



EFFECT OF ORGANIZATIONAL STRUCTURES ON PERFORMANCE OF INTERNATIONAL AIRLINES IN KENYA

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ABSTRACT

The aim of survey was to investigate the effect of organizational organizational structures on performance of international airlines in Kenya. This research was aimed at the production managers as well as team administrators of international airlines, which had a total of 187 workers. From a total population of 187, 106 people were chosen as the sample size. Utilizing the formulas created by Yamane, this was chosen to make certain that the sample size was a great reflection of the whole demography. The research utilized first-hand information that was mostly quantitative as well as descriptive. After the questionnaires had been stuffed out but also sent back, they were checked for accuracy, categorized, and entered into the SPSS version 22. Statistics were employed to describe as well as figure out what the information meant. In descriptive analysis, the tables of frequency, the mean, as well as the standard deviation were used to find the central tendencies but also the spread of the data, respectively. From the findings in the bivariate correlation, significant relationship was established between organizational structure and organizational performance hence included in the analysis. The survey's conclusion was that organizational structure has such a big impact on how well international airlines in Kenya run as a business. The research also suggested that institutional invest in resources as well as data transmission systems to make certain that that their staff have the correct, expertise, but also proficiencies to do their jobs well and take the company to greater heights.

Key Words: Organizational Structures, Leadership, International Airlines

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INTRODUCTION

Institutions parts, like R&D, advertising, or production, must strive to get as well as develop its resources so as to become competent at the logical level which could be turned into the organization's competitive strategy (Spais, 2019). The level of functionality is where the institution's true value conception events take place, in accordance with all the methodologies and aims that have been streamlined from the corporation. Methodologies at the physiological level entail the actions, perspectives, as well as procedures to be utilized for handling specialized roles, business operations, or crucial operations within an organization (Pearce, 2020).

Inside each strategic businesses units of the management level are operations capabilities such as marketing, human resources, financial services, information technologies, but also manufacturing, entrusted with developing the business marketing level methodologies via each operational technique that is directly put forward but also advantageously comprehensible with the organizational planning methodologies. According to Schermerhorn & Gardner (2004), operational level techniques concentrate on the improvement as well as management of activities so that corporate level techniques can be executed efficiently but also swiftly, and therefore are a crucial aspect of establishing a successful institution.

In an establishment, the operational factions as well as agencies portray the core functions. A company's workable unit entails marketing, banking, human resources, as well as research and development. These components are responsible for ensuring the effective but also efficient execution of the coordination as well as implementation of funds via the corporate as well as business strategic levels unit (Lehner, 2018).

The objective of coming up with operational level techniques is to enhance the corporate as well as business strategic levels (Pearce & Robinson,

2007). This essentially means that operational strategic levels represent a variety of decisions in the diverse operational parts of the organisation that customarily impact on the organizational level objectives. Consequently, functional strategies would be the term most frequently employed by an organizational unit to realize the institution aims as well as strategies via the effective application of all available finances. The paperwork of operational strategies is highly dependent on how huge or minute the company is, according to the general consensus (British Airways, 2019).

Sashittal & Wilemon (1996) say that the word "strategy" is the same as other words like "execution.", detailed by Kotler (2015) who outlined the implementation of strategy as a procedure that transforms proposals into actionable coursework as well as guarantees that these tasks are carried out in a way that achieves the defined goals. As per Harrington (2006), explanation of strategy implementation concur with Kotler, hence informing implementation of Strategy is the engaging procedure of implementing techniques, guidelines, initiatives, as well as new initiatives that enables a company to capitalize on openings in a challenging marketplace by utilizing its finances. Strategy implementation was highlighted as an exciting ways for businesses to find new business openings (Reid, 1989). The above implies that while the strategy is being put into place, the institution is vigorously trying to check to see if it nonetheless fits with the external environmental changes. In so doing, monitoring is done continuously as well as new options are found. Moreover, Lehner (2018), also described strategy implementation to be a procedure that induces numerous aspects of institutional learning, as pollution problems as well as communication are a primary catalyst for the institution's processes learning. Even though it lacks one description that everyone agrees on, implementation is usually about putting a strategy into action to reach

institutional aims and aspirations. Implementation is a lot of steps to institutional structures, activities by key people, but also control mechanisms that are meant to regulate organizational effectiveness in relation to the desired conclusion.

The organizational performance is the comparison of an institution's output value or outcomes to its destined deliverables or aims but also priorities. As per Richard et al. (2019), the performances of an institution encompasses three distinct regions of corporate profitability: profit margin, which comprises earnings, assets ratio, as well as capital returns; share of the market, which comprises shares in the market and shareholder returns. In the recent times, numerous companies have been trying to use the balanced scorecard approaches to resolve their achievement.

