013),

As we move to knowledge based economy, knowledge, skills and competencies constitutes a vital asset in supporting economic growth and reducing social inequality in developing countries. Human capital investment is one of the key factors in combating high and persistent unemployment and problems of low pay and poverty (Ogunade, 2011). The concept of human capital has played an important role in the neoclassical analysis of labour markets. This is particularly in regard to the role it plays in wage determination. It has also come to dominate the economic analysis of education. The analysis of human capital views education as one of the routes through which human capital is acquired. The

basis of human capital model is based on the premise that additional non-compulsory education (schooling) increases the productivity of labour in a perfectly competitive market (Omolo, 2013)

Kenya aspires to become globally competitive country offering high quality of life to all its citizens by 2030. Attainment of this vision hinges on the extent to which the country is able to create a competitive and adaptive human capital base to meet the requirements of a rapidly industrializing and globalizing economy. All the three pillars of Kenya Vision 2030 (economic, social and political) are anchored on the existence of a skillful, productive, competitive and adaptive human capital base (Republic of Kenya, 2007). Effectiveness of human capital investment, are therefore, imperative for achievement of Vision 2030 goals.

According to Armstrong (2012), Odhong and Were (2013), Human capital theory helps to determine the impact of people on the business and their contribution to shareholder value. It demonstrates the HR practices that produce value for money in terms, for example, of return on investment. According to Dae-bong (2009), Human capital theorists believe that education and earning power are correlated, which means, theoretically, that the more education one has, the more one can earn, and that the skills, knowledge and abilities that education provides can be transferred into the work in terms

of productivity. Human capital refers to the knowledge, expertise, and skill one accumulates through education and training (Severine & Lila, 2009; Marimuthu et al. (2009); Dae-bong (2009); Armstrong (2014), Odhong et al. (2014); Jelena et al. (2012) conducted a study on the impact of knowledge management on organizational performance. The aim of this paper is to show that through creating, accumulating, organizing and utilizing knowledge, organizations can enhance organizational performance. The impact of knowledge management practices on performance was empirically tested through structural equation modelling. The sample included 329 companies both in Slovenia and Croatia with more than 50 employees. The results show that knowledge management practices measured through information technology, organizations and knowledge positively affect organizational performance. Vision 2030 recognizes that Kenya's pool of talent is small and inadequately trained for integration into the job market. Measures are therefore taken to improve the national pool of skills and talent through training that is relevant to the needs of the economy. The current transition rate from secondary level education to university will be increased and post graduate training strengthened, particularly in science and technology (Republic of Kenya, 2007).

A study by World Bank (2010) showed that information on learning outcomes indicates that schools in many developing countries are failing to teach Foundational Cognitive skills, much less the expert thinking and complex communication and occupational skills needed to function effectively in the modern labor market. Skills and skills development are essential component of all efforts in this challenging era. Too many workers are simply unprepared to meet the needs of firms, particularly in more competitive economic environments. Skills are at the core of improving individuals 'employment outcomes and increasing countries 'productivity and growth. This is particularly relevant as today's developing and emerging countries seek higher sustained growth rates (World Bank, 2014). Skills development programmes enable employees gain employability. Employability includes skills, knowledge and competencies that

enhances a worker's ability to secure and retain a job, progress at work and cope with change, secure another job if he or she so wishes or has been laid off, and enter more easily into the labour market at different periods of his or her lifecycle (Omolo, 2013; Franz & Omolo, 2014). Joash (2013) has conducted research through content analysis to analyze the relationship between Human Capital and Organizational effectiveness. Organizational effectiveness is characterized by competitiveness, Innovation and excellence. Competitiveness depends on skills and human capital investment. Human capital investment is characterized by investing in education, health and training. She narrates that globalization has resulted in new economy named as knowledge economy, in which human capital variables education & training-plays a significant role. Based on the existing literature it was analyzed that investment in human capital is directly proportional not only with the productivity of the organizations-trainings increase productivity by 16%; but also with profitability. An increase of over twice the size of the wages increased because of trainings was witnessed in materials. It was also concluded that in strategic triad-Business strategy, Human capital strategy and Human Resource Strategy –human capital strategy is a critical component. Sutia et al. (2013) conducted a study on the Influence of Human Capital Investment, Leadership and Strategic Orientation on Airport Performance using primary and secondary data, the samples of the study were 25 Airports. The sampling technique employed was census. The results of the study show that human capital investment and strategic orientation will increase company performance.

Njihia et al. (2013) highlight Strategic human capital as one of the organization drivers which helps the organization in monitoring performance, identifying the areas that need attention, by enhancing motivation, improving communication and strengthening accountability. Baptiste (2001) in his study acknowledged that human resource is one of the important assets in a company which can be strategically developed and improved through education and training. According to Lepak (1999) human capital comprises of the personnel who possess ability, experience and knowledge to create the economic

value of an organization. However according to Bontis (1999) in his study he analyzed human capital as employee knowledge, competence and experience.

There are some empirical evidences showing the positive relationship between the development of human capital and organizational performance ((Huselid (1995), David (1997), Marimuthu et al. (2009), Ongkorahardjo et al. (2008), Ukenna et al. (2010)) and the decrease of turnover and the increase of company productivity (Guest, 2003). The study conducted by Marr et al (2003) concludes that intellectual capital significantly gives contribution to the enhancement of competitive position for the organization and increases the value added in organization. Meanwhile, the study conducted by Snel and Dean (1992) identifies that human capital of the company has two dimensions: value and uniqueness which contribute to lower cost and improve the performance of company. Another study conducted by the Carnelli (2004) which analyzes the relationship between strategic human capital and the performance of public sector of organizations conclude that local governments with the human capital strategy such as education, competence, experience and human capital with value and uniqueness have better financial performance.

Halpen (2008) also concludes that strategic human capital can increase organization performance and pointed out that human capital is an accumulation of the expertise and abilities of an employee gained from experience, training and education during his working periods to create qualified human resources with added value known as human capital which is a part of intellectual capitals. Human capital refers to knowledge, attitude and skills which are developed and valued to have economic productive potentials (Blundell, 1999). According to Bontis and Fitz-enz (2002), human capital is a combination of knowledge, talent and experience of an employee and comprises of 5 key components, that is individual capability, individual motivation, leadership, organizational climates and workgroup effectiveness. Each component has its own role in creating company's human capital which eventually determines company value.

Hitt et al. (2001) human capital is a representation of knowledge, competence, skill and experience of human resource which gives economic value to an organization and concluded that human capital is an essential resource of competence that enables an organization to gain competitive advantage over others. (Lepak, 1999). According to Mayo (2000) the value added to the employees can be in the form of their developed competences, knowledge transfer and management of culture change and according to Bontis ( 2007) the value added to the human capital will give an organization sustainable revenue in the future which ultimately increases company's performance.

Harper and Earl (1996) proves that a company with research and development investment and higher human capital has better strategic orientation. Zahra et al. (2000) observed that from global experience organization with track of good performance are positively related to management strategic orientation with human capital aspects. Human capital is assumed to be the most important element in obtaining competitive advantage for most organization (Memon et al., 2009).

A number of studies reviewed reflected that there are some empirical evidences showing the positive relationship between the development of human capital and organizational performance ((Huselid (1995); David (1997); Marimuthu, et al. (2009); Ongkorahardjo et al. (2008); Memon et al. (2009) further observed that performance of human capital is affected by the ability of strategic leadership in formulating and implementing human capital policies. Ukenna et al. (2010)) observed that organization that report continued decrease of their turn over have neglected the human capital aspect at the expense profitability. This is in line with study conducted by Marr et al. (2003) that concluded that intellectual capital significantly gives contribution to the enhancement of competitive position for the organization and increases the value added in organization and according to Guest (2003) human capital significantly increases the organization productivity.

Carnelli (2004) analyzed the relationship between strategic human capital and the performance of public sector organizations and concluded that local governments with the human capital strategy such as education, competence and experience have better financial performance. This is further evidenced by a study conducted by Snell and Dean (1992) which identified that human capital of the company has two dimensions: value and uniqueness which contribute to lower cost and improve the performance of an organization and study of Baptiste (2001) which explains that human capital is employee knowledge and skill that produce economic potential for organization.

Human capital investment plays an important role on company's performance. This supports the validity of theories proposed by Snell and Dean (1992); Lepak (1999). Endri (2010) argues that human capital investment is one of the company's capital sources of innovation and renewal strategy, re-engineering process, as well as the dream of company resources. Fletcher (2004) human capital consists of knowledge, skill, talent and experience which give value to a company. Cheng-Kang and Yuan-Yin (2011), observed that the knowledge and skills pointed out by Fletcher (2004) can create staff productivity and result to employees who have ability, experience and knowledge that provide economic value to the organization.

Doganis (2006) expected challenges, particularly when it comes to human capital to cope up with liberalization and privatization. However Williams and Bowden (2006) noted that privatization would be more efficient than public sector ownership and have significant impact on the aviation industry as a whole. Debrah (2011) noted that liberalization and privatization of the global airline industry has fundamentally altered the competitive landscape for the airline industry as the industry is run as dynamic businesses rather than simply being places for aircraft to land and take off and as a result, competition for scarce human capital has intensified for businesses to gain a competitive advantage over rivals.

### **2.3.5 Measurement of company's performance**

Arasa and K'Obonyo (2012) established a significant relationship between strategic planning and performance in the insurance sector firms in Kenya. While, Awino *et al.* (2013) established a positive link between strategic planning practices and performance in the commercial banking sector in Kenya. Namada *et al.* (2014) examined the effects of management participation as a firm level practice on firm performance in the Export Processing Zone (EPZ) firms. Haron and Arul Chellakumar (2012) found that, in Kenya the small-sized manufacturing companies are the best performing companies in terms of relative efficiency (83 percent) followed by large-size manufacturing companies (69 percent) and medium-sized manufacturing companies (68 percent) in that order. They however used only financial measures to determine performance variations among the firms. Firm measurement is a multi-dimensional aspect with many variables (Kennerley & Franco-Santos, 2005). Hence the study aimed to examine the effect of management participation as a dimension of strategic planning on firm financial and non-financial performance. Measurement of organizational performance is not easy for business organizations with multiple objectives of profitability, employee satisfaction, productivity growth, corporate social responsibility and adaptability (Waiganjo, 2013). Khatri (2000) defined performance as the way an organization performs vis-a-vis other similar organizations in its industry, not only on traditional financial indicators of performance but on important non-financial indicators as well. (cited in Elbanna & Naguib, 2009); Elbanna (2009); McLarney (2001) have noted that in measuring strategic planning effectiveness, traditional strategic planning research has neglected the role of a range of non-financial outcomes. These include, efficiency in operations, public image, quality of products and employee satisfaction. The firm performance criteria in general have traditionally focused on metrics based on financial information. However, financial measures are historical in nature, reporting outcomes and the consequences of past actions (Kaplan & Norton, 2001) thus; they are of little use in improving current performance (Kagioglou *et al.*, 2001). This situation has led to criticism of business

environments that rely on lagging financial measures, since these measures result in short-termism, lack of strategic focus, local optimization and misleading signals for continuous improvement and innovation that are not externally focused on customers and competitors (Bourne *et al.*, 2000; Anderson & McAdam, 2004). Parker (2000) averred that financial measures fail to include the less tangible factors such as product or service quality, customer satisfaction and employee morale and added that they tend to be very insular and inward-looking and only take what is happening in the firm into account.

A number of studies have adopted a multi-dimensional approach to assessing firm performance. Phillips and Moutinho (2000) describing performance as the accomplishments and outcomes of an entity, caution that generally agreed measures of performance of a company are hard to come by, adds that, the option to ignore performance is not viable, since performance improvement is an important strategic objective. In an attempt to address some of the challenges, Walker and Ruekert (1987) broke down the important aspects of corporate strategy into effectiveness, efficiency, and adaptability; however, they then admit that there is little agreement as to which measure is best. Elbanna (2008) suggested Non-financial measures which included, increased effectiveness in achieving strategic goals, increased commitment among line managers shared vision, fit between internal and external capabilities and consideration of the future implications of decision. Kaplan and Norton (2008) argue that the Balanced Score Card considers financial indications as one of the critical measures of firm performance. Performance in manufacturing firms is measured in terms of a firm's profit margins, volume of sales and employment opportunities created as a result of the firm's products and services being sold in the market place (Kiganane, 2013).

According to Kaplan and Norton (1992) the financial perspective uses a financial performance measurement indicator as to whether the company's strategy,

implementation and execution are affecting the bottom line enhancement. Financial goals for large companies will be profitability, growth and shareholder's value.

Douglas and Zabellis (2011) argued that measurement of airport performance involve the passengers themselves in order to yield accurate results. However, much of the research up to now has defined and measured airport service quality through developing a list of indicators from various airport stakeholders (Fodness & Murray, 2007). However for this study we focused on several key marketing and customer focus initiatives that have been put in place to enhance the performance.

Therefore the study focused on increased market share and high customer turnover as the major and Owuor, (2009) pointed out that strategic drivers of performance are closely linked to specific strategies adopted by the organization in order to maximize organizational performance and are used to gauge how a company is able to meet its targets. Awino (2011) asserts that for an organization to be successful it has to identify strategic performance drivers from the top to the bottom of the organization.

## **2.4 Empirical Review of Literature**

Strategic management is an important aspect of management that elicits research interest among scholars and practitioners. This can be attributed to the universal application of this aspect of management discipline. One of the recent conceptual studies in Nigeria (Ujunwa & Modebe, 2012) advocated for the adoption of strategic management approach in ensuring capital market efficiency following the perceived pivotal role the capital market in economic development. The strategic measure they reviewed ranged from effective regulation to achieving favorable macroeconomic environment. They posited that these strategies will not only promote the efficiency of the capital market, but will leverage the role of the capital market in promoting economic growth.

Askarany and Yazdifar (2012), investigating the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The findings suggest a significant association between the diffusion of these relatively new strategic management tools and organizational performance.

Gichunge (2007) examined the effect of formal strategic management on organizational performance of medium sized manufacturing enterprises in Nairobi, Kenya. It examined the extent to which formal strategic management is adopted by medium sized manufacturing enterprises in Kenya and investigated the effect of various administrative/legal factors on the extent to which formal strategic management are adopted. It also determined the relationship between level of competition and adoption of formal strategic management and investigated the effect of administrative/legal factors on organizational performance.

Strategy execution matters. In many cases, it is the critical bottleneck between sensing and seizing opportunities. However, the task is complex and prepackaged prescriptions tend to fall short of corporate reality. Traditional analysis tools (SWOT, 5 Forces, etc.) only help in strategy formulation. They often fail to account for the human factor as successful strategy implementation also requires leadership skills and an ongoing face-to-face debate with the people in your organization about unspoken assumptions, emerging data, difficult choices, personal interests and motivations, and ultimately action plans and incentives (for those lower in the hierarchy).

Indeed, strategy execution is a difficult, yet crucial organizational process (Beer & Nohria, 2000; Kotter, 2007). Whereas effective strategy execution narrows the gap between intended and realized strategy (Jarzabkowski, 2008), poor strategy execution leads to squandered resources and missing out on opportunities in thriving markets

(Fourné, Jansen, & Mom, 2014; Miller & Friesen, 1982), maladaptation (March, 1994), or even organizational failure (Hickson, Miller, & Wilson, 2003; Nutt, 1999).

Performance is regarded as an output which is aligned to objectives or simply profitability and is explained in terms of expected behavioural output and also results. Odhuon *et al.* (2010) asserted that the only worthy performance measure is financial performance because of its value to shareholders, executives and the market. This measure is an indicator of organizational success and sustainability because it is the reason for the existence of firms. The financial success of an organization is a measure of a firm's performance because it depicts the ability of an organization to operate above all its costs. Ittner and Larcker (2003) claimed that a firm's performance should not be measured by financial performance but also operational and market indicators. Financial Performance for this research will be measured using profitability and growth in sales while non-financial indicators will be service quality and customer satisfaction. Non-financial measures have been deemed to be more effective in motivating managerial performance because they are more reflective of the overall corporate strategy (Banker *et al.* 2005).

## **2.5 Critique of existing Literature**

From empirical literature reviewed it's evidenced that there has been quite a number of studies which have been done in this area: Uzel (2013) concluded that there is need for the hotels in Kenyan coast to employ strategic management drivers in their operations as this improves their level of performance. Although the study found out that strategic management drivers improves hotel performance, the study did not come up with any optimum point at which the hotels should employ them. The study also did not come up with a way of combining the various forms of strategic management drivers' mix. Arasa and K'Obonyo (2012), Arasa and K'Obonyo (2012) established a significant relationship between strategic planning and performance in the insurance sector firms in Kenya but did not indicate the strategic drivers of performance While, Awino *et al.*,

(2013) established a positive link between strategic planning practices and performance in the commercial banking sector in Kenya but did not discuss implementation of the same. Namada *et al.* (2014) examined the effects of management participation as a firm level practice on firm performance in the Export Processing Zone (EPZ) firms Armstrong (2012). In his study David (2001) noted that without understanding and commitment, strategy implementation efforts face major problems. Managers are prone to overlook implementation realities. Past local studies (Obare, 2006; Koske 2003; Lumiti, 2007; Ateng, 2007) concurred that good strategies have been written but very little has been achieved in their implementation. Munir, Baird and Perera (2011) conducted a study on the strategic responses adopted by the banking sector but failed to address how the strategic responses adopted impact on the performance of the organization.