A number of foreign groups oversee as well as control the aviation company around the world. One of the most important regulators is the international civil aviation institution. The goal of the ICAO is to make sure that the best procedures as well as rules for international air transportation but also navigation are used. It makes rules for the safeness, confidentiality, effectiveness, consistency, but also protection of the environment in aviation. The institution also has rules about how to operate and what to do in the technological field of aviation. This accumulation makes sure that air travel as well as crossing borders go smoothly, that international airlines have a fair chance to run, that flights are safe, as well as that costs and fines are kept to a minimum. The conference on international civil aviation is the ICAO's founding document. It was written at a conference in Chicago in November but also December 1944, as well as every ICAO Contracting State is a party to it. The Conference says that the Institution is composed of an Assembly, a Council with a restricted number of members, several subjugated bodies, as well as a Secretariat. The Head of state of the Council as well as the general secretary are the top people in charge.

The airline company is a very competitive place to work (Kahavya, 2015). The air transport system is a key part of Kenya's plan for long-term growth. This could only happen if airlines are powerful as well as are able to expand but also offer more services (Chingosho, 2018). More particularly, the advancement of a more diverse commodity exports as well as the growth of the tourism company in the sub-region both depend on the growth of air services. Competition in the airline company has never been harder or less tolerant than it is today (Seng, 2020).

Problem Statement

The airline company is in a very competitiveness industry that is shaped by internationalization as well as a growing demand for high-quality services from customers. Singapore Airlines, British Airways, Air France, Qatar Airlines, as well as Emirates are all major competitors as well as fly all over the world. From a market volume as well as prospective point of view, African airlines have 36.4 percent of the intercontinental ability to as well as from Africa, while non-African airlines, mostly from Europe, the Middle East, as well as, more recently, North America but also Asia, have 63.6 percent. Kenya Airways has not been doing well in Kenya. KQ lost Ks26.2bn (\$258m) in the 2015/2016 financial year. This was more than the Ks25.7bn loss in the 2014/2015 financial year (Aglionby, 2016).

The drop in world tourism, the release of Covid 19, but also the many travel warnings from big economies like the UK have all led to a drop in earnings as well as an rise in business expenses so over decades (Mutema, 2016). This is since the international tourism market is a big part of how well airlines in emerging economies do. Even though tourism isn't as big as it used to be, household airlines have indeed been able to handle market changes and are growing thanks to new transport routes, more air traffic, as well as a general advancement of their companies. Even though there have been research on how strategic management affects institutional performance

(Awino, Wandera, Imaita, & K'Obonyo, 2009; Gakure as well as Amurle, 2013, & Atikiya, 2015), it is important to find out how institutional factors affect the effectiveness of international airlines in the Kenyan aviation company.

Mwangi (2012) did a research on air traffic delays & airline operational expenses in Kenya utilizing Kenya Airways being a case research. He found that air traffic problems & production quantities were two of the most key things that affected airline costs in Kenya. Mbugua's (2012) research on the obstacles of strategy execution at the Kenya civil aviation authority found that the measurement model procedures, that also entails getting, arranging, as well as trying to direct the utilize of finances inside as well as outside of the KCAA, has been mostly impacted by things that could be directly linked to the insufficient institutionalization procedures (Farah, Munga, and Mbebe, 2018) looked at how marketing advantages affect how well commercial airlines in Kenya do their jobs. Also, studies by Ogalo and Musyoki (2013) focused on the problems that airlines in Kenya had with putting their plans into action. There haven't been many studies done in Kenya on how organizational structures affect how well international airlines are doing there. Therefore, the goal of this research was to respond to the questions, "How do organizational structures affect the effectiveness of international airlines in Kenya's aviation sector?"

Objective of the Study

The objective of this study was to analyze the effect of organizational structures on performance of international airlines in Kenya. This study was based on the following research question:

- What is the effect of organizational structure on performance of international airlines in Kenya?

LITERATURE REVIEW

Theoretical review

Resource Based View Theory

The RBV says that the company is a distinctive gathering of resources, but the theory says not all

of these funds can give the company a competitive edge that lasts. Early supporters of the RBV job of identifying of "additional benefit" funds, like worth, limited supply, uniqueness, as well as non-substitutability (Barney, 1991), uniqueness, longevity, appropriability, complementarity, as well as challenging supremacy (Collis & Montgomery, 1995), as well as the eight requirements of Amit as well as Craftsman (1993), which are complementarity, lack of supply, low trading volume, uniqueness, limited complementarities, appropriability, longevity Extra lately, the three main considerations of value, obstacles to multiple copies, as well as appropriability have taken the place of these competitive advantages (Fahy, 2000).