Obare (2006); Koske (2003); Lumiti (2007), Ateng (2007); Yabs (2008); Munir,& Perera (2011); Mutua (2010); Marete (2007); Mudanya (2007); Odongo (2008); Wairimu (2008); Ombok (2009) but most of them focused on the planning aspect and implementation of the strategies but did not analyze how these strategies impacted on the overall performance of the organizations. Most of these studies further concentrated on challenges facing the implementation of the strategies.

This study will therefore concentrate on the analysis and impact of these management drivers on the overall performance of the airports, further, it will also look at the challenges and how the airports have been trying to overcome them.

## **2.6 Summary and Gaps**

From the studies reviewed, strategic management determinants are a set of systematic planning techniques that help managers in making strategic decisions in the business. Strategic management drivers of performance involve the translation of business strategies into deliverable results. It combines financial, strategic and operating

principles to gauge how a company is able to meet its targets. Strategic drivers of performance are closely linked to specific strategies and value drivers in order to maximize organizational performance. A firm's resources include assets, capabilities, organizational processes and knowledge that help firms to implement strategies that improve performance. Other researchers refer to these resources as core competencies and capabilities that could generate competitive advantage.

A firm is considered to have a competitive advantage when it is able to create more economic value than rival firms. This is the difference between the perceived benefits gained by a customer that purchases a firm's product or services and full economic costs of these products and services. Measures of competitive advantage are derived from the relationship between competitive advantages, accounting performance and economic performance, which then can be used to develop strategies. Among the performance measures that received much attention is effectiveness. The environment in which airports operate is constantly changing with different factors influencing the Airports. This is because they are open systems that operate in environment that carries with it a myriad of challenges and uncertainties. For them to deliver efficiently, they must learn to appreciate the present challenges and cope with the increasingly competitive environment which calls on firms to rethink their strategies. Therefore it is crucial to put into practice strategic drivers that can keep the airports at a good performance bar. The concept of strategic came about as a result of managers deviating from the initial plans during implementation of a strategy. None of these studies has been replicated in the airport sector and this is a clear gap the researcher intends to study.

Strategy implementation has been the subject of increased study and search for solution; especially since the process from strategy formulation to implementation is not efficient and is inadequate. Other scholars noted that without understanding and commitment, strategy implementation efforts face major problems. Managers are prone to overlook implementation realities. Past local studies concurred that good strategies have been

written but very little has been achieved in their implementation. However, these studies do not explain the factors that influence strategy implementation.

Several studies on strategic responses of organizations have been conducted. These studies offered a typology of strategic responses that vary in active organizations: from resistance, passive, conformity to proactive manipulation. However, the study did not address the strategic responses that are adopted by KRA in Kenya and the impact of such strategies on the performance. Local studies dwelt on strategic responses by the deposit protection fund (DPF) board to changes in the external environment. The study had gaps since it did not link strategic responses to the performance of KRA in Kenya. A study on the strategic responses of Kenya Commercial Bank limited to changes in the Kenyan banking industry ignored the strategic responses adopted by KRA in Kenya and the impact of such strategies on the performance of the firm. Although the above reviewed studies made important contributions on various aspects on organizations, they suffer from conceptual and contextual gaps since they did not address the adoption of strategic responses by Kenya revenue authority and the impact of such strategies on the performance. This is the research gap that this study wishes to address.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter covered the research design, the target population, sampling and sample size, data collection methods, pilot study and data collection procedures and data analysis and presentation.

#### **3.2 Research Design**

According to Lavrakas (2008), a research design is a general plan or strategy for conducting a research study to examine specific testable research questions of interest. Yang (2008) states that the phrase research design denotes both a process and a product aimed at facilitating the construction of sound arguments. The nature of the study – whether it is exploratory, descriptive or experimental depends on the stage to which knowledge about the research topic has advanced (Sekaran, 2003). The choice of the research strategy is guided by the research question(s) and objective(s), the extent of existing knowledge, the amount of time and resources available as well as the philosophical underpinning (Sounders, Lewis & Thornhill, 2003).

The study employed a descriptive and correlational research designs to explore the status of employment of strategic management drivers in enhancing performance without manipulating them. To achieve our objectives the study collected both qualitative and quantitative data. To collect quantitative data the researcher asked specific, narrow questions, collects quantifiable data from participants (a large number of participants); analyzed these numbers using statistics; and conducted the inquiry in an unbiased, objective manner using inferential statistics. For qualitative data researcher relied on the views of participants; asked broad, general questions; collected data consisting largely of views and opinions from participants; described and analyzed those views for themes;

and conducts the inquiry in a subjective, biased manner and mostly the information was represented using descriptive statistics. This was to ensure that any subsequent assessments of the attributes of that population were accurate and the findings were generalizable – in other words, they had population validity John and Johnson, (2002). Correlational research is basically concerned with assessing relationships among variables based on the premise that if a statistically significant relationship exists between two variables, then it is possible to predict one variable based on the information available on another variable Mugenda (2008).

### **3.3 Target Population**

Burns and Grove (2003) state that population includes all elements that meet certain criteria for inclusion in a study. Two types of population are target and accessible population. Target population consists of all members of a real or hypothetical set of people events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Borg & Gall, 2007, Castillo, 2009). Newing (2011) describes a population as the set of sampling units or cases that the researcher is interested in. According to Kothari (2004), a population refers to all items in any field of inquiry and is also known as the ‘universe’. Accessible population refers to the population in research to which the researchers can apply their conclusions (Castillo, 2009). For this study the target population comprised of 2078 respondents drawn from all departments and airports.

### 3.4 Sampling frame

The respondents cut across the whole departments ranging from senior managers to operational staff who were directly linked to the airport operations so as to get a balanced view from all the stakeholders. Table 3.1below shows the Sampling Frame

**Table 3.1: Sampling Frame**

| No.          | Department                           | Male        | Female     | Total Staff |
|--------------|--------------------------------------|-------------|------------|-------------|
| 1.           | Customer Care                        | 31          | 167        | 198         |
| 2            | Corporate Planning                   | 4           | 1          | 5           |
| 3            | Engineering                          | 206         | 22         | 228         |
| 4            | Finance                              | 58          | 43         | 101         |
| 5            | HRD                                  | 92          | 60         | 152         |
| 6            | ICT                                  | 14          | 8          | 22          |
| 7            | RM & IA                              | 8           | 1          | 9           |
| 8            | Legal                                | 3           | 2          | 5           |
| 9            | M& BD                                | 12          | 10         | 22          |
| 10           | MD'sOffice(Airport<br>Managers)      | 9           | 2          | 11          |
| 11           | Operations(GFS,Bird<br>Scout & Fire) | 354         | 53         | 407         |
| 12           | Procurement                          | 21          | 11         | 32          |
| 13           | Security Services                    | 626         | 260        | 886         |
| <b>TOTAL</b> |                                      | <b>1443</b> | <b>635</b> | <b>2078</b> |

*Source: No of staff in March 2015*

### **3.5 Sampling Technique**

The population of the study was derived from different departments and Airports and hence stratified random sampling was adopted to arrive at the study sample. Stratified random sampling is adopted when the parent population or sampling frame is made up of sub-sets of known size to ensure that the results are proportional and representative of the whole population. However a census survey was taken for all senior management and airport managers totaling to 20 as they are the major decision makers resulting to the overall study sample of 120 respondents.

### **3.6 Sample Size**

A sampling frame is a complete list of all the elements of interest in the study. For this study the sampling frame consisted of all the departments and Airports where the study population was drawn and from where the study sample was drawn. A formula used by Nasiurma (2000) was used to derive the required sample size objectively.

$$(NCV^2)$$

$$CV^2 + (N-1) \epsilon^2 CV^2$$

**Where N- is the total population**

**Cv - is Coefficient of -0.5**

**E - is tolerance at 95% confidence level which is normally 0.05**

$$\frac{2078 * 0.5^2}{0.5^2 + (2078 - 1) * 0.05^2} = 120 \text{ respondents}$$

**Table 3.2:** below shows how the sample size was arrived at using the above formula.

| No.          | Department                             | Total Staff | Sample Size |
|--------------|--|-------------|-------------|
| 1.           | Customer Care                          | 198         | 8           |
| 2            | Corporate Planning                     | 5           | 1           |
| 3            | Engineering                            | 223         | 10          |
| 4            | Finance                                | 96          | 4           |
| 5            | HRD                                    | 152         | 7           |
| 6            | ICT                                    | 22          | 1           |
| 7            | RM & IA                                | 9           | 1           |
| 8            | Legal                                  | 5           | 1           |
| 9            | M& BD                                  | 22          | 1           |
| 10           | MD's Office (Airport Managers)         | 11          | 2           |
| 11           | Operations (GFS ,Bird Scout & Fire)    | 402         | 18          |
| 12           | Procurement                            | 32          | 1           |
| 13           | Security Services                      | 881         | 40          |
| 14           | Senior management and airport managers | 25          | 25          |
| <b>TOTAL</b> |  | <b>2078</b> | <b>120</b>  |

### **3.7 Data collection methods**

The instrument used by the researcher in the study was questionnaires which were a list of questions to be answered by the respondents. Dropped and picked method was used to administer the questionnaires at Jomo Kenyatta International Airport. For the respondents in other airports, the questionnaires were sent to them on email and telephone calls were made to make follow up.

### **3.8 Pilot Study**

According to Beck et al. (2003), a pilot study is a small scale version, or trial run, done in preparation for a major study. Beck et al. (2003) states that the purpose of a pilot study is not so much to test research hypotheses, but rather to test protocols, data collection instruments, sample recruitment strategies, and other aspects of a study in preparation for a larger study.

In this study, data collection instrument which is a questionnaire was tested to ensure that it was relevant and effective. Reliability was tested using questionnaire duly completed by twenty (20) randomly selected respondents. The researcher piloted Jomo Kenyatta International Airport to pretest the questionnaire. Twenty Heads of Sections were given questionnaires and were interviewed; this helped the researcher to check whether the questionnaires were okay. These are the managers at the airport and they are involved in decision making. These respondents were not included in the final study sample in order to control for response biasness.

### 3.8.1 Reliability

In this research, questionnaire reliability was checked by choosing internal consistency method. By using this method, we measured the correlation between each item in the questionnaire and others. In addition, we did not need to perform more than one test, or to design two equivalent forms. For likert scale questionnaires the study used Cronbach alpha method which is a correlation coefficient between two sets of data. A reliability coefficient of zero indicates that the test scores are unreliable. On the other hand the higher the reliability coefficient, the more reliable or accurate the test scores. For social science research purposes, tests with a reliability score of 0.7 and above are accepted as reliable, whilst for clinical decision making, test scores of between 0.8 and 0.9 are acceptable (Kurpius & Stafford, 2006).

Given variable  $x_1, \dots, x_k$  and  $x_0 = \sum_{j=1}^k x_j$

**Cronbach's alpha** is defined to be

$$\frac{k}{k-1} \left( \frac{\sum_{i \neq j}^k cov(x_i, x_j)}{var(x_0)} \right) = \frac{k}{k-1} \left( 1 - \frac{\sum_{j=1}^k var(x_j)}{var(x_0)} \right)$$

### 3.8.2 Validity

Validity measure ensured that the research tool was measuring what researcher intended to measure or wanted to measure (Polit and Hunger, 1985). There are three methods to measure the validity of the research tool, which are: content validity, criterion related validity, and construct validity. Evidence of validity is reported as a validity coefficient, which can range from 0 to +1.00. The validity scores approaching 1 provide strong evidence that the tests scores are measuring the construct under investigation (Kurpius & Stafford, 2006). Kurpius and Stafford (2006) further point out that the validity coefficient for a test's score cannot be greater than the square root of the test's reliability.

### **3.9 Data Analysis and Presentation**

Burns and grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. According to De Vos (2002) data analysis is creative process characterized by an intimate relationship of the researcher with the participants and data generated. Responses were given by 105 respondents. Both quantitative and qualitative methods of data analysis were used to analyze the data.

Quantitative information was analyzed through statistical procedures. Statistical analyses cover a broad range of techniques, from simple procedures that we all use regularly (e.g., computing an average) to complex and sophisticated methods. Pearson's correlation analysis was used to explore the relationships among the variables. To test the hypotheses, multiple regression analysis was used. Multiple regression analysis was used because it provided estimates of net effects and explanatory power. The statistical package for social sciences, SPSS (version 20.0) was used for data analysis.

#### **3.9.1 Quantitative Analysis**

Quantitative information is usually analyzed through statistical procedures. Statistical analyses cover a broad range of techniques, from simple procedures that we all use regularly (e.g., computing an average) to complex and sophisticated methods. Although some methods are computationally formidable, the underlying logic of statistical tests is relatively easy to grasp, and computers have eliminated the need to get bogged down with detailed mathematical operations (Polit & Beck, 2003).

Both descriptive statistics and inferential statistics were used in the quantitative data analysis. Descriptive statistics such as percentages, mean, standard deviation and variance were used and the data was presented in tables, charts graphs. Inferential statistics such as Pearson's correlation analysis were used to explore the relationship

between the variables. Pearson's correlation coefficient was calculated to analyze the strength and direction of association between the dependent and the independent variables. Multiple linear regression analysis was used because it provided estimates of net effects and explanatory power.

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### **3.9.4 Correlation and Regression Analysis**

Correlation between each independent variable and the dependent variable was measured using Karl Pearson's coefficient of correlation. PCC was generated and displayed in form of a table. bDancey and Reidy's (2004) Pearson's correlation coefficient categorization was used to assess the strength of the relationship between the variables as shown in table 3.3 below.

**Table 3.3: Dancey and Reidy's Strength of Pearson's Correlation Coefficient Categorization**

| <b>Value of the Correlation Coefficient</b> | <b>Strength of Correlation</b> |
|---|--------------------------------|
| 1   | Perfect                        |
| 0.7 - 0.9                                   | Strong                         |
| 0.4 - 0.6                                   | Moderate                       |
| 0.1 - 0.3                                   | Weak                           |
| 0   | Zero                           |

Source: Dancey and Reidy's (2004)

### **3.9.5 Multiple Regression Model**

A multiple regression model was used to analyze the data using SPSS version 20. The responses on the Likert scale questionnaire were coded and fed in the SPSS software. The regression model adopted for the study was as follows:

$$Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Where:

$Y$ = Organizational performance

$\beta_0$ = is the  $Y$  intercept/ constant

$\beta_1 - \beta_5$ = coefficient of regression which measures how strong each independent variable influence the dependent variable

$X_1 - X_5$  = Independent variables

$\varepsilon$  = the error term

**Table 3.4: Variable definition and measurement**

| <b>Variable definition</b>                               | <b>Definition of sub-concepts</b>   | <b>Measurement</b>   |
|--|---|--|
| Strategic Information and communication technology (ICT) | Automation of processes<br>Computerized services  | levels of automation of processes .Using Likert scale of 1-5 where 1 is the lowest and 5 is the highest  |
| Safety and Security strategy                             | Reduced incidence of threat<br><br>Frequent review of security measures<br><br>Timely intelligence reports<br><br>Use of advanced screening equipment | Thorough screening Using modern technology. Using Likert scale of 1-5 where 1 is the lowest and 5 is the highest   |
| Strategic customer focus                                 | Customer feedback<br><br>Efficient services   | Customer satisfaction surveys. Using Likert scale of 1-5 where 1 is the lowest and 5 is the highest  |
| Strategic human capital                                  | Required qualification<br><br>Continuous of training<br><br>Good working environment  | Skills and qualification of Personnel. Using Likert scale of 1-5 where 1 is the lowest and 5 is the highest  |
| Performance  |   | Increased profit levels<br><br>Increased market share<br><br>High customers turnover. Using Likert scale of 1-5 where 1 is the lowest and 5 is the highest |

**Table 3.5: Hypothesis Testing**

| Hypothesis statement   | Hypothesis testing   | Model and anticipated results  |
|--|--|--|
| $H_0_1$ There is no relationship between strategic human capital and airport performance.                | $H_0_1 \beta_1 \neq 0$   | $y = \beta_0 + \beta_1 X_1 +$  |
|  | i) Anova -To test the overall Robust of simple regression<br>ii)T-test-to test significance relationship of the variables<br>iii)Pearson correlation to test the partial correlation between the variables | To reject $H_0$ when the P-value is $\leq 0.05$ otherwise fail to reject when p-value is $=0.05$   |
| $H_0_2$ There is no relationship between security and safety strategy and airport performance            | $H_0_2 \beta_2 \neq 0$   | $y = \beta_0 + \beta_2 X_2 +$  |
|  | i) Anova -To test the overall Robust of simple regression ii)T-test-to test significance relationship of the variables<br>iii)Pearson correlation to test the partial correlation between the variables    | To reject $H_0_2$ when the P-value is $\leq 0.05$ otherwise fail to reject when p-value is $=0.05$ |
| $H_0_3$ There is no relationship between use of strategic information technology and airport performance | $H_0_3 \beta_3 \neq 0$   | $y = \beta_0 + \beta_3 X_3 +$  |
|  | i) Anova -To test the overall Robust of simple regression ii)T-test-to test significance relationship of the variables<br>iii)Pearson correlation to test the partial correlation between the variables    | To reject $H_0$ when the P-value is $\leq 0.05$ otherwise fail to reject when p-value is $=0.05$   |
| $H_0_4$ There is no relationship between strategic customer focus and airport performance                | $H_0_4 \beta_4 \neq 0$   | $y = \beta_0 + \beta_4 X_4 +$  |
|  | i) Anova -To test the overall Robust of simple regression ii)T-test-to test significance relationship of the variables<br>iii)Pearson correlation to test the partial correlation between the variables    | To reject $H_0$ when the P-value is $\leq 0.05$ otherwise fail to reject when p-value is $=0.05$   |

All the hypothesis were tested at 95 percent confidence level (level of significance, $\alpha = 0.05$ ).

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This Chapter provides information on the findings of the study. It starts with the response rate of the study followed by the general background information of the respondents and then descriptive statistics. Towards the end of the chapter correlation and regression analysis has also been done. The data collected from respondents was presented and summarized using tables, graphs, and descriptive statistics.

#### **4.2 Response Rate**

In this research, out of 120 questionnaires administered to the respondents, a total of 105 questionnaires were returned. This represent 87.5% response rate which is satisfactory to make conclusions for the study. According to Mugenda and Mugenda (1999) a response rate of 70% and above is rated very good. According to Fincham (2008) a response rate of approximately 60% should be the goal of researchers for most research. Therefore a response rate of 87.5% is very good and therefore further analysis of the study can be conducted. The response rate is represented on Table 4.1 below

**Table 4.1: Response Rate**

| <b>Response Rate</b> | <b>Frequency</b> | <b>Percent</b> |
|----------------------|------------------|----------------|
| Returned             | <b>105</b>       | <b>87.5%</b>   |
| Unreturned           | <b>15</b>        | <b>12.5%</b>   |
| <b>Total</b>         | <b>120</b>       | <b>100%</b>    |

### **4.3 Pilot results**

The questionnaire responses were input into statistical package for social sciences (SPSS) and Cronbach's alpha coefficient generated to assess reliability. The closer Cronbach's alpha coefficient is to 1, the higher the internal consistency reliability (Sekaran, 2003). Kurpius and Stafford (2006) recommend that a cronbach alpha reliability correlation coefficient should be around 0.70 for a newly developed tool.

**Table 4.2: Reliability Test**

| Variable  | No. of Items | Cronbach's Alpha |
|---|--------------|------------------|
| Strategic Information and Communication Technology(ICT) | 5            | 0.85             |
| Strategic customer focus                                | 6            | 0.878            |
| Safety and Security strategy                            | 4            | 0.958            |
| Strategic human capital                                 | 5            | 0.859            |
| Organization performance                                | 5            | 0.94             |

All the variables were above the minimum threshold of 0.7

### **4.4 Background Information**

This section contains the analysis of information on respondent's department education level and work experience

#### **4.4.1 Respondents 'Department**

Response rate was analyzed in terms of department and the highest response rate came from security department with 28%, senior management with 18.1%, operations with 18%, Customer care with 10%, Engineering with 9%, Human resource with 6% while finance, Marketing and legal services tallied with 2% while Corporate planning .ICT, Procurement and logistics, Risk and internal audit were the least with 1% each. However

the response rate was distributed among all the departments and this gave balanced views of all the departments without any biasness. The response rate is presented by Table 4.3 below.

**Table 4.3: Respondent's Department**

| <b>Departments</b>                     | <b>Frequency</b> | <b>Percent</b> |
|--|------------------|----------------|
| Customer Service                       | 10               | 9.5            |
| Corporate Planning                     | 1                | 1.0            |
| Engineering                            | 9                | 8.6            |
| Finance                                | 3                | 2.9            |
| Human Resource & Development           | 6                | 5.7            |
| Information Communication & Technology | 1                | 1.0            |
| Procurement & Logistics                | 1                | 1.0            |
| Risk Management & Internal audit       | 1                | 1.0            |
| Marketing & Bus. Devt                  | 3                | 2.9            |
| MD Office                              | 3                | 2.9            |
| Legal Services                         | 2                | 1.9            |
| Operations                             | 18               | 17.1           |
| Security                               | 28               | 26.7           |
| Senior Management                      | 18               | 18.1           |
| <b>Total</b>                           | <b>105</b>       | <b>100.0</b>   |

**Table 4.4.1 Respondent's Demographic Information**

Response rate in terms of age was also analyzed to see how responses were distributed among different ages across the organization. The highest number of the respondents were between the age of 40- 49 with 34.3%, followed by 50 and above with 28.1%, 30-39 with 20% while below 29 were the least with 17.1%. This reflected that most of the respondents were of mature age and could have worked in the company for long making the information they gave more reliable as they were conversant with company daily activities.

Response rate was analyzed in terms of respondent's level of education to determine the academic qualification of the respondents working in the organization. Majority of the respondents have a Bachelor's degree with 37.1% followed by Masters Degree with 25.7% while Diploma and other professional certificates were 22.9% and 14.3% respectively. However, nobody has a PhD qualification.

Response rate was analyzed in terms of respondents work experience to determine how long respondents have worked with the organization. Majority of the respondents have worked with the organization between 11-15 years as presented by 34.3% followed by 5-10 years and over 15 years tallying with 22.9% while those who have worked for less than five years were only 20% meaning majority of respondent, 80% have worked for a longer period than five years in the organization and therefore the information they gave was based on experience and hence was more reliable. That information is represented in table 4.4 below

**Table 4.4: Respondent's Demographic Information**

| <b>Demographics</b> | <b>Category</b>    | <b>Frequency</b> | <b>Percent</b> |
|---------------------|--------------------|------------------|----------------|
| Gender              | Male               | 63               | 60.0           |
|                     | Female             | 42               | 40.0           |
| Age                 | Below 29 years     | 18               | 17.1           |
|                     | 30-39 years        | 21               | 20.0           |
|                     | 40-49 years        | 36               | 34.3           |
|                     | 50 years and above | 30               | 28.6           |
|                     | Total              | 105              | 100.0          |
| Education           | Certificate        | 15               | 14.3           |
|                     | Diploma            | 24               | 22.9           |
|                     | Bachelor's Degree  | 39               | 37.1           |
|                     | Master's Degree    | 27               | 25.7           |
|                     | Total              | 105              | 100.0          |
| Work Experience     | Less than 5 years  | 21               | 20.0           |
|                     | 5-10 years         | 24               | 22.9           |
|                     | 11-15 years        | 36               | 34.3           |
|                     | Over 15 years      | 24               | 22.9           |
|                     | Total              | 105              | 100.0          |

## **4.5 Organization Performance Analysis Results**

Organizational Performance is the dependent variable in this study. In this section sample adequacy for organization performance factors has been done followed by factor analysis. This is followed by descriptive and inferential statistics.

### **4.5.1 Sample Adequacy for Organization Performance Factors**

KMO and Bartlett's Test were conducted to test sample adequacy for Organization performance measures before factor analysis was carried out. Hair *et al.*, (2010) highlighted that Factor Analysis was necessary in research to test for construct validity and highlight variability among observed variables and to also check for any correlated variables in order to reduce redundancy in data. The findings in Table 4.3 showed that the KMO statistic for Organization performance factors measures was 0.706 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 163.14 with 36 degrees of freedom, at  $p < 0.05$ ) and significance level of 0.000. The results provided an excellent justification for factor analysis to be conducted.

**Table 4.5: KMO and Bartlett's Test for Organization performance factors**

| <b>KMO and Bartlett's Test</b> |         |      |          |      |                |
|--------------------------------|---------|------|----------|------|----------------|
| Kaiser-Meyer-Olkin             | Measure | of   | Sampling | .706 |                |
| Adequacy.                      |         |      |          |      |                |
| Bartlett's                     | Test    | of   | Approx.  | Chi- | <b>163.149</b> |
| Sphericity                     |         |      | Square   |      |                |
|                                |         | Df   |          | 36   |                |
|                                |         | Sig. |          | .000 |                |

#### **4.5.2 Factor Analysis for Organizational Performance**

The four items measuring the dependent variable organizational performance were subjected to a reliability test where Cronbach's Alpha value of 0.806 was obtained. Factor analysis was then carried out on the four items where the following results were obtained (see table). According to David *et al.* (2010), the general rule of the thumb for acceptable factor loading is 0.40 or above.

**Table 4.6: Thresholds of the Dependent Variable Organizational Performance**

|   | <b>Organizational Performance Indicators</b>                               | <b>Factor Loadings</b> |
|---|--|------------------------|
| 1 | Having good strategies in place enhances performance of the Organization   | <b>.591</b>            |
| 2 | An organization must identify strategic drivers of performance             | <b>.848</b>            |
| 3 | Being customer focus results in improved performance of Organisation       | <b>.867</b>            |
| 4 | Highly skilled and well trained staff enhances performance of Organisation | <b>.859</b>            |

All the four factors registered thresholds of above 0.4 and were thus considered for further statistical analysis.

#### **4.5.3 Descriptive Results for Organizational Performance**

The general objective of this study was to establish the effects of strategic management drivers on organization performance. Results in Table 4.33 indicated that 62.9% agreed

that having good strategies in place enhances airport performance, 25.7% of the respondents agreed that it's important for an organization to identify strategic drivers of performance, while 8.6% respondents agreed its somewhat important and 2.9% agreed it was not so important while non said it was not important at all. Being customer focus results in improved performance of the airports, 54% agreed it was very important, 31.4% agreed it was fairly important, 11.4% said somewhat important, 2.9% not so important while none of the respondents agreed that it was not important at all. Finally 40% of the respondents agreed that it's very important to have highly skilled and well trained staff to enhance performance of airport, 45.7% agreed it was fairly important, 8.6% said somewhat important, 2.9% not so important while another 2.9% said it was not at all important.

The study findings are supported by Stonich (1982), who argues that successful firm performance depends on effective implementation and rationalization of the basic strategic elements. Strategy implementation involves the actions of establishing policies and annual objectives and allocating resources so that a formulated strategy can be accomplished. "A firm's performance generally has been considered to be the result of a strategic management process which contains all possible situations and activities, including the external environment, and internal factors, including a firm's size, age and structure, and strategy choices"

**Table 4.7: Organizational Performance**

| Organizational Performance  | 5<br>Very important | 4<br>Fairly important | 3<br>Somewhat important | 2<br>Not important | 1<br>at all |
|---|---------------------|-----------------------|-------------------------|--------------------|-------------|
| 1. Having good strategies in place enhances performance of the Organization   | 62.9%               | 27.5%                 | 8.6%                    | 2.9%               | 0%          |
| 2. An organization must identify strategic drivers of performance             | 28.6%               | 54.3%                 | 8.6%                    | 5.7%               | 2.9%        |
| 3. Being customer focus results in improved performance of Organization       | 54.3%               | 31.4%                 | 11.4%                   | 2.9%               | 0%          |
| 4. Highly skilled and well trained staff enhances performance of Organization | 40%                 | 45.7%                 | 8.6%                    | 2.9%               | 2.9%        |

Concerning the dependent variable organizational performance, respondents were asked to indicate whether increased profits levels enhances performance where 54.3 % had a ‘No’ response while the rest had a ‘Yes’ response. They were further asked whether high customer turnover impact positively on the organization and the majority 65.7% had a positive response while 34.3% indicate ‘No’. when asked whether increase in market share improves performance of organization the majority 71.4% indicated ‘Yes’ while the rest 28.6% indicated ‘No’. Almost the same results were obtained when respondents were asked to indicate whether strategic objectives help in improving performance of the Kenyan airports. Lastly 60% agreed with the statement that identifying key strategic drivers enhances organization’s performance while the remaining 40% indicated a ‘No’ response. The results are as shown in the table below.

**Table 4.8: Yes or No Question for Organizational Performance**

| Question/Statement   | Yes         | No          |
|--|-------------|-------------|
|  | %           | %           |
| 1. Increased profits levels enhances performance in organization         | <b>45.7</b> | <b>54.3</b> |
| 2. Does high customer turnover impact positively on the organization?    | <b>65.7</b> | <b>34.3</b> |
| 3. Increase in market share improves performance of organization         | <b>71.4</b> | <b>28.6</b> |
| 4. Strategic objectives help in improving performance of organization    | <b>74.3</b> | <b>25.7</b> |
| 5. Identifying key strategic drivers enhances organization’s performance | <b>60</b>   | <b>40</b>   |

In an open ended question, respondents were asked to indicate some of the factors that enhance performance in airports. Majority of the respondents (47%) indicated excellent service delivery. The rest indicated fast passenger processing, ambience, adequate information and provision of training to the employees as the factors. Service delivery is an important indicator of performance in any organization including airports. Majority of the respondents at 52.4% mentioned quality service delivery as one of the strategies

that help in increasing profit levels in airports. Other responses included adequate facilities, infrastructure and competent staff. Respondents also indicated that it's important to identify the key performance drivers in order to monitor, review and change to catch up with the ever changing environment. This will assist in developing strategies to remain competitive.

#### **4.6 Strategic Information and Communication Technology Analysis Results**

Strategic Information and Communication Technology is the first independent variable in this study. In this section sample adequacy for Strategic Information and Communication Technology factors has been done followed by factor analysis. This is followed by descriptive and inferential statistics.

##### **4.6.1 Sample Adequacy for strategic Information and Communication Technology factors**

KMO and Bartlett's Test were conducted to test sample adequacy for strategic Information and Communication Technology measures before factor analysis was carried out. Hair *et al.* (2010) highlighted that Factor Analysis was necessary in research to test for construct validity and highlight variability among observed variables and to also check for any correlated variables in order to reduce redundancy in data. The findings in Table 4.11 showed that the KMO statistic for strategic Information and Communication Technology measures was 0.745 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 236.513 with 45 degrees of freedom, at p < 0.05). The results of the KMO and Bartlett's Test provided an excellent justification for factor analysis to be conducted.

**Table 4.9: KMO and Bartlett's Test for strategic I.C.T factors**

| <b>KMO and Bartlett's Test</b>                   |      |              |
|--|------|--------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |      | <b>.745</b>  |
| Bartlett's Test of Approx. Chi-Square            |      | <b>236.5</b> |
| Sphericity                                       | Df   | <b>45</b>    |
|  | Sig. | <b>.000</b>  |

#### **4.6.2 Factor Analysis for Strategic Information and Communication Technology**

The five items measuring the independent variable strategic Information and Communication Technology were subjected to a reliability test where a Cronbach's Alpha value of 0.781 was obtained. Factor analysis was then carried out on the five items where the following results were obtained (see table4.12). According to David *et al.* (2010), the general rule of the thumb for acceptable factor loading is 0.40 or above.

**Table 4.10: Thresholds of the Independent Variable Strategic (ICT)**

|   | <b>Factor Loadings</b> |
|---|------------------------|
| Strategic Information and Communication Technology (ICT) Indicators                                       |                        |
| Automation of processes plays an important role in performance of Airports.                               | <b>0.766</b>           |
| Use of Information and Communication Technology is crucial in securing Airports from security threats     | <b>0.788</b>           |
| Personnel at all levels in the organization must embrace ICT in order to improve performance of Airports. | <b>0.570</b>           |
| 4.Use of automation is important because it enables faster processing of passengers                       | <b>0.770</b>           |
| 5.Use of automation is important because it gives Airports competitive advantage                          | <b>0.752</b>           |

All the five factors registered thresholds of above 0.4 and were thus considered for further statistical analysis.

#### **4.6.3 Descriptive Statistics Results for Strategic Information and Communication Technology**

The first objective was to evaluate the effects of strategic Information and Communication Technology on Airports' performance in Kenya. Result in table 4.13 indicated that 42.9% agree that Automation of processes plays a very important role in performance of Airports while 31.4% agreed fairly important, 17.1% somewhat important, 5.7% not so important while 2.9% said it was not important at all. On use of Information and Communication Technology 57.1% agreed it was very important while 25.1% agreed fairly important, 11.4% somewhat important, 2.7% not so important, while 2.9% said it was not important at all. Personnel at all levels in the organization must embrace Information and Communication Technology in order to improve performance of Airports 31.4% agreed it was very important while 57.1% agreed fairly important, 5.7% somewhat important, 2.9% not so important, while 2.9% said it was not important at all. Use of automation is important because it enables faster processing of passengers 57.1 % agreed it was very important while 28.6 % agreed fairly important, 11.4 % somewhat important, 2.9% not so important, while 2.9% said it was not important at all. Finally on use of automation is important because it gives Airports competitive advantage 54.3 % agreed it was very important while 22.9 % agreed fairly important, 11.4 % somewhat important, 5.7% not so important, while 5.7% said it was not important at all.