The RBV literature focuses on the company's view of its key resources and the valuation of those essential resources throughout terms of their ability to give the company a competitive edge that shows up in better performance (Fahy & Smithee, 1999). In very many research, intangible assets as well as functionality have been found to be funds with the three most important qualities listed by Fahy (2000): valuation, obstacles to redundancy, as well as appropriability (Smart & Wolfe, 2000). The competitive edge attained by these important intangible assets as well as skills is then shown in the company's shareholders' higher results, which is typically measured in monetary terms like increased margins, more revenues, or a greater market shares (Wilcox-King & Zeithaml, 2001).

From the RBV point of view, the strength of the company is that value comes from assets that have certain qualities. But the RBV hasn't focused on the straightforward causal connections among knowledge as well as resources that have the desired property as well as the worth customers think they provide. This means that the RBV hasn't been tested to see if it matches how customers see value. Even though creating value for the clients is a big part of marketing strategies, it's important to understand how reserves look from the patient's point of view in order to progress research as well as make recommendations. There needs to be a

clear order that starts with how the customer sees vital resources as well as then goes on to look at what this means for marketing strategies. The theory backs up the research because when international airlines start building up the contribution of employees as well as assets, they set up a platform for better efficiency.

Empirical Literature

In their research on how institutional structure affects performance, Maduenyi, Oluremi, & Fadeyi (2015) found that institutional structure has a direct effect on both non-financial as well as financial performance in an organization. In their research of the institutional structures of companies in Austria and China, Hao, Kasper, as well as Muehlbacher (2020) discovered that institutional structure affects performances in both direct as well as indirect ways. They also said that a lot of enterprises should keep making changes to their institutional structures in order to do better in the market. Numerous business institutions' main goal is to be the best at what they do. Efficient strategic creation as well as implementation have indeed been viewed as the main components that must always fit within the structures of the institution (Tavitiyaman, Zhang, & Qu, 2021).

The institutional structure is the big picture on which strategy is built. Pearce as well as Robinson (2020) said that the organisational framework is key to the success of putting strategies into action. Such that the new approach can be put into action, the institution requires to ensure that almost all of the institutional functions it requires are in place. The way the establishment is set up should match the plan that would be utilized. When a company's strategy as well as structure go together, the company does best since the structure has the systems as well as processes that are needed to carry out the strategies (Rumelt, 2021).

But it has also been demonstrated, at the global level, there hasn't been enough study to show whether there is, in fact, empirical evidence to support the idea that companies that have been able to match their strategies to their structure do effectively than those that haven't. In most of the study that has been done, it has only been shown that companies with a good fit among their strategies as well as structure are more able to make a substantive competitive edge other companies in similar market niche. Companies that don't have a good fit are left open to outside changes as well as internal ineffectiveness (Miles & Snow, 2020).

Conceptual Framework

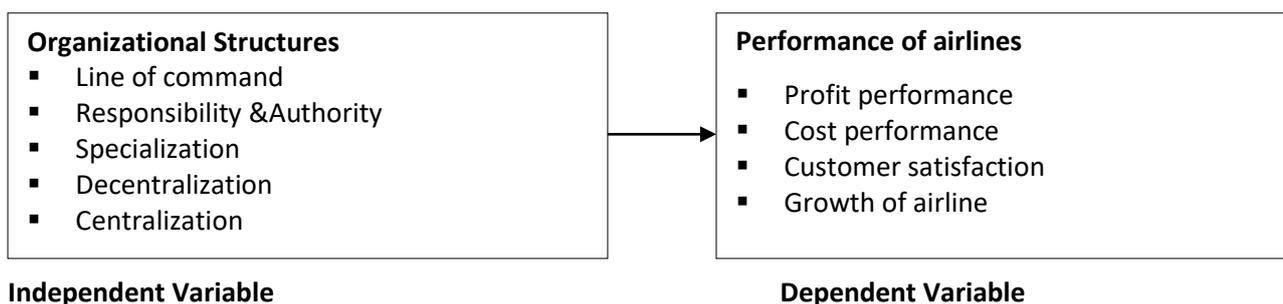


Figure 1: Conceptual Framework

Source: (Author, 2022)

Employment tasks are organized in a logical manner using an institution's systematic process. It encourages teamwork as well as the efficient implementation of strategies by bringing

individuals around each other (Pearce & Robinson, 2020). Whenever it comes to putting the strategies into operational, the institution's system is considered critical. Heide and others (2012). An

efficient organizational structure is required, according to the theory, if an institution wishes to be successful in the implementation of a strategy. Drazin & Howard (2009) assert that an institution's ability to successfully incorporate strategic plans relies on the establishment of an efficient strategy-structure alignments (Noble, 2009). The institution must continually modify their institutional structure in order to keep pace with the changing competitive landscape, they claim. Institutions that are successful invariably adapt their institutional structure based on a perfect strategies so that the institution's strategies can be implemented efficiently, says Schaap (2010).