**Table 4.11: Effects of use of strategic (ICT) on Airports' performance**

| STATEMENT   | 5<br>Very important | 4<br>Fairly important | 3<br>Somewhat important | 2<br>Not So important | 1<br>Not at all important |
|---|---------------------|-----------------------|-------------------------|-----------------------|---------------------------|
| <b>Effects of use of strategic Information and Communication Technology (ICT) on Airports' performance</b>  |                     |                       |                         |                       |                           |
| 1. Automation of processes plays an important role in performance of Airports.  | <b>42.9%</b>        | <b>31.4%</b>          | <b>17.1%</b>            | <b>5.7%</b>           | <b>2.9%</b>               |
| 2. Use of Information and Communication Technology is crucial in securing Airports from security threats  | <b>57.1%</b>        | <b>25.7%</b>          | <b>11.4%</b>            | <b>2.9%</b>           | <b>2.9%</b>               |
| 3. Personnel at all levels in the organization must embrace Information and Communication Technology in order to improve performance of Airports. | <b>31.4%</b>        | <b>57.1%</b>          | <b>5.7%</b>             | <b>2.9%</b>           | <b>2.9%</b>               |
| 4. Use of automation is important because it enables faster processing of passengers  | <b>57.1%</b>        | <b>28.6%</b>          | <b>11.4%</b>            | <b>2.9%</b>           | <b>2.9%</b>               |
| 5. Use of automation is important because it gives Airports competitive advantage   | <b>54.3%</b>        | <b>22.9%</b>          | <b>11.4%</b>            | <b>5.7%</b>           | <b>5.7%</b>               |

In a ‘Yes’ or ‘No’ question when respondents were asked whether all the processes in Airports are Automated, majority 71.4% indicated ‘Yes’ while 28.6% indicated ‘No’. When asked whether technology impact positively on the organization, 85.7% indicated ‘Yes’ while 14.4% indicated ‘No’. These results were close to those obtained when the respondents were also asked whether it is true that ICT has a positive impact on productivity. Sixty percent of the respondents indicated that employees fully embraced ICT in the airports in Kenya. Finally majority 82.9% agreed that ICT contribute to airports’ security. The results are shown in the table below.

**Table 4.12: Yes or No Questions on ICT and Airports’ performance**

| Question  | Yes<br>(%)  | No<br>(%)   |
|---|-------------|-------------|
| 1. Are all the processes in Airports Automated?               | <b>28.6</b> | <b>71.4</b> |
| 2. Does technology impact positively on the organization?     | <b>85.6</b> | <b>14.4</b> |
| 3. Is it true that ICT has a positive impact on productivity? | <b>80</b>   | <b>20</b>   |
| 4. Have the employees fully embraced ICT?                     | <b>40</b>   | <b>60</b>   |
| 5. Does ICT contribute to airport security?                   | <b>82.9</b> | <b>17.1</b> |

In open ended questions respondents were asked the effect of ICT on their duties. Their responses varied depending on the department the respondents worked for. Majority of the respondents 37.4% indicated that ICT and automation improved their productivity and were therefore able to make use of airports’ resources including the human resources. Twenty three percent indicated that automation increased their speed when discharging their duties thus saves time. The other respondents indicated that ICT is also highly used in communication and information processing and analysis. Improved productivity and fast service delivery are indicators of organizational performance. One of the impacts of automation on airports processes mentioned majority 42.9% of the

respondents is that customers are able to use self-service facilities at the airports especially in accessing information and performing routine tasks. Automation has led to reduction of wastage, efficient service delivery and has improved airports' global ranking on technology ranking. Automation has led to attraction of business to the airports as it improves transparency in doing business. Concerning how automation improves security in airports, majority respondents 46.3% indicated that it is through thorough security checks. Twenty two point three percent indicated automation that it has also improved surveillance and monitoring. It also helps in back-up of any material for security. Respondents were also to highlight how ICT drive business performance in airports. Majority 38.4% indicated that it enhances communication between airports and other stakeholders. Other responses included provision of real-time information, monitoring of complaints handling systems as well as provision of resource management systems like **ARMS, FIDs and AODBs**.

#### **4.6.4 Correlations Results for Strategic Information and Communication Technology versus organizational performance**

The Pearson Correlation coefficient of strategic Information and Communication Technology versus organizational performance was computed and established as 0.561 (p-value=0.000). From table 4.15 it could then be concluded that there is a moderate positive linear relationship between the two variables since the correlation coefficient is between 0.4 and 0.6 according to Dancey and Reidy's (2004) categorization. Sabriet. al., (2004) in his study established a positive relationship between ICT and the performance of firms.

**Table 4.13: Pearson Correlation of Strategic ICT versus organizational Performance**

|                            |                 | Strategic ICT | Organizational Performance |
|----------------------------|-----------------|---------------|----------------------------|
|                            |                 | Pearson       | 1                          |
| Strategic I.C.T            | Correlation     |               |                            |
|                            | Sig. (2-tailed) |               |                            |
|                            | N               | 105           |                            |
| Organizational Performance | Pearson         | .561 **       | 1                          |
|                            | Correlation     |               |                            |
|                            | Sig. (2-tailed) | .000          |                            |
| Performance                | N               | 105           | 105                        |

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

#### **4.6.5 Regression Results for Strategic Information Communication Technology and versus Organizational Performance**

The regression analysis shows a relationship  $R=0.561$  and  $R^2=0.314$ . This meant that 31.4% of variation in the organizational performance can be explained by a unit change in strategic Information and Communication Technology (ICT). The remaining percentage of 68.6% is explained by other variables namely, strategic customer focus, safety and security strategy, and strategic human capital. This is shown in table 4.16

**Table 4.14: Model Summary for Strategic ICT versus Organizational Performance**

| R                 | R Square | Adjusted R Square |
|-------------------|----------|-------------------|
| .561 <sup>a</sup> | .314     | 0.308             |

a. Predictors: (Constant), strategic Information Communication and Technology.

F-test was carried out to test the null hypothesis that there is no relationship between strategic Information Communication and Technology (ICT) and organizational performance. The ANOVA test in Table 4.18 shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a relationship between Strategic Information Communication and Technology (ICT) and Organizational Performance.

**Table 4.15: ANOVA Results for Strategic I.C.T and Organizational Performance**  
**ANOVA<sup>b</sup>**

| Model        | Sum<br>Squares | of<br>Df   | Mean<br>Square | F      | Sig.              |
|--------------|----------------|------------|----------------|--------|-------------------|
|              |                |            |                |        |                   |
| 1 Regression | 16.909         | 1          | 16.909         | 47.202 | .000 <sup>a</sup> |
| Residual     | 36.898         | 103        | .358           |        |                   |
| <b>Total</b> | <b>53.807</b>  | <b>104</b> |                |        |                   |

a. Predictors: (Constant), Strategic I.C.T

b. Dependent Variable: Organizational Performance

Further, to test the significance of regression relationship between Strategic Information Communication and Technology and organizational performance, the regression coefficients ( $\beta$ ), the intercept ( $\alpha$ ), and the significance of all coefficients in the model were subjected to the t-test to test the null hypothesis that the coefficient is zero. The

null hypothesis state that,  $\beta$  (beta) = 0, meaning there is no relationship between strategic ICT and organizational performance as the slope  $\beta$  (beta) = 0 (no relationship between the two variables). The results on the beta coefficient of the resulting model in table 4.13 shows that the constant  $\alpha$  = 1.976 is significantly different from 0, since the p- value = 0.000 is less than 0.05. The coefficient  $\beta$  = 0.542 is also significantly different from 0 with a p-value=0.000 which is less than 0.05.

This implies that the null hypothesis  $\beta_1=0$  is rejected and the alternative hypothesis  $\beta_1\neq 0$  is taken to hold implying that the model  $Y=1.976+0.542$  (Strategic ICT) + e, is significantly fit. The model Organizational Performance =  $\alpha + \beta$  (Strategic ICT) holds as suggested by the test above. This confirms that there is a positive linear relationship between Strategic Information and Communication Technology (ICT) and organizational performance.

**Table 4.16: Strategic ICT Performance**

| <b>Coefficients<sup>a</sup></b> |                |      |              |      |       |      |
|---------------------------------|----------------|------|--------------|------|-------|------|
| Model                           | Unstandardized |      | Standardized |      | T     | Sig. |
|                                 | Coefficients   | B    | Std. Error   | Beta |       |      |
| 1 (Constant)                    | 1.976          | .335 |              |      | 5.899 | .000 |
| Strategic I.C.T                 | .542           | .079 | .561         |      | 6.870 | .000 |

a. Dependent Variable: Organization Performance

#### **4.7 Strategic Customer Focus Analysis Results**

Strategic Customer Focus is the second independent variable in this study. In this section sample adequacy for Strategic Customer Focus factors has been done followed by factor analysis. This is followed by descriptive and inferential statistics.

#### **4.7.1 Sample Adequacy for Strategic Customer Focus Factors**

KMO and Bartlett's Test were conducted to test sample adequacy strategic customer focus measures before factor analysis was carried out. Hair et. al., (2010) highlighted that Factor Analysis was necessary in research to test for construct validity and highlight variability among observed variables and to also check for any correlated variables in order to reduce redundancy in data. The findings in Table 4.3 showed that the KMO statistic strategic customer focus measures was 0.785 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 576.958 with 15 degrees of freedom, at p < 0.05). The results of the KMO and Bartlett's Test was significant at 0.00 provided an excellent justification for factor analysis to be conducted.

**Table 4.17: KMO and Bartlett's Test strategic I.C.T factor**

|   |                    |         |
|---|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy |                    | .785    |
| Bartlett's Test of Sphericity                   | Approx. Chi-Square | 576.958 |
|   | Df                 | 15      |
|   | Sig.               | .000    |

#### **4.7.2 Factor Analysis for Strategic Customer Focus**

The six items measuring the independent variable strategic customer focus were subjected to a reliability test where a Cronbach's Alpha value of 0.925 was obtained. Factor analysis was then carried out on the six items where the following results were obtained (see table). According to David et al. (2010), the general rule of the thumb for acceptable factor loading is 0.40 or above.

**Table 4.18: Thresholds of the Independent Variable Strategic Customer Focus**

| Strategic Customer Focus Indicators   | Factor Loadings |
|---|-----------------|
| 1. Positive customer experience impacts positively on performance of airports because it results in repeat business | <b>0.772</b>    |
| 2. Ambience contributes to positive customer experience   | <b>0.915</b>    |
| 3. Delays and cancellations by airlines result in customer dissatisfaction  | <b>0.799</b>    |
| 4. Complaints are opportunities that enable airports to improve on their services to customers                      | <b>0.958</b>    |
| 5. Courtesy and professionalism by airport staff enhance customer experience.                                       | <b>0.786</b>    |
| 6. Management of queues results in positive customer experience   | <b>0.888</b>    |

All the six factors registered thresholds of above 0.4 and were thus considered for further statistical analysis.

#### **4.7.3 Descriptive Analysis Results for Strategic Customer Focus**

The second objective was to evaluate the effects of strategic customer focus on Airports performance. Results in table 4.2 indicated that 31.4% agree that Positive customer experience impacts positively on performance of airports because it results in repeat business while 37.1% agreed that it's fairly important, 22.9% somewhat important, 8.6 % not so important while none said it was not important at all. Ambience contributes to positive customer experience 42.9% agreed it was very important while 40% agreed fairly important 11.4% somewhat important 2.9% not so important, while 2.9% said it was not important at all. Delays and cancellations by airlines result in customer

dissatisfaction 62.9% agreed it was very important while 25.7% agreed fairly important, 8.6% somewhat important, 2.9% not so important, while none said it was not important at all. Complaints are opportunities that enable airports to improve on their services to customers37.1 % agreed it was very important while 45.7 % agreed fairly important, 11.4 % somewhat important, 2.9% not so important, while 2.9% said it was not important at all. Courtesy and professionalism by airport staff enhance customer experience54. 5 % agreed it was very important while 34.3% agreed fairly important, 8.6 % somewhat important, 2.9% not so important, while none said it was not important at all. Finally on management of queues results in positive customer experience31.4 % agreed it was very important while 51.4 % agreed fairly important, 11.4 % somewhat important, 2.9% not so important, while 2.9 % said it was not important at all.

**Table 4.19: Effects of strategic Customer Focus**

|   | 5                      | 4                 | 3                    | 2                 | 1          |
|---|------------------------|-------------------|----------------------|-------------------|------------|
| Effects of strategic customer focus on airports performance   | To a very great extent | To a great extent | To a moderate extent | To a small extent | Not at all |
| 1. Positive customer experience impacts positively on performance of airports because it results in repeat business | 31.4%                  | 37.1%             | 22.9%                | 8.6%              | 0%         |
| 2. Ambience contributes to positive customer experience   | 42.9%                  | 40%               | 11.4%                | 2.9%              | 2.9%       |
| 3. Delays and cancellations by airlines result in customer dissatisfaction  | 62.9%                  | 25.7%             | 8.6%                 | 2.9%              | 0%         |
| 4. Complaints are opportunities that enable airports to improve on their services to customers                      | 37.1%                  | 45.7%             | 11.4%                | 2.9%              | 2.9%       |
| 5. Courtesy and professionalism by airport staff enhance customer experience.                                       | 54.3%                  | 34.3%             | 8.6%                 | 2.9%              | 0%         |
| 6. Management of queues results in positive customer experience   | 31.4%                  | 51.4%             | 11.4%                | 2.9%              | 2.9%       |

The respondents were further asked whether airports in Kenya are customer focused where 82.9% indicated ‘Yes’ while 17.1% indicated ‘No’. When asked whether airports had an elaborate complaints handling procedure for dealing with customer complaints, 60% indicated ‘Yes’ while 40% ‘No’. Same results were obtained when they were asked to indicate whether Kenyan airports are globally competitive. Fifty four point three percent indicated that Kenyan airports had standard operating procedures for handling customers while 45.7% did not support that. The results are as shown in the table below.

**Table 4.20: Yes or No Questions for Strategic customer focus and Organizational Performance**

| Question   | Yes<br>%    | No<br>%     |
|--|-------------|-------------|
| 1. Are airports in Kenya customer focused?   | <b>82.9</b> | <b>17.1</b> |
| 2. Do airports have an elaborate complaints handling procedure for dealing with customer complaints? | <b>60</b>   | <b>40</b>   |
| 3. Are airports flexible enough to deal with dynamic customer needs?                                 | <b>62.9</b> | <b>31.7</b> |
| 4. Are Kenyan airports globally competitive?   | <b>60</b>   | <b>40</b>   |
| 5. Do airports have standard operating procedures for handling customers                             | <b>54.3</b> | <b>45.7</b> |

In open ended question respondents were asked to highlight how airports get customers' feedback. Majority respondents 55.4% indicated that most of the formal communication is received by corporate communication department and the customer care who are able to address them depending on the concern. These are sent through mail, phone calls, and social media and can also be done verbally. They also report to customer service desk and also through ACI surveys where respondents fill questionnaires. There is also the IT

platform of “talk2us” and the stakeholder forums for example meetings. Respondents indicated that if airports responds to customers’ needs and swiftly respond to their complaints, then they can create an excellent customer experience. Respondents were asked to state the best effective way of communicating to customers in airports with majority indicating the use of signages, Public Address Systems (PAS) face to face conversation. To ensure effective and efficient delivery of services airports use strategies like adhering to set standards by regulatory bodies for example ICAO and acquiring certification from the bodies charged with ensuring standards are adhered to for example ISO. There is also evaluation of feedback from customers to ensure that areas of concern are addressed.

#### **4.7.4 Correlation Results Strategic Customer Focus versus Organizational Performance**

The Pearson Correlation coefficient of strategic customer focus versus organizational performance was computed and established as 0.550 (p-value=0.000). From table 4.21 it could then be concluded that there is a moderate positive linear relationship between the two variables since the correlation coefficient is between 0.4 and 0.6 according to Dancey and Reidy's (2004) categorization.

**Table 4.21: Pearson Correlation of Strategic Customer Focus versus Organizational Performance Correlations**

| Variable                   | Organizational      |             | Strategic Customer Focus |
|----------------------------|---------------------|-------------|--------------------------|
|                            |                     | Performance |                          |
| Organizational Performance | Pearson Correlation | 1           |                          |
| Strategic Customer Focus   | Sig. (2-tailed)     |             |                          |
|                            | N                   | 105         |                          |
|                            | Pearson Correlation | .550 **     | 1                        |
|                            | Sig. (2-tailed)     | .000        |                          |
|                            | N                   | 105         | 105                      |

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

#### **4.7.5 Regression Results strategic customer focus versus organizational performance**

The regression analysis shows a relationship  $R=0.550$  and  $R^2=0.303$ . This meant that 30.3% of variation in the organizational performance can be explained by a unit change in strategic customer focus. The remaining percentage of 69.7% is explained by other variables namely, strategic Information and Communication and Technology, safety and security strategy, and strategic human capital. This is shown in table 4.22

**Table 4.22: Model Summary for Strategic Customer Focus versus Organizational Performance**

| R                 | R Square | Adjusted R Square |
|-------------------|----------|-------------------|
| .550 <sup>a</sup> | .303     | .296              |

a. Predictors: (Constant), strategic customer focus

F-test was carried out to test the null hypothesis that there is no relationship between strategic customer focus and organizational performance. The ANOVA test in Table 4.23 shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a relationship between strategic customer focus and organizational performance.

**Table 4.23: Strategic Customer Focus versus Organizational Performance ANOVA Results**

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 16.296         | 1   | 16.296      | 44.746 | .000 <sup>a</sup> |
|       | Residual   | 37.511         | 103 | .364        |        |                   |
|       | Total      | 53.807         | 104 |             |        |                   |

a. Predictors: (Constant), strategic customer focus

Further, to test the significance of regression relationship between strategic customer focus and organizational performance, the regression coefficients ( $\beta$ ), the intercept ( $\alpha$ ), and the significance of all coefficients in the model were subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that,  $\beta$  (beta) = 0, meaning there is no relationship between strategic customer focus and organizational performance as the slope  $\beta$  (beta) = 0 (no relationship between the two variables). The results on the beta coefficient of the resulting model in table 4.25 shows that the constant  $\alpha$  = 2.070 is significantly different from 0, since the p-value = 0.000 is less than 0.05. The coefficient  $\beta$  = 0.519 is also significantly different from 0 with a p-value=0.000 which is less than 0.05.

This implies that the null hypothesis  $\beta_1=0$  is rejected and the alternative hypothesis  $\beta_1\neq 0$  is taken to hold implying that the model  $Y=2.070+0.519$  (Strategic Customer focus) + e, is significantly fit. The model Organizational Performance =  $\alpha + \beta$  (Strategic

Customer Focus) holds as suggested by the test above. This confirms that there is a positive linear relationship between Strategic Customer Focus and organizational performance.

**Table 4.24: Strategic Customer Focus and Organizational Performance**

**Coefficients<sup>a</sup>**

| Model                    | Unstandardized |            |      | Standardize<br>d | T     | Sig. |  |  |  |
|--------------------------|----------------|------------|------|------------------|-------|------|--|--|--|
|                          | Coefficients   |            |      |                  |       |      |  |  |  |
|                          | B              | Std. Error | Beta |                  |       |      |  |  |  |
| 1 (Constant)             | 2.070          | .330       |      |                  | 6.269 | .000 |  |  |  |
| Strategic customer focus | .519           | .078       | .550 |                  | 6.689 | .000 |  |  |  |

a. Dependent Variable: Organization Performance

b. Dependent Variable: Organizational Performance

## 4.8 Safety and Security Strategy Results

Safety and security strategy is the third independent variable in this study. In this section sample adequacy for safety and security strategy factors has been done followed by factor analysis. This is followed by descriptive and inferential statistics.

### 4.8.1 Sample Adequacy for Safety and Security Strategy Factors

KMO and Bartlett's Test were conducted to test sample adequacy for safety and security strategy measures before factor analysis was carried out. Hair *et al.* (2010) highlighted that Factor Analysis was necessary in research to test for construct validity and highlight variability among observed variables and to also check for any correlated variables in order to reduce redundancy in data. The findings in Table 4.4 showed that the KMO

statistic for safety and security strategy measures was 0.558 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 608.477 with 36 degrees of freedom, at p < 0.05) and significance level of 0.000. The results of the KMO and Bartlett's Test provided an excellent justification for factor analysis to be conducted.

**Table 4.25: KMO and Bartlett's Test for safety and security strategy Factors**

|  |                    |         |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .558    |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 608.477 |
|  | Df                 | 36      |
|  | Sig.               | .000    |

#### **4.8.2. Factor Analysis for Safety and Security Strategy**

The four items measuring the independent variable safety and security strategy were subjected to a reliability test where a Cronbach's Alpha value of 0.956 was obtained. Factor analysis was then carried out on the four items where the following results were obtained (see table ). According to David *et al.* (2010), the general rule of the thumb for acceptable factor loading is 0.40 or above.

**Table 4.26: Thresholds of the Independent Variable Safety and Security Strategy**

| Safety and Security Strategy Indicators  | Factor Loadings |       |
|--|-----------------|-------|
| To what extent does safety and security performance of Airports?                             | affect          | 0.928 |
| Thorough training of security personnel is key to performance of Airports                    |                 | 0.925 |
| Use of advanced equipment to screen passengers and cargo is key in airports security         |                 | 0.964 |
| Timely intelligence on probable adversaries and threat scenarios is key in securing airports |                 | 0.946 |

All the four factors registered thresholds of above 0.4 and were thus considered for further statistical analysis.

#### **4.8.3 Descriptive Results for Safety and Security Strategy**

The third objective was to evaluate the Effects of safety and security strategy on performance of Airports in Kenya. Result in table 4.2 indicated that 34.3% of respondents to a very important extent safety and security affect performance of Airports. While 45.7% agreed fairly important, 8.6% somewhat important, 8.6 % not so important while 2.9% said it was not important at all. On thorough training of security personnel is key to performance of Airports, 31.4% agreed it was very important while 48.6% agreed fairly important, 31.4% somewhat important 5.7% not so important, while 2.9% said it was not important at all. Use of advanced equipment to screen passengers and cargo is key in airports security, 48.6 % agreed it was very important while 31.4% agreed fairly important, 8.6 % somewhat important, 8.6% not so important, while 2.9% said it was not important at all. Finally, timely intelligence on probable adversaries and threat scenarios

is key in securing airports 57.1 % agreed it was very important while 28.6% agreed fairly important, 5.7% somewhat important, 2.9% not so important, while 5.7% said it was not important at all.

**Table 4.27: Effects of Safety and Security Strategy on Performance of Airports**

|   | 5                      | 4                 | 3                    | 2                 | 1          |
|---|------------------------|-------------------|----------------------|-------------------|------------|
| Effects of safety and security strategy on performance of Airports                              | To a very great extent | To a great extent | To a moderate extent | To a small extent | Not at all |
| 1. To what extent does safety and security affect performance of Airports?                      | 34.3%                  | 45.7%             | 8.6%                 | 8.6%              | 2.9%       |
| 2. Thorough training of security personnel is key to performance of Airports                    | 31.4%                  | 48.6%             | 11.4%                | 5.7%              | 2.9%       |
| 3. Use of advanced equipment to screen passengers and cargo is key in airports security         | 48.6%                  | 31.4%             | 8.6%                 | 8.6%              | 2.9%       |
| 4. Timely intelligence on probable adversaries and threat scenarios is key in securing airports | 57.1%                  | 28.6%             | 5.7%                 | 2.9%              | 5.7%       |

Further in a ‘Yes’ and ‘No’ question respondents were asked to indicate whether in their own opinion passengers feel safe in Kenyan airports where the majority 62.9% agreed while the rest disagreed. Almost similar results were obtained when asked to indicate whether security checks at the Airports are thorough with majority 68.6% indicating

'Yes' while the rest indicating 'No'. Seventy one point four percent of the respondents agreed that security agencies get timely intelligence reports at the Kenyan airports while 28.6% indicated 'No'. When asked to indicate whether there are advanced screening equipment in airports 77.1% of the respondents indicated 'Yes' while 22.9% indicated 'No'. Almost similar results were obtained when they were asked as to where the fear of terror attacks in Kenyan airports real with 74.3% and 25.7% indicating 'Yes' and 'No' respectively. The results are shown in the table below.

**Table 4.28: Yes or No for Safety and Security and Organizational Commitment**

| <b>Question</b>  | <b>Yes %</b> | <b>No %</b> |
|--|--------------|-------------|
| 1. Do you think passengers feel safe in Kenyan airports? | <b>62.9</b>  | <b>37.1</b> |
| 2 Are the security checks at the Airports thorough?      | <b>68.6</b>  | <b>31.4</b> |
| 3. Do security agencies get timely intelligence reports? | <b>71.4</b>  | <b>28.6</b> |
| 4. Are there advanced screening equipment's in airports? | <b>77.1</b>  | <b>22.9</b> |
| 5. Is the fear of terror attacks in airports real?       | <b>74.3</b>  | <b>25.7</b> |

In open-ended questions, respondents were asked indicate how airports reduce incidences of threats. Majority 49.4% highlighted the use of intelligence reports. Other responses were regular briefing from airports stakeholders, thorough screening of passengers and cargo and use of CCTVs and staff training. They were also to respond to the question as to how management create security awareness in airports. Most respondents (52.3%) indicated that airports create security awareness through training, management meetings, memos and drills. The respondents also indicated that the role of security agencies is intelligence gathering and dissemination, to safeguard the airports, to control the security threats and to advice the management on matters pertaining to the airports' security. They were further asked to explain the role of technology in enhancing safety and security in airports. The most frequent responses were

surveillance, screening and providing backup of all security and safety processes for tracking purposes. Most respondents also indicated that security measures are reviewed regularly as soon as a need arises.

#### **4.8.4 Correlation Analysis for Safety and Security Strategy**

The Pearson Correlation coefficient of safety and security strategy versus organizational performance was computed and established as 0.386 (p-value=0.000). From table 4.it could then be concluded that there is a moderate positive linear relationship between the two variables since the correlation coefficient is between 0.4 and 0.6 according to Dancey and Reidy's (2004) categorization.

**Table 4.29: Pearson Correlation of Safety and Security Strategy versus Organizational Performance Correlations**

|                                 |                        | Organization<br>Performance | Safety<br>and<br>Security<br>strategy |
|---------------------------------|------------------------|-----------------------------|---------------------------------------|
| Organization                    | Pearson<br>Correlation | <b>1</b>                    |                                       |
| Performance                     | Sig. (2-tailed)        |                             |                                       |
|                                 | N                      | <b>105</b>                  |                                       |
| Safety and Security<br>Strategy | Pearson<br>Correlation | <b>.386**</b>               | <b>1</b>                              |
|                                 | Sig. (2-tailed)        | <b>.000</b>                 |                                       |
|                                 | N                      | <b>105</b>                  | <b>105</b>                            |

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

#### **4.8.5 Regression Analysis Results for safety and security strategy**

The remaining percentage of 85.1% is explained by other variables namely, strategic information and Communication Technology, strategic customer focus, and strategic human capital. This is shown in table 30.

**Table 4.30: Model Summary for Safety and Security Strategy versus Organizational Performance**

| R                 | R Square | Adjusted R Square |
|-------------------|----------|-------------------|
| .386 <sup>a</sup> | .149     | .141              |

#### **a. Predictors: (Constant), safety and security strategy**

F-test was carried out to test the null hypothesis that there is no relationship between Safety and Security Strategy and organizational performance. The ANOVA test in Table 30. shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a relationship between Safety and Security Strategy and organizational performance.

**Table 4.31: Safety and Security Strategy versus Organizational Performance ANOVA Results**

| <b>ANOVA<sup>b</sup></b> |            |                |          |             |        |                   |
|--------------------------|------------|----------------|----------|-------------|--------|-------------------|
| Model                    |            | Sum<br>Squares | of<br>Df | Mean Square | F      | Sig.              |
| 1                        | Regression | 8.027          | 1        | 8.027       | 18.059 | .000 <sup>a</sup> |
|                          | Residual   | 45.780         | 103      | .444        |        |                   |
|                          | Total      | 53.807         | 104      |             |        |                   |

a.Predictors: (Constant), Safety and Security Performance

b. Dependent Variable: Organizational Performance.

Further, to test the significance of regression relationship between strategic safety and security strategy and organizational performance, the regression coefficients ( $\beta$ ), the intercept ( $\alpha$ ), and the significance of all coefficients in the model were subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that,  $\beta$  (beta) = 0, meaning there is no relationship between strategic safety and security strategy and organizational performance as the slope  $\beta$  (beta) = 0 (no relationship between the two variables). The results on the beta coefficient of the resulting model in table 4.32 shows that the constant  $\alpha$  = 3.076 is significantly different from 0, since the p-value = 0.000 is less than 0.05. The coefficient  $\beta$  = 0.286 is also significantly different from 0 with a p-value=0.000 which is less than 0.05.

This implies that the null hypothesis  $\beta_1=0$  is rejected and the alternative hypothesis  $\beta_1\neq 0$  is taken to hold implying that the model  $Y=3.076+0.286$  (Safety and Security Strategy) + e, is significantly fit. The model Organizational Performance =  $\alpha + \beta$  (Safety and Security Strategy) holds as suggested by the test above. This confirms that there is a positive linear relationship between Safety and Security Strategy and organizational performance.

**Table 4.32: Relationship between Safety and Security Strategy and Organizational Performance**

| <b>Coefficients<sup>a</sup></b> |                              |                             |             |                           |  |               |             |
|---------------------------------|------------------------------|-----------------------------|-------------|---------------------------|--|---------------|-------------|
|                                 |                              | Unstandardized Coefficients |             | Standardized Coefficients |  |               |             |
|                                 |                              | B                           | Std. Error  | Beta                      |  | T             | Sig.        |
| 1                               | (Constant)                   | <b>3.076</b>                | <b>.282</b> |                           |  | <b>10.899</b> | <b>.000</b> |
|                                 | Safety and Security Strategy | <b>.285</b>                 | <b>.067</b> | <b>.386</b>               |  | <b>4.250</b>  | <b>.000</b> |

a. Dependent Variable: Organizational Performance

## **4.9 Strategic Human Capital Results**

Strategic human capital is the forth independent variable in this study. In this section sample adequacy for safety and strategic human capital factors has been done followed by factor analysis. This is followed by descriptive and inferential statistics.

### **4.9.1 Sample Adequacy for Strategic Human Capital Factors**

KMO and Bartlett's Test were conducted to test sample adequacy for strategic human capital measures before factor analysis was carried out. Hair *et al.* (2010) highlighted that Factor Analysis was necessary in research to test for construct validity and highlight variability among observed variables and to also check for any correlated variables in order to reduce redundancy in data. The findings in Table 4.33 showed that the KMO statistic for strategic human capital factors measures was 0.643 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett's Test of Sphericity was also highly significant (Chi-square = 353.134 with 45 degrees of freedom, at  $p < 0.05$ ) and significance level of 0.000. The results provided an excellent justification for factor analysis to be conducted.

**Table 4.33: KMO and Bartlett's Test for strategic human capital factors**

#### **KMO and Bartlett's Test**

|  |                                  |                       |
|--|----------------------------------|-----------------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                                  | .631                  |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square<br>Df<br>Sig. | 353.134<br>45<br>.000 |

#### **4.9.2 Factor Analysis Results for Strategic Human Capital**

The five items measuring the independent variable strategic human capital were subjected to a reliability test where a Cronbach's Alpha value of 0.805 was obtained. Factor analysis was then carried out on the five items where the following results were obtained (see table). According to David *et al.* (2010), the general rule of the thumb for acceptable factor loading is 0.40 or above.

**Table 4.34: Thresholds of the Independent Variable Strategic Human Capital**

| <b>Strategic Human Capital Indicators</b>   | <b>Factor Loadings</b> |
|---|------------------------|
| 1. There is a correlation between highly skilled personnel and performance of Airports                | .865                   |
| 2. There is a positive relationship between motivated personnel and performance of Airports           | .738                   |
| 3. Investing in human capital through continuous training results in improved performance of Airports | .833                   |
| 4. A conducive working environment has positive impact on performance of Airports                     | .853                   |
| 5. Academic qualifications of personnel has a bearing in their work performance                       | .553                   |

All the four factors registered thresholds of above 0.4 and were thus considered for further statistical analysis.

#### **4.9.3 Descriptive Analysis Results for Strategic Human Capital Factors**

The fourth objective was to evaluate the effects of strategic human capital on airports performance. Result in Table 4.3 indicated that 31.4% of respondents agreed that there is a very important correlation between highly skilled personnel and performance of Airports, while 57.1% agreed fairly important, 11.4% somewhat important none not so important and not important at all. On positive relationship between motivated personnel and performance of Airports 40 % agreed it was very important while 51.4% agreed fairly important, 5.7% somewhat important 2.9 % not so important, while none said it was not important at all. Investing in human capital through continuous training results in improved performance of Airports, 51.4 % agreed it was very important while 40% agreed fairly important, 5.7 % somewhat important, 2.9% not so important, while none said it was not important at all. A conducive working environment has positive impact on performance of Airports 31.4 % agreed it was very important while 60% agreed fairly important, 8.6 % somewhat important, while none not so important, and not important at all. Academic qualifications of personnel has a bearing in their work performance 24 % agreed it was very important while 48.6 % agreed fairly important, 25.7% somewhat important, 2.9% not so important, while 2.9% said it was not important at all

**Table 4.35: Effects of strategic human capital on airports performance**

|   | 5              | 4     | 3           | 2        | 1                 |
|---|----------------|-------|-------------|----------|-------------------|
| Effects of strategic human capital on airports performance  | Strongly agree | Agree | Indifferent | Disagree | Strongly disagree |
| 1. There is a correlation between highly skilled personnel and performance of Airports                | 31.4%          | 57.1% | 11.4%       | 0%       | 0%                |
| 2. There is a positive relationship between motivated personnel and performance of Airports           | 40%            | 51.4% | 5.7%        | 2.9%     | 0%                |
| 3. Investing in human capital through continuous training results in improved performance of Airports | 51.4%          | 40%   | 5.7%        | 2.9%     | 0%                |
| 4. A conducive working environment has positive impact on performance of Airports.                    | 31.4%          | 60%   | 8.6%        | 0%       | 0%                |
| 5. Academic qualifications of personnel has a bearing in their work performance                       | 20%            | 48.6% | 25.7%       | 2.9%     | 2.9%              |

Respondents were also asked whether employees in Kenyan airports feel competent in their areas of operation with 82.9% indicating ‘Yes’ while the rest indicated ‘No’. Majority 88.6% disagreed that there is high turnover of staff in the Kenyan airports. Further 60% of the respondents agreed that the staff are trained on a continuous basis to cope with the emerging trends in the airports. They were also asked whether there are opportunities for career growth where 51.4% agreed while the rest disagreed that with the question. Further majority 62.9% indicated that the full potential of the employees was not being exploited in Kenyan airports. The results are as shown in the table below.