METHODOLOGY

Descriptive research design was utilized for the survey. The target population for the study were the Management staff and team leaders of the international airlines with a total population of 187. The participants were selected using stratified random sampling. The research utilized first-hand information that was mostly quantitative as well as descriptive. The study used questionnaire which were both open as well as closed ended, so it was not completely constructed. After the questionnaires were stuffed out but also sent back, they were checked for accuracy, categorized, as well as entered into SPSS version 26 for analysis. Data was calculated using Pearson's Product Moment correlation inferential statistics such as,

multiple regression analysis as well as the ANOVA. The multiple regression analysis was specified as follows;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where,

Y = Organizational Performance

X₁ = Organizational Structures

X₂ = Organizational Culture

X₃ = Organizational Resources

X₄ = Communication systems.

ε = Error Term

β₀ = Constant Term

RESULTS AND DISCUSSIONS

Descriptive Statistic

The goal of the research was to identify out what effect organizational structure has on performance. On a five-point Likert scale, the people who filled out the survey were required to rate how they believed regarding different organizational variables. From "strongly agree" (5) to "strongly disagree" (1). Five for "strongly disagree," four for "disagree," three meant "neutral," two for "agree," and one for "strongly agree."

Organizational Structure at International Airlines in Kenya

The survey sought to find out whether institutional structure had an impact on performances of the international airlines. Table 1 beneath highlights the outcomes of from the participants.

Table 1: Organizational Structure on Performance of the International Airlines

Statement	N	Mean	Std. Dev.
There is clearly defined line of command for all positions	80	4.8875	.35556
Responsibility and authority for every position is clear	80	4.9250	.26505
There is specialization of work in this organization	79	4.7468	.60908
Decision making is decentralized so that managers at middle and lower levels can make their own decisions	80	4.2625	1.02801
Decision making is concentrated with the top management	80	4.0125	1.18529
Responsibility for every job is clearly defined	80	4.9625	.19118
Valid N (listwise)	79		

Source: Author, (2021)

Founded on the outcomes from the participants, it was clear that the majority of the interviewees revealed a connection among organizational structure and performance. It was brought about from the survey investigation that majority of participants powerfully agreed (M=4.963, S.D= 0.191) on the statement; Responsibility for every job is clearly defined. Moreover, a momentous number of the participants were in agreement very strongly (M=4.925, S.D= 0.265) that Responsibility and authority for every position is clear. In addition, from the investigation a significant number of the participants agreed (M=4.888, S.D=0.356) that there is clearly defined line of command for all positions. A significant number of the respondents agreed (M=4.747, S.D=0.609) that there is specialization of work in this organization. Moreover a lot of participants were in agreement (M=4.263, S.D=1.028) that decision making is decentralized so that managers at middle and lower levels can make their own decisions. Ultimately, majority of the participants (M=4.013, S. D=1.185) were in agreement that determination of decisions are done at the top administrative level. From the findings, it was clear that organizational structure has a momentous influence on performance of the international airlines in Kenya

CONCLUSIONS AND RECOMMENDATIONS

The aim of the survey was to discover the impact of institutional structures on the performances of international airlines in Kenya. It was clear that most respondents saw that there was a connection among organizational structure as well as performance of International Airlines in Kenya. It was accepted from the investigation that majority participants strongly consented (M=4.963, S.D= 0.191) on the statement; Responsibility for every job is clearly defined. It was also revealed that a momentous amount of the participants powerfully

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consented (M=4.925, S.D= 0.265) that Responsibility and authority for every position is clear. From the findings in the bivariate correlation, The research brought about a powerful positive connection among institutional structure and organizational performance (correlation coefficient 0.791**). Holding other variables constant, the research found, a unit rise in institutional structure would result in a 0.584 unit rise in organizational performance.

It was concluded that international airlines of Kenya's performance is greatly influenced by organizational structure. The human capital is one of the very important resources for a company's growth. Uses as well as maximizes the utilization of other resources to achieve maximum benefit. According to the findings, a variety of factors influence whether or not workers are satisfied at their jobs, including compensation, advancement, the work itself, oversight, connections with coworkers, as well as the availability of advancement opportunities. Stakeholders as well as financial means were found to be the most important factors in strategic implementation. As a result, the resources of an institution have a significant impact on the implementation of strategies as well as the performances of the institution.

The research suggested that international airlines engage in effective communications networks in order to positively impact organizational performances. In order to gain as well as maintain a market edge, the institutions must develop programs to facilitate digitization as well as information exchange. All levels of the institution should encompass Communication as well as Information in order for effectiveness to be improved by the policy initiatives.

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