**Table 4.36: Yes or No for Strategic Human Capital and Organizational Performance**

| <b>Question</b>  | <b>Yes</b>  | <b>No</b>   |
|--|-------------|-------------|
|  | <b>%</b>    | <b>%</b>    |
| 1. Are the employees competent in their areas of operation?                                    | <b>82.9</b> | <b>17.1</b> |
| 2. Is there a high turnover of staff in the organization?                                      | <b>11.4</b> | <b>88.6</b> |
| 3. Are the staff trained on continuous basis to cope with the emerging trends in the airports? | <b>60</b>   | <b>40</b>   |
| 4. Are there opportunities for career growth in the organization?                              | <b>51.4</b> | <b>48.6</b> |
| 5. Is the organization utilizing the full potential of employees in the airports?              | <b>37.1</b> | <b>62.9</b> |

In an open-ended question respondents mentioned long working hours, ensuring customer satisfaction, persistent terror threats, inadequate facilities and slow career growth as some of the challenges faced by airport employees. Pertaining to the question as to how airports handle grievances and employees dissatisfaction, respondents mentioned that there are structured committees that handle grievances. They also act on

feedbacks from Work Climate Surveys and also one on one meetings. Human Resource department also has a staff welfare officer to handle staff matters. Concerning the relationship between employee skills and performance respondents indicated that skilled employees performed better and they also make better decisions. As to what strategies airports use to retain competent staff, respondents indicated that they motivated through various incentives, they are also assigned responsibilities and are also given opportunities to progress career-wise. Airports invest in employees to ensure maximum output through on the job training, seminars and workshops, training and a good reward system.

#### **4.9.4 Correlation Results for Strategic Human Capital**

The Pearson Correlation coefficient of strategic human capital versus organizational performance was computed and established as 0.651 (p-value=0.000). From table 4.38 it could then be concluded that there is a strong positive linear relationship between the two variables since the correlation coefficient is between 0.7 and 0.9 according to Dancey and Reidy's (2004) categorization.

**Table 4.37: Pearson Correlation of Strategic Human Capital versus organizational Performance**

**Correlations**

| Variable                      | Variable                                  | Organizational<br>Performance | Strategic Human Capital |
|-------------------------------|---|-------------------------------|-------------------------|
| Organizational<br>Performance | Pearson<br>Correlation<br>Sig. (2-tailed) | <b>1</b>                      |                         |
| Strategic Human<br>Capital    | Pearson<br>Correlation<br>Sig. (2-tailed) | <b>.651**</b>                 | <b>1</b>                |
|                               | N   | <b>105</b>                    | <b>105</b>              |

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

#### **4.9.5 Regression Analysis Results for Strategic Human Capital**

The regression analysis shows a relationship  $R=0.651$  and  $R^2=0.423$ . This meant that 42.3% of variation in the organizational performance can be explained by a unit change in strategic human capital. The remaining percentage of 56.1% is explained by other variables namely, strategic information and ICT, strategic customer focus, and safety and security strategy. This is shown in table 4.38.

**Table 4.38: Model Summary for Strategic Human Capital versus Organizational Performance**

| R                  | R Square | Adjusted R Square |
|--------------------|----------|-------------------|
| .651. <sup>a</sup> | .423.416 |                   |

a. Predictors: (Constant), STRATEGIC HUMAN CAPITAL

F-test was carried out to test the null hypothesis that there is no relationship between strategic human capital and organizational performance. The ANOVA test in Table 4.39 shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a relationship between strategic human capital and organizational performance.

**Table 4.39: Strategic Human Capital versus Organizational Performance ANOVA Results**

| ANOVA <sup>b</sup> |            |         |    |     |        |        |                   |
|--------------------|------------|---------|----|-----|--------|--------|-------------------|
| Model              |            | Sum     | of | Df  | Mean   | F      | Sig.              |
|                    |            | Squares |    |     | Square |        |                   |
| 1                  | Regression | 22.770  |    | 1   | 22.770 | 75.564 | .000 <sup>a</sup> |
|                    | Residual   | 31.037  |    | 103 | .301   |        |                   |
|                    | Total      | 53.807  |    | 104 |        |        |                   |

b. Dependent Variable: Organizational Performance

Further, to test the significance of regression relationship between strategic human capital and organizational performance, the regression coefficients ( $\beta$ ), the intercept ( $\alpha$ ), and the significance of all coefficients in the model were subjected to the t-test to test the null hypothesis that the coefficient is zero. The null hypothesis state that,  $\beta$  (beta) = 0, meaning there is no relationship between strategic human capital and organizational performance as the slope  $\beta$  (beta) = 0 (no relationship between the two variables). The results on the beta coefficient of the resulting model in table 4.40 Shows that the constant  $\alpha$  = 1.399 is significantly different from 0, since the p- value = 0.000 is less than 0.05. The coefficient  $\beta$  = 0.698 is also significantly different from 0 with a p-value=0.000 which is less than 0.05.

This implies that the null hypothesis  $\beta_1=0$  is rejected and the alternative hypothesis  $\beta_1\neq 0$  is taken to hold implying that the model  $Y=1.399+0.698$  (strategic human capital) + e, is significantly fit. The model Organizational Performance =  $\alpha + \beta$  (strategic human capital) holds as suggested by the test above. This confirms that there is a positive linear relationship between strategic human capital and organizational performance.

**Table 4.40: Relationship between Strategic Human Capital and Organizational Performance**

**Coefficients<sup>a</sup>**

| Model                   | Unstandardized |             | Standardized | t            | Sig.        |
|-------------------------|----------------|-------------|--------------|--------------|-------------|
|                         | Coefficients   |             | Coefficients |              |             |
|                         | B              | Std.        | Beta         |              |             |
| 1 (Constant)            | <b>1.399</b>   | <b>.331</b> |              | <b>4.222</b> | <b>.000</b> |
| Strategic Human Capital | <b>.698</b>    | <b>.080</b> | <b>.651</b>  | <b>8.693</b> | <b>.000</b> |

a. Dependent Variable: Organizational Performance

#### **4.9.3 Pearson Correlation Matrix for Independent and Dependent Variables**

The correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation, +1 indicating a perfect positive correlation, and 0 indicating no correlation at all. Table 4.shows there is a high positive correlation between strategic human capital and organizational performance at 0.651. The weakest relationship is between strategic customer focus and strategic human capital at 0.161. According to Field (2005), correlation coefficient should not go beyond 0.8 to avoid multicollinearity. There was no multicollinearity problem in this research since the highest correlation coefficient was 0.651.

**Table 4.41: Correlations**

|     |                 | S I & ICT     | SC F          | S& S S        | S H C         | OP         |
|-----|-----------------|---------------|---------------|---------------|---------------|------------|
| S I | Pearson         | <b>1</b>      |               |               |               |            |
| &   | Correlation     |               |               |               |               |            |
| ICT | Sig. (2-tailed) |               |               |               |               |            |
|     | N               | <b>105</b>    |               |               |               |            |
| SC  | Pearson         | <b>.258**</b> | <b>1</b>      |               |               |            |
| F   | Correlation     |               |               |               |               |            |
|     | Sig. (2-tailed) | <b>.008</b>   |               |               |               |            |
|     | N               | <b>105</b>    | <b>105</b>    |               |               |            |
| S&  | Pearson         | <b>.457**</b> | <b>.161</b>   | <b>1</b>      |               |            |
| S S | Correlation     |               |               |               |               |            |
|     | Sig. (2-tailed) | <b>.000</b>   | <b>.102</b>   |               |               |            |
|     | N               | <b>105</b>    | <b>105</b>    | <b>105</b>    |               |            |
| S H | Pearson         | <b>.528**</b> | <b>.505**</b> | <b>.480**</b> | <b>1</b>      |            |
| C   | Correlation     |               |               |               |               |            |
|     | Sig. (2-tailed) | <b>.000</b>   | <b>.000</b>   | <b>.000</b>   |               |            |
|     | N               | <b>105</b>    | <b>105</b>    | <b>105</b>    | <b>105</b>    |            |
| O P | Pearson         | <b>.561**</b> | <b>.550**</b> | <b>.386**</b> | <b>.651**</b> | <b>1</b>   |
|     | Correlation     |               |               |               |               |            |
|     | Sig. (2-tailed) | <b>.000</b>   | <b>.000</b>   | <b>.000</b>   | <b>.000</b>   |            |
|     | N               | <b>105</b>    | <b>105</b>    | <b>105</b>    | <b>105</b>    | <b>105</b> |

SHC-Strategic Human Capital, S&SS-Safety And Security Strategy, SCF-Strategic Customer Focus, SI & ICT-Strategic Information And ICT

#### **4.10 Multiple Linear Regression Model**

To get more information about the relationship between the independent variables and the dependent variable, a multiple linear regression was carried out.

Hypothesis for the multiple linear regression model:

$$H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$$

$$H_1: \text{at least one of } \beta_1, \beta_2, \beta_3, \beta_4 \text{ is not equal to 0.}$$

From table 4.42., results show that R=0.994 and R-Square =0.999 which is a strong relationship between the independent variables and the dependent variable. This meant that 98.8% variability in organizational performance could be accounted for by all the independent variables Strategic Human Capital, Safety and Security Strategy, Strategic Customer Focus, Strategic Information and ICT combined.

**Table 4.42: summary on all the four independent variables and organizational performance**

| R                 | R Square |
|-------------------|----------|
| .994 <sup>a</sup> | .988     |

a. Predictors: Strategic Human Capital, Safety and Security Strategy, Strategic Customer Focus, Strategic Information and Communication Technology

A further test on the beta coefficients of the resulting model shows that strategic Information and Communication Technology, strategic customer focus and strategic human capital have a significant positive effect on organizational performance of staff at Kenya Airports Authority with gradients 0.304, 0.315, and 0.359 respectively. The

three variables had a p-value of 0.000. However, safety and security strategy had an insignificant effect on organizational performance with p-value of 0.432 which is greater than 0.05 as shown in table 4.thus prompting its exclusion from the multiple regression model.

**Table 4.43: Overall Regression Model Coefficients**

| Coefficients <sup>a,b</sup> |  | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-----------------------------|--|-----------------------------|------------|---------------------------|-------|------|
|                             | Variable                               | B                           | Std. Error | Beta                      |       |      |
| 1                           | Strategic and Communication Technology | .304                        | .074       | .300                      | 4.104 | .000 |
|                             | Strategic Customer Focus               | .315                        | .067       | .311                      | 4.696 | .000 |
|                             | Safety and Security Strategy           | .046                        | .058       | .045                      | .788  | .432 |
|                             | Strategic Human Capital                | .359                        | .097       | .344                      | 3.689 | .000 |

a. Dependent Variable: Organizational Performance

b. Linear Regression through the

Origin

The ANOVA test in Table 4.shows that the significance of the F-statistic 0.000 is less than 0.05. This implies that null hypothesis is rejected and conclude that there is a relationship between all four independent variables jointly and organizational performance.

**Table 4.44: F-test for Multiple Regression Model**

**ANOVA<sup>c,d</sup>**

| Model |              | Sum of Squares              | Df         | Mean Square    | F              | Sig.                    |
|-------|--------------|-----------------------------|------------|----------------|----------------|-------------------------|
| 1     | Regression   | <b>1920.044</b>             | <b>4</b>   | <b>480.011</b> | <b>2.024E3</b> | <b>.000<sup>a</sup></b> |
|       | Residual     | <b>23.956</b>               | <b>101</b> | <b>.237</b>    |                |                         |
|       | <b>Total</b> | <b>1944.000<sup>b</sup></b> | <b>105</b> |                |                |                         |

- a. Predictors: strategic human capital, safety and security strategy, strategic customer focus, strategic information and comm tech.
- b. This total sum of squares is not corrected for the constant because the constant is zero for regression through the origin.
- c. Dependent Variable: organizational performance
- d. Linear Regression through the Origin

This implies that the regression model  $Y_1 = \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$  holds. The regression model was found to be as follows:

$$Y_1 = 0.304X_1 + 0.315X_2 + 0.046X_3 + 0.359X_4$$

Where:

$Y$ = Organizational performance

$\beta_1 - \beta_5$ = coefficient of regression which measures how strong each independent variable influence the independent variable

$X_1 - X_4$ = Independent variables

$\varepsilon$  = the error term

#### **4.11 Study Optimal Model**

To obtain the optimal model the insignificant variable security and safety strategy was removed. R and R<sup>2</sup> remained the same as 0.994 and 0.988 respectively.

The ANOVA test in Table 4.shows that the significance of the F-statistic 0.000 is less than 0.05 meaning that null hypothesis is rejected and conclude that there is a relationship between all the three independent variables (excluding security and safety strategy) jointly and organizational performance of the airports.

After excluding the independent variables security and safety strategy, a further test on the beta coefficients of the resulting model shows that, strategic Information and Communication Technology, strategic customer focus and strategic human capital had a significant effect on organizational performance with gradients 0.324, 0.312, and 0.389 respectively as shown in the table below.

The proposed model shows that strategic human capital (Beta =0.387) was the most important in influencing organizational performance. This was followed by strategic information communication technology (Beta=0.324) and finally strategic customer focus at 0.312.

**Table 4.45: Optimal Model after dropping Safety and Security Strategy Variable.**

Model Summary

| R    | R Square |
|------|----------|
| .994 | .988     |

a. Predictors: strategic human capital, strategic customer focus, strategic information and communication technology

**Table 4.46: ANOVA<sup>c</sup>**

,d

| Model |            | Sum<br>Squares              | of<br>Df   | Mean Square    | F              | Sig.                    |
|-------|------------|-----------------------------|------------|----------------|----------------|-------------------------|
| 1     | Regression | <b>1919.897</b>             | <b>3</b>   | <b>639.966</b> | <b>2.708E3</b> | <b>.000<sup>a</sup></b> |
|       | Residual   | <b>24.103</b>               | <b>102</b> | <b>.236</b>    |                |                         |
|       | Total      | <b>1944.000<sup>b</sup></b> | <b>105</b> |                |                |                         |

a. Predictors: strategic human capital, strategic customer focus, strategic information and communication technology

c. Dependent Variable: organizational performance

**Table 4.47: Coefficients<sup>a</sup>**

| Model |  | Unstandardized<br>Coefficients |             | Standardized<br>Coefficients | T            | Sig.        |
|-------|--|--------------------------------|-------------|------------------------------|--------------|-------------|
|       |  | B                              | Std. Error  |                              |              |             |
| 1     | Strategic Information and Communication Technology | <b>.324</b>                    | <b>.069</b> | <b>.320</b>                  | <b>4.666</b> | <b>.000</b> |
|       | Strategic Customer Focus                           | <b>.312</b>                    | <b>.067</b> | <b>.308</b>                  | <b>4.667</b> | <b>.000</b> |
|       | Strategic Human Capital                            | <b>.387</b>                    | <b>.090</b> | <b>.371</b>                  | <b>4.292</b> | <b>.000</b> |

a. Dependent Variable: Organizational Performance

b. Linear Regression through the Origin

This implies that the model for the  $Y_1 = \beta_1X_1 + \beta_2X_2 + \beta_4X_4 + e$  holds

The optimal model was found to be as follows:

$$Y = 0.324X_1 + 0.312X_2 + 0.387X_4$$

Where:

$Y$  = Organizational Performance

$X_1$  = Strategic Information and Communication Technology

$X_2$  = Strategic Customer Focus

$X_4$  = Strategic Human Capital

#### **4.12 Implication of the Model**

The proposed model shows that strategic human capital (Beta = 0.387) was the most important in influencing organizational performance. This was followed by strategic information communication technology (Beta=0.324) and finally strategic customer focus at 0.312.

##### **4.12.1 Strategic Human Capital**

The study finding are in line with Njihia et al, (2013) who highlight Strategic human capital as one of the organization drivers which helps the organization in monitoring performance, identifying the areas that need attention, by enhancing motivation, improving communication and strengthening accountability. Baptiste (2001) in his study acknowledged that human resource is one of the important assets in a company which can be strategically developed and improved through education and training. According to Lepak (1999) human capital comprises of the personnel who possess ability,

experience and knowledge to create the economic value of an organization. However according to Bontis (1999) in his study he analyzed human capital as employee knowledge, competence and experience.

Halpen (2008)) also concludes that strategic human capital can increase organization performance and pointed out that human capital is an accumulation of the expertise and abilities of an employee gained from experience, training and education during his working periods to create qualified human resources with added value known as human capital which is a part of intellectual capitals. Human capital refers to knowledge, attitude and skills which are developed and valued to have economic productive potentials (Blundell, 1999). According to Bontis and Fitz-enz (2002), human capital is a combination of knowledge, talent and experience of an employee and comprises of 5 key components, that is individual capability, individual motivation, leadership, organizational climates and workgroup effectiveness. Each component has its own role in creating company's human capital which eventually determines company value.

The study was also corroborate by other previous studies i.e Armstrong (2012), Odhong and Were (2013), Human capital theory helps to determine the impact of people on the business and their contribution to shareholder value. It demonstrates the HR practices that produce value for money in terms, for example, of return on investment. According to Dae-bong (2009), Human capital theorists believe that education and earning power are correlated, which means, theoretically, that the more education one has, the more one can earn, and that the skills, knowledge and abilities that education provides can be transferred into the work in terms of productivity. Human capital refers to the knowledge, expertise, and skill one accumulates through education and training (Severine & Lila, 2009; Marimuthu et al. (2009); Dae-bong (2009); Armstrong (2014), Odhong et al., 2014 Jelena, et al.,(2012) conducted a study on the impact of knowledge management on organizational performance. The aim of this paper is to show that through creating, accumulating, organizing and utilizing knowledge, organizations can

enhance organizational performance. The impact of knowledge management practices on performance was empirically tested through structural equation modelling. The sample included 329 companies both in Slovenia and Croatia with more than 50 employees. The results show that knowledge management practices measured through information technology, organizations and knowledge positively affect organizational performance. Vision 2030 recognizes that Kenya's pool of talent is small and inadequately trained for integration into the job market. Measures are therefore taken to improve the national pool of skills and talent through training that is relevant to the needs of the economy. The current transition rate from secondary level education to university will be increased and post graduate training strengthened, particularly in science and technology (Republic of Kenya, 2007).

#### **4.12.2 Strategic Information and Communication Technology**

The study is corroborated by Koellinger (2005) who advanced an argument that the key to understanding the impacts of ICT on performance is to view ICT as an enabler of innovation. This conceptualization of new technologies as possible enablers of innovation allows a market-based approach to study the relationship between ICT and performance. It also allows investigating why different firms that invest in the same technology may exhibit different payoffs. In addition, this concept allows us to argue that ICT remains of strategic relevance for firms as long as it enables innovation. Harris and Katz, (1991) points out that innovation is a strategic variable because it allows firms to differentiate their products, services and production processes vis-à-vis their competitors. Devaraj and Kohli,( 2000) support the argument as evidenced by previous empirical studies that technology is positively associated with firm-level growth and that positive effects on revenue growth have been demonstrated in the health care sector. Similar results were found in the insurance industry where top performing firms with high premium income growth had highly embraced ICT (Harris & Katz, 1991). In addition, positive effects of ICT investment on sales growth were found among

manufacturing firms (Weill, 1992), while Koellinger (2005) found a positive relationship between ICT and turnover growth.

The study findings are also supported by Adei (2004) who argues that information and communications technology has played a tremendous role in all areas of today's organizations' success and is expected to drive organizations to greater and efficient performance. It provides the opportunity for organizations to be in any location on the globe, even the remotest of locality and establish transactions oceans away within fragments of time. According to Czenter, (2002) organizations are expected to take advantage of the ICT revolution to establish a virtual presence in the international economy as an e-business on the internet. Onwuka and Eguavoen (2007) expressed that, advances in computer technology enable traders to meet demand for financial instruments such as swaps and futures with relative ease and that through ICT organizations increase their performance by their virtual expansion through the internet thus, expanding their market reach and domination.

Further, according to Onwuka and Eguavoen (2007) it will be difficult for a corporation to become a significant player in the global market place without an extensive use of information and communications technology. Improved transportation as well as the emergence of containerization in land- and sea- based shipping has reduced both the handling requirement and transit time by more than two thirds. Technological innovation includes the development of new business methods to achieve desired objectives. ICT will lead to high organizational performance which is characterized by high financial income, continuous sustainable innovations, satisfied customers and a motivated human resource (Epstein, 2004; Sabri *et al.*, 2004) in his study established a positive relationship between ICT and the performance of firms. ICT positively influences employee performance because it is the human capital that spearheads innovations. All types of ICT will be totally dependent on the human resource of the organization who will design, run and review the programs (Zaheer *et. al.*, 2011). Wong *et al.* (2007)

confirmed a positive relationship between innovation and organizational performance and therefore when an organization achieves competence in making a certain product; it can add value to the product by investing in the latest and modern technology.

#### **4.12.3 Strategic Customer Focus**

The findings are corroborated by several studies that report a positive relationship between Customer Service strategies and performance (Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001; Kaynak, 2003; Douglas & Judge, 2001). Organizations placing greater emphasis on Customer Focus strategies will tend to attach a relatively high degree of importance to eliminating non value added activities and cost, building closer links with customers, having a management approach of meeting customers' needs, finding solutions to poor service, and regularly measuring customer service (Gilding & McManus, 2002; Perera, Harrison, & Poole, 1997).

Organizations that focus on continuous improvement motivate employees to achieve quality output, and focus on satisfying customers' needs are found to have a competitive edge (Joiner, 2007). Customer Service strategies emphasize the need to provide customers with high value service through improvements in efficiency by way of eliminating waste, non-value added activities/cost and reducing lead times at all stage of services (Chenhall, 1997). Kim & Miller (1992) identify customer focused activities such as activities associated with conformance quality, product reliability, on time delivery as important capabilities for competitiveness in the manufacturing firms. Most studies report a positive relationship between Customer Focus strategies and performance (e.g., Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001; Ittner & Larcker, 1997; Joiner, 2007; Kaynak, 2003).

The study is also supported by other studies that showed that benefits of customer focus practice have been confirmed in various types of firms, such as manufacturing (Mojtahedzadeh & Arumugam, 2011), retail (Chotekorakul & Nelson, 2013; Tajeddini

et al.,2013), service (Alam, 2013; Dadfar et al., 2013), hospitality and tourism (Sun and Kim, 2013),and public service (Fonseca et al., 2010). Although the bottom line of this practice is to attain customer satisfaction, its effect on other firm performance measures, such as financial results and employee satisfaction, also reportedly exist (Anaza & Rutheford, 2012; Chotekorakul &Nelson, 2013).In other words, becoming a customer focused firm requires the organization to continuously improve all the processes involved (Tajeddini et al.,2013). As a consequence, the benefits of this practice to a firm had been reported to have direct or indirect impacts on various performance measures such as employee satisfaction, innovation, and cost benefits (Alam, 2013; Anaza & Rutheford, 2012; Krivokapic et al., 2013).Meanwhile, firms implementing a customer focus strategy would be able to strengthen the processes involved in producing products or delivering services (Verhoef & Lemon, 2013). As a result, product defects and poor services would be lowered, which in turn contribute to improving cost benefits.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the summary of major findings of the study, relevant discussions, conclusions and the necessary recommendations. The study sought to establish effect of Strategic management drivers on performance of airports in Kenya. The summary is done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses guided to test the research hypothesis of the study. Each recommendation traces directly to each conclusion in line with practice and policy.

#### **5.2 Discussions and findings**

This study sought to establish the effect of strategic management drivers on performance of Airports in Kenya. Strategic management drivers are major component of the environment in which an organization operates. Porter (1985) states that Competition is at the core of success or failure of firms. While Competitive forces in the industry like rivalry, threat of substitutes, buyer power, supplier power, threat of new entrants and entry barriers, can either be passive or active and this determines the profitability or the attractiveness of the industry which is key consideration for entry or exit. Strategic management drivers continually work to drive the rate of return on capital invested. If the returns are below the expected rate, in the long run the investor seeks alternative industries. The findings of this study are consistent with the works of Porter (1985) since the Airports in Kenya have come up with strategic drivers to improve on the performance in order to remain relevant in the face of global competition.

Airports are expected to perform and produce results in an environment that is becoming increasingly uncertain, confused and incoherent. The traditional signals and barometers which guided them to a given destination are changing around them as the internal and

external environment with which they were familiar become pressured by the twin forces for change and consolidation in acute services. Therefore it is crucial to put into practice strategic drivers that can keep the industry at a good performance bar. This therefore has triggered firms to enhance ways of production of quality products based on customer needs and preference so as remain relevant in the competitive industry.

### **5.3 Summary**

This section summarizes the findings of the study as per the objectives.

#### **5.3.1 Strategic Human Capital on Airports' Performance in Kenya**

The objective of the study sought to find out the effects of strategic human capital on airports' performance in Kenya. Various methods were used to arrive at the findings. These methods included descriptive statistics, parametric analysis and regression analysis. The findings in the descriptive statistics indicated that there was a correlation between highly skilled personnel and performance of Airports. Respondents agreed that there was a positive relationship between motivated personnel and organizational performance. They also agreed that a conducive working environment has positive impact on performance of Airports investing in human capital through continuous training results in improved performance. The Pearson Correlation coefficient of strategic human capital and organizational performance was established as 0.651 (p-value=0.000) which is a strong positive linear relationship between the two variables. Regression analysis showed that that there is a positive linear relationship between strategic human capital and organizational performance. Regression results indicated that 38.7% of variation in the organizational performance could be explained by a unit change in strategic human capital.

The study finding are in line with Njihia et al. (2013)who highlight Strategic human capital as one of the organization drivers which helps the organization in monitoring

performance, identifying the areas that need attention, by enhancing motivation, improving communication and strengthening accountability. Baptiste (2001) in his study acknowledged that human resource is one of the important assets in a company which can be strategically developed and improved through education and training. According to Lepak (1999) human capital comprises of the personnel who possess ability, experience and knowledge to create the economic value of an organization. However according to Bontis (1999) in his study he analyzed human capital as employee knowledge, competence and experience.

Halpen (2008)) also concludes that strategic human capital can increase organization performance and pointed out that human capital is an accumulation of the expertise and abilities of an employee gained from experience, training and education during his working periods to create qualified human resources with added value known as human capital which is a part of intellectual capitals. Human capital refers to knowledge, attitude and skills which are developed and valued to have economic productive potentials (Blundell, 1999) According to Bontis and Fitz-enz (2002), human capital is a combination of knowledge, talent and experience of an employee and comprises of 5 key components, that is individual capability, individual motivation, leadership, organizational climates and workgroup effectiveness. Each component has its own role in creating company's human capital which eventually determines company value.

The study was also corroborate by other previous studies i.e. Armstrong (2012), Odhong and Were (2013), Human capital theory helps to determine the impact of people on the business and their contribution to shareholder value. It demonstrates the HR practices that produce value for money in terms, for example, of return on investment. According to Dae-bong (2009), Human capital theorists believe that education and earning power are correlated, which means, theoretically, that the more education one has, the more one can earn, and that the skills, knowledge and abilities that education provides can be transferred into the work in terms of productivity. Human capital refers to the

knowledge, expertise, and skill one accumulates through education and training (Severine & Lila, 2009; Marimuthu et al., 2009; Dae-bong, 2009; Armstrong, 2014, Odhong et al., 2014; Jelena et al., 2012) conducted a study on the impact of knowledge management on organizational performance. The aim of this paper is to show that through creating, accumulating, organizing and utilizing knowledge, organizations can enhance organizational performance. The impact of knowledge management practices on performance was empirically tested through structural equation modelling. The sample included 329 companies both in Slovenia and Croatia with more than 50 employees. The results show that knowledge management practices measured through information technology, organizations and knowledge positively affect organizational performance. Vision 2030 recognizes that Kenya's pool of talent is small and inadequately trained for integration into the job market. Measures are therefore taken to improve the national pool of skills and talent through training that is relevant to the needs of the economy. The current transition rate from secondary level education to university will be increased and post graduate training strengthened, particularly in science and technology (Republic of Kenya, 2007).

### **5.3.2 Strategic Information and Communication Technology (ICT) on Airports' Performance.**

The objective of the study was to establish the effects of use of strategic information and communication technology (ICT) on airports' performance in Kenya. Various methods were used to arrive at the findings. These methods included descriptive statistics, parametric analysis and regression analysis. Descriptive statistics showed that automation of processes plays an important role in the performance of Airports and it gives the Airports a competitive advantage. It enables faster processing of passengers and is also crucial in securing Airports from security threats. Respondents agreed that personnel at all levels in the organization must embrace Information and Communication Technology (ICT) in order to improve performance of airports.

Unfortunately the findings showed that not all the processes in the airports are automated. In the inferential statistics Pearson Correlation coefficient of strategic Information and Communication Technology (ICT) versus organizational performance was found to be moderate at 0.561 (p-value=0.000). It was found that 31.4% of variation in the organizational performance could be explained by a unit change in strategic information and communication technology (ICT). Further regression analysis confirmed that there is a positive linear relationship between Strategic Information and Communication Technology (ICT) and organizational performance.

The study is corroborated by Koellinger, (2005) who advanced an argument that the key to understanding the impacts of ICT on performance is to view ICT as an enabler of innovation. This conceptualization of new technologies as possible enablers of innovation allows a market-based approach to study the relationship between ICT and performance. It also allows investigating why different firms that invest in the same technology may exhibit different payoffs. In addition, this concept allows us to argue that ICT remains of strategic relevance for firms as long as it enables innovation. Harris and Katz, (1991) points out that innovation is a strategic variable because it allows firms to differentiate their products, services and production processes vis-à-vis their competitors. Devaraj and Kohli( 2000) support the argument as evidenced by previous empirical studies that technology is positively associated with firm-level growth and that positive effects on revenue growth have been demonstrated in the health care sector. Similar results were found in the insurance industry where top performing firms with high premium income growth had highly embraced ICT (Harris & Katz, 1991). In addition, positive effects of ICT investment on sales growth were found among manufacturing firms (Weill, 1992); while Koellinger (2005) found a positive relationship between ICT and turnover growth.

The study findings are also supported by Adei (2004) who argues that Strategic Information and Communications Technology has played a tremendous role in all areas

of today's organizations' success and is expected to drive organizations to greater and efficient performance. It provides the opportunity for organizations to be in any location on the globe, even the remotest of locality and establish transactions oceans away within fragments of time. According to Czenter (2002) organizations are expected to take advantage of the ICT revolution to establish a virtual presence in the international economy as an e-business on the internet. Onwuka and Eguavoen (2007) expressed that, advances in computer technology enable traders to meet demand for financial instruments such as swaps and futures with relative ease and that through ICT organizations increase their performance by their virtual expansion through the internet thus, expanding their market reach and domination.

Further, according to Onwuka and Eguavoen, (2007) it will be difficult for a corporation to become a significant player in the global market place without an extensive use of information and communications technology. Improved transportation as well as the emergence of containerization in land- and sea- based shipping has reduced both the handling requirement and transit time by more than two thirds. Technological innovation includes the development of new business methods to achieve desired objectives. ICT will lead to high organizational performance which is characterized by high financial income, continuous sustainable innovations, satisfied customers and a motivated human resource (Epstein, 2004). Sabri *et al.* (2004) in his study established a positive relationship between ICT and the performance of firms. ICT positively influences employee performance because it is the human capital that spearheads innovations. All types of ICT will be totally dependent on the human resource of the organization who will design, run and review the programs (Zaheer *et al.*, 2011). Wong *et al.*, (2007) confirmed a positive relationship between innovation and organizational performance and therefore when an organization achieves competence in making a certain product; it can add value to the product by investing in the latest and modern technology.

### **5.3.3 Strategic Customer Focus on Airports Performance in Kenya**

The objective of the study sought to find out the effects of strategic customer focus on airports performance in Kenya. Descriptive statistics, regression analysis and analysis of variance (parametric analysis) were conducted. The descriptive analysis showed that positive customer experience impacts positively on performance of airports because it results in repeat business. Customers are also dissatisfied by delays and cancellations by airlines and being courteous and professional is important in customer satisfaction. In addition management of queues results in positive customer experience. Respondents generally agreed that airports in Kenya are customer focused although they were not of the opinion that Kenya airports are globally competitive. Most denied that airports are flexible enough to deal with dynamic customer needs. In the Correlation analysis, Pearson Correlation coefficient of strategic customer focus versus organizational performance was computed and established as 0.550 (p-value=0.000). Regression analysis showed that 30.3% of variation in the organizational performance could be explained by a unit change in strategic customer focus. There was found to be a positive linear relationship between Strategic Customer Focus and organizational performance at Kenya Airports Authority.

The findings are also corroborated by several studies that report a positive relationship between Strategic Customer Focus and performance (Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001; Kaynak, 2003; Douglas & Judge, 2001). Organizations placing greater emphasis on Customer Focus strategies will tend to attach a relatively high degree of importance to eliminating non value added activities and cost, building closer links with customers, having a management approach of meeting customers' needs, finding solutions to poor service, and regularly measuring customer service (Gilding & McManus, 2002; Perera, Harrison, & Poole, 1997).

Organizations that focus on continuous improvement motivate employees to achieve quality output, and focus on satisfying customers' needs are found to have a competitive

edge (Joiner, 2007). Customer Service strategies emphasize the need to provide customers with high value service through improvements in efficiency by way of eliminating waste, non-value added activities/cost and reducing lead times at all stage of services (Chenhall, 1997). Kim and Miller (1992) identify customer focused activities such as activities associated with conformance quality, product reliability, on time delivery as important capabilities for competitiveness in the manufacturing firms. Most studies report a positive relationship between Customer Focus strategies and performance (e.g., Brah, Lee, & Rao, 2002; Hendricks & Singhal, 2001; Ittner & Larcker, 1997; Joiner, 2007; Kaynak, 2003).

The study is also supported by other studies that showed that benefits of customer focus practice have been confirmed in various types of firms, such as manufacturing (Mojtahedzadeh & Arumugam, 2011), retail (Chotekorakul & Nelson, 2013; Tajeddini et al., 2013), service (Alam, 2013; Dadfar et al., 2013), hospitality and tourism (Sun and Kim, 2013), and public service (Fonseca et al., 2010). Although the bottom line of this practice is to attain customer satisfaction, its effect on other firm performance measures, such as financial results and employee satisfaction, also reportedly exist (Anaza & Rutheford, 2012; Chotekorakul & Nelson, 2013). In other words, becoming a customer focused firm requires the organization to continuously improve all the processes involved (Tajeddini et al., 2013). Firms implementing a customer focus strategy would be able to strengthen the processes involved in producing products or delivering services (Verhoef & Lemon, 2013). As a result, product defects and poor services would be lowered, which in turn contribute to improving cost benefits.

## **5.4 Conclusion**

The study sought to establish the effect of strategic management drivers on performance of Airports in Kenya. From the study findings, it can be concluded that Strategic management drivers have a significant effects on the performance of Airports in Kenya. The results established that Strategic Human Capital, Strategic Information and Communication Technology and Strategic Customer Focus have a significant influence on performance of airports as explained below.

### **5.4.1 Strategic Information and Communication Technology (ICT) on Airports' Performance**

Based on findings of the study it was concluded that strategic information and communication technology influences Airports' Performance. Organizations are therefore expected to take advantage of the ICT for improved performance. Information and communications technology has played a tremendous role in the success of the airports in Kenya and is expected to drive them to greater and efficient performance. ICT has many benefits and if efficiently embraced in the airports in Kenya can act as an engine that drives business performance in the organization. ICT can make airports in Kenya earn high financial income, as well as leading to satisfied customers and a motivated human resource all of which are indicators of improved performance. Continuous sustainable innovations can only be guaranteed if airports in Kenya are able to embrace information and communication technology in its operations. Investing in new technology is very expensive to implement and sustain but airports must make effort since this is one of the strategic drivers for organizational performance.

#### **5.4.2 Strategic Customer Focus on Airports Performance in Kenya**

Pertaining to strategic customer focus the study concluded that it has an influence on the performance of the airports in Kenya. Customer focused strategies should be implemented in organizations as they emphasize the need to provide customers with high value service through improvements in efficiency. Nowadays those businesses that will succeed in the market place are those that will be aggressive in discovering customer wants and build superior customer value in order to capture value from customers in return. In this era of increased competition airports in Kenya must monitor and respond to consumers' changing needs and preferences to ensure that they acquire and sustain a competitive advantage over the competitors. Organizations are expected to value customers as an important asset that needs to be acquired, retained and satisfied as emphasized by customer perspective in the balanced scorecard measures of performance. There is need to create a positive brand image, ensure there is customer satisfaction which will lead to customer retention and thus profitability. Just like other past studies this study established the importance of monitoring customers on the premise that an organization should value customers as an asset.

#### **5.4.3 Strategic Human Capital on Airports' Performance in Kenya**

The study was also to establish the effects of strategic human capital on organization's performance. The study established that strategic human capital affects airports' performance and therefore concluded that there is a need to have employees who have ability, experience and knowledge that provide economic value to the organization so as to improve the performance of the airports. The role played by human resources cannot be ignored as human resource is one of the important assets in any organization. There is therefore a need to strategically develop and improve this important resource especially through education and training. It is therefore through human capital that an organization can acquire and sustain its competitive advantage over its competitors leading to better performance. The strategic use of human capital will be used to gauge how a company is

able to meet its targets. Just like other past research, the role played by human capital in determining organizational performance cannot be ignored in the current hyper-competitive era where organizations are striving to outdo their competitors. Human capital remains one of the most important elements in obtaining competitive advantage for most organization.

### **5.5 Recommendation**

Information and Communication Technology positively influences organizational performance, therefore the study recommends that organizations need to invest in the latest and modern technology. Organizations need to come up with policies to support automation and use of ICT so as to acquire and sustain a competitive advantage. The policies should be formulated in such a way that personnel at all levels in the organization embrace Information and Communication Technology in order to improve performance.

Organizations should also invest in Human capital to ensure that the employees are equipped with the appropriate skills, knowledge and competencies that will enable them to deliver positively and propel the organization to the next level.

This study will greatly make a contribution in the body of knowledge and specifically in the area of strategic management since strategic drivers of performance are closely linked to specific strategies adopted by the organization in order to maximize organizational performance.

### **5.6 Areas for further Research.**

Further study should be carried out in other service industries to establish if strategic management drivers have effects on their performance. The operating environment, both external and internal have become very turbulent and thus a study should be done to show how firms should cope with the volatile environment by formulating relevant strategies and effectively implementing them to deal with the ever changing environment. Further study should also be done to establish effects of competitive advantage on transport Sector in Kenya.

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## APPENDICES

### Appendix I: Questionnaire

My name is Rosemary Chebet Koros, a PhD candidate in the School of Human Resource Development at the Jomo Kenyatta University of Agriculture and Technology. I am conducting a research study concerning "**Effects of strategic management drivers on performance of Airports in Kenya**" I have selected you as my study respondent. Please, take a few minutes to answer the questions in this questionnaire. I assure you that your answers will be kept completely **confidential** and will be used for academic purposes only.

### SECTION A: DEPARTMENT

**Q.A5. please, indicate with a tick the department/Section in which you work.**

|                                     |                          |                          |                          |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Customer Service                    | Corporate Planning       | <input type="checkbox"/> |                          |
| Engineering                         | <input type="checkbox"/> | Finance                  | <input type="checkbox"/> |
| HRD                                 | <input type="checkbox"/> | ICT                      | <input type="checkbox"/> |
| RM & IA                             | <input type="checkbox"/> | Procurement              | <input type="checkbox"/> |
| M& BD                               | <input type="checkbox"/> |                          | <input type="checkbox"/> |
| MD's Office(Airport Managers)       | <input type="checkbox"/> | Legal                    | <input type="checkbox"/> |
| Operations (GFS ,Bird Scout & Fire) | <input type="checkbox"/> | Security Services        | <input type="checkbox"/> |
|                                     |                          |                          | <input type="checkbox"/> |

## **EFFECTS OF STRATEGIC MANAGEMENT DRIVERS ON PERFORMANCE OF AIRPORTS IN KENYA**

### **SECTION B: EFFECTS OF STRATEGIC INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) ON AIRPORTS' PERFORMANCE**

**Please, tick the extent to which use of strategic Information and Communication Technology (ICT) affect Airports' performance.**

|   | 5<br>Very important | 4<br>Fairly important | 3<br>Somewhat important | 2<br>Not So important | 1<br>Not at all important |
|---|---------------------|-----------------------|-------------------------|-----------------------|---------------------------|
| <b>Effects of use of strategic Information and Communication Technology (ICT) on Airports' performance</b>  |                     |                       |                         |                       |                           |
| <b>Q.B1.</b> ..Automation of processes plays an important role in performance of Airports.  |                     |                       |                         |                       |                           |
| <b>Q.B2.</b> Use of Information and Communication Technology is crucial in securing Airports from security threats  |                     |                       |                         |                       |                           |
| <b>Q.B3.</b> Personnel at all levels in the organization must embrace Information and Communication Technology in order to improve performance of Airports. |                     |                       |                         |                       |                           |
| <b>Q.B4.</b> Use of automation is important because it enables faster processing of passengers  |                     |                       |                         |                       |                           |
| <b>Q.B5.</b> Use of automation is important because it gives Airports competitive advantage   |                     |                       |                         |                       |                           |
| <b>Q.B6. Other (specify)</b>  |                     |                       |                         |                       |                           |

**Answer “Yes” or “No”**

Are all the processes in Airports Automated? YES  NO

**B7.**Does technology impact positively on the organization? YES  NO

**QB8.**Is it true that ICT has a positive impact on productivity? YES  NO

**QB9.**Have the employees fully embraced ICT? YES  NO

**QB10.**Does ICT contribute to airport security? YES  NO

**Open ended questions.**

**QB11.**What is the effect of use of ICT on your duties?

.....  
.....

**QB13.**What is the impact of automation on airports processes?

.....  
.....

**QB14.**What is the relationship between automation and efficient delivery of services?

.....  
.....

**QB15.**How does automation improve security in airports?.....

.....  
.....  
.....

**QB16.**How does ICT drive business performance in airports?

.....  
.....

### **SECTION C: EFFECTS OF STRATEGIC CUSTOMER FOCUS ON AIRPORTS PERFORMANCE**

Please, tick the extent to which strategic customer focus influence performance of Airports.

|  | 5                      | 4                 | 3                    | 2                 | 1          |
|--|------------------------|-------------------|----------------------|-------------------|------------|
| Effects of strategic customer focus on airports performance  | To a very great extent | To a great extent | To a moderate extent | To a small extent | Not at all |
| QC1.Positive customer experience impacts positively on performance of airports because it results in repeat business |                        |                   |                      |                   |            |
| QC2.Ambience contributes to positive customer experience   |                        |                   |                      |                   |            |
| QC3.Delays and cancellations by airlines result in customer dissatisfaction  |                        |                   |                      |                   |            |

|   |  |  |  |  |  |
|---|--|--|--|--|--|
| <b>QC4.</b> Complaints are opportunities that enable airports to improve on their services to customers |  |  |  |  |  |
| <b>QC5.</b> Courtesy and professionalism by airport staff enhance customer experience.                  |  |  |  |  |  |
| <b>QC6.</b> Management of queues results in positive customer experience                                |  |  |  |  |  |
| <b>QC7. Other (specify)</b>   |  |  |  |  |  |

**Answer “YES” or “NO”**

**QC8.**Are airports in Kenya customer focused? YES  NO

**QC9.**Do airports have an elaborate complaints handling procedure for dealing with customer complaints?

**QC10.**Are airports flexible enough to deal with dynamic customer needs? YES  NO

**QC11.**Are Kenyan airports globally competitive? YES  NO

**QC12.**Do airports have standard operating procedures for handling customers  NO

#### **Open ended questions.**

**QC13.**How do airports get customers feedback?

.....

.....

.....

**QC14.**What does it take to create an excellent customer experience?

.....

**QC15.**What is the best effective way of communicating to customers in airports?

.....

**QC16.**What strategies are used to ensure effective and efficient delivery of services?

.....

**QC17.**What is the role of airport stakeholders in ensuring seamless service in the  
aviation  
service  
chain?.....

.....

## SECTION D: EFFECTS OF SAFETY AND SECURITY STRATEGY ON AIRPORTS PERFORMANCE

**Please, tick the extent to which the effect of safety and security affects the performance of Airports**

|  | 5                      | 4                 | 3                    | 2                 | 1          |
|--|------------------------|-------------------|----------------------|-------------------|------------|
| Effects of safety and security strategy on performance of Airports                               | To a very great extent | To a great extent | To a moderate extent | To a small extent | Not at all |
| QD1.To what extent does safety and security affect performance of Airports?                      |                        |                   |                      |                   |            |
| QD2.Thorough training of security personnel is key to performance of Airports                    |                        |                   |                      |                   |            |
| QD3.Use of advanced equipment to screen passengers and cargo is key in airports security         |                        |                   |                      |                   |            |
| QD4.Timely intelligence on probable adversaries and threat scenarios is key in securing airports |                        |                   |                      |                   |            |
| <b>QD5. Other (specify)</b>  |                        |                   |                      |                   |            |

**Answer “Yes” or “No”**

**QD6.**Do you think passengers feel safe in kenyan airports? YES  NO

**QD7.**Are the security checks at the Airports thorough? YES  NO

**QD8.**Do security agencies get timely intelligence reports? YES  NO

**QD9.**Are there advanced screening equipments in airports? YES  NO

**QD10.**Is the fear of terror attacks in airports real? YES  NO

### **Open ended questions**

**QD11.**How do airports ensure that there reduced incidences of threats?

.....  
.....  
.....

**QD12.**How does management create security awareness in airports?

.....  
.....  
.....

**QD13.**What is the role of security agencies in airports?

.....  
.....  
.....

**QD14.**What is the role of technology in enhancing safety and security in airports?

.....  
.....  
.....

**QD15.**How frequent are security measures reviewed in airports?

.....

.....

.....

## SECTION E: EFFECTS OF STRATEGIC HUMAN CAPITAL ON AIRPORTS PERFORMANCE

**Please, tick the extent to which strategic human capital affect performance of Airports.**

|  | 5<br>Strongly agree | 4<br>Agree | 3<br>Indifferent | 2<br>Disagree | 1<br>Strongly disagree |
|--|---------------------|------------|------------------|---------------|------------------------|
| <b>Effects of strategic human capital on airports performance</b>  |                     |            |                  |               |                        |
| <b>QE1.</b> There is a correlation between highly skilled personnel and performance of Airports                |                     |            |                  |               |                        |
| <b>QE2.</b> There is a positive relationship between motivated personnel and performance of Airports           |                     |            |                  |               |                        |
| <b>QE3.</b> Investing in human capital through continuous training results in improved performance of Airports |                     |            |                  |               |                        |
| <b>QE4..</b> A conducive working environment has positive impact on performance of Airports                    |                     |            |                  |               |                        |
| <b>QE5.</b> Academic qualifications of personnel has a bearing in their work performance                       |                     |            |                  |               |                        |
| <b>QE6.</b> Other (specify)  |                     |            |                  |               |                        |

**Answer “Yes” or “No”**

**QE7.**Are the employees competent in their areas of operation? YES  NO

**QE8.**Is there a high turnover of staff in the organization? YES  NO

**QE9.**Are the staff trained on continuous basis to cope with the emerging trends in the airports   YES NO

**QE10.**Are there opportunities for career growth in the organization  YES   
NO

**QE11.**Is the organization utilizing the full potential of employees in the airports? YES  
NO.

**Open ended questions**

**QE12.**What are some of the challenges faced by airports employees?

.....  
.....  
.....

**QE13.**How do airports handle grievances and employees dissatisfaction?

.....  
.....  
.....

**QE14.**What is the relationship between employees’ skills and performance of airports?

.....  
.....

**QE15.**What strategy is used by airports to retain competent and highly skilled employees?

.....  
.....  
.....

**QE16.**How do airports invest in employees to ensure maximum output?

.....  
.....

## SECTION F: ORGANIZATIONAL PERFORMANCE

|  | 5<br>Very important | 4<br>Fairly important | 3<br>Somewhat important | 2<br>Not important | 1<br>Not at all important |
|--|---------------------|-----------------------|-------------------------|--------------------|---------------------------|
| <b>Organizational Performance</b>  |                     |                       |                         |                    |                           |
| <b>QF1.</b> Having good strategies in place enhances performance of the Organization   |                     |                       |                         |                    |                           |
| <b>QF2.</b> An organization must identify strategic drivers of performance             |                     |                       |                         |                    |                           |
| <b>QF4.</b> Being customer focus results in improved performance of Organisation       |                     |                       |                         |                    |                           |
| <b>QF5.</b> Highly skilled and well trained staff enhances performance of Organisation |                     |                       |                         |                    |                           |
| <b>QF6.</b> Other (specify)  |                     |                       |                         |                    |                           |

**Answer “Yes” or “No”**

**QF7.**Increased profits levels enhances performance in organization YES  NO

**QF6.**Does high customer turnover impact positively on the organization YES   
NO

**QF8.**Increase in market share improves performance of organization YES  
NO

**QF9.**Strategic objectives help in improving performance of organization YES  
NO

**QF10.**Identifying key strategic drivers enhances organization's performance YES  
NO

**Open ended questions.**

**QF11.**What are some of the factors that enhance performance in airports?  
.....  
.....  
.....

**QF12.**What strategies help in increasing profits levels in airports?  
.....  
.  
.....  
....

**QF13.**How does high customer turnover contribute to airports' performance?  
.....  
.....

**QF14.**How does increase in market share reflect on performance of airports?

.....  
.....  
.....

**QF15.**Why is it important to understand strategic drivers of performance in airports?

.....  
.....

**Thank you for your contribution to academic knowledge advancement**

## **Appendix II: Letter of Introduction**

12<sup>th</sup> April, 2016

The Managing Director  
Kenya Airports Authority  
P.O Box 19001 -800115  
NAIROBI

Dear Sir,

### **RE: ACADEMIC RESEARCH**

I am a postgraduate student at the Jomo Kenyatta University of Agriculture & Technology pursuing a PhD Degree. I wish to conduct a research entitled “*Effect of strategic management drivers on performance of airports in Kenya*”.

The purpose of this letter is to request for assistance from your company staff to fill my questionnaire to assist in making this important research a success by providing the necessary information captured by the questionnaire.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Strict ethical principles will be observed to ensure confidentiality and the study outcomes and reports will not include reference to any individuals.

Your assistance will be highly appreciated.

Yours Sincerely,

**Rosemary Chebet Koros**

### **Appendix III: List of Airports**

1. Jomo Kenyatta International Airport
2. Wilson Airport
3. Moi International Airport
4. Kisumu International Airport
5. Eldoret International Airport
6. Malindi Airport
7. Lokichokio Airport
8. Wajir Airport
9. Ukunda Airport
10. Manda Airport