



## INFLUENCE OF INTRAPRENEURSHIP IN THE PERFORMANCE OF AIRLINES IN NAIROBI COUNTY

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### ABSTRACT

The airline industry in Kenya is characterized by significant operational wastefulness and varied financial performance. For instance, despite Kenya Airlines being endowed with a well experienced workforce in the industry, it has been recording persistent losses over the recent past. Among other performance issues, KQ suffered a loss of KES 26 billion in 2015, and KES 10 billion losses in 2016, leading to urgent government bailout to keep the airline afloat. This study therefore sought to establish the relationship between intrapreneurship and the performance of airlines in Nairobi County. Specifically, the study sought to establish the influence of new business venturing on the performance of airlines in Nairobi County and to determine the influence of pro-activeness on the performance of airlines in Nairobi County. For this study, a descriptive survey research design was used. The target population comprised of 1111 management employees working in Kenya Airlines. Stratified random sampling technique was used in the study for selecting top, middle and operational management levels to form three strata. The sample size comprised of 294 employees. The study collected primary data using semi-structured questionnaires. Both descriptive and inferential statistics were adopted for the study. The quantitative data was analyzed by using descriptive statistics which included frequency distribution tables and measures of central tendency (the mean), measures of variability (standard deviation) and measures of relative frequencies. The inferential statistics included correlation analysis and regression analysis. A regression model was used to establish the relationship between variables. The quantitative data was presented using tables, charts and graphs. This study concludes that new business venturing has a positive and significant effect on the performance of airlines in Nairobi County. The study also concludes that pro-activeness has a positive and significant effect on the performance of airlines in Nairobi County. From the results, the study recommends that the management of the airlines in Nairobi County should adopt new business, service line extension and new brand.

**Key Words:** Intrapreneurship, New Business Venturing, Pro-Activeness, Performance of Airlines in Nairobi County

## **Background of the Study**

Organizational performance refers to the method used by a company to determine how well its management has used the company's resources to achieve established organizational goals during a given time period, usually a year (Lebans & Euske, 2016). According to Wang and Lo (2018), performance refers to an organization's actual outcomes as compared to specified goals. As a result, an organization may meet, exceed, or fall short of its objectives. Enterprise performance is hinged on the creation of value which forms a unique combination of resources to exploit an opportunity (Kuratko & Covin, 2015). According to Kuratko (2015) organizations are struggling to chart a new path to sustainable competitive advantage by rightsizing, unbundling, introducing new businesses and service lines while divesting others, and quality management, but it is less clear which strategy works. However, many studies have proved the positive implications of intrapreneurship to enterprise overall performance (Aina & Solikin, 2020; Chang, 2020). In recent years, organizations have embraced the idea of identifying new markets, new processes, new systems and new substitutes for raw materials and new products to support the existing systems in the organization. Aina and Solikin (2020) observed that the concept and practice of intrapreneurship can improve corporate performance and even help the organization survive various conditions. Its application in organizations has a lot of potential for organizational development that would lead to greater returns.

Chang (2020) defines corporate intrapreneurship as entrepreneurial activities that take place in large organizations known as intrapreneurship and it is linked to innovation that taps into existing entrepreneurial resources within a large, well-established company. It's a crucial practice in an organization seeing it diversifies an organization in that it ensures exploitation of the underused resources (Gündoğdu, 2016). Intrapreneurship may be undertaken by the existing workforce in a corporate organization or with the external entrepreneurial resources known as exopreneurs to bring about innovative improvements.

Corporate intrapreneurship has a multidimensional structure, and the most frequently tested factors of intrapreneurship are risk taking, innovativeness, pro-activeness, and competitive energy (Aina & Solikin, 2020), yet their associations with corporate performance has not been sufficiently demonstrated. According to Klosften, Urbano & Heaton (2021) intrapreneurship has heightened during Covid-19 pandemic as enterprises explore their intrapreneurial capabilities to survive the troubling times. The complex and difficult socio-economic environment, particularly during times of crisis such as the public health crisis and political unrest, necessitates collaborative approaches such as open platforms and open innovation, which assist organizations in generating new ideas, developing better products, solving problems, promoting, and even financing projects (Klosften, 2021). That is why it is important to investigate the influence of corporate intrapreneurship on the corporate performance of enterprises.

Previous studies point out that intrapreneurship could help improve the performance of enterprises, and Airlines in Kenya seems to have embraced the idea. For instance, Kenya Airways which is the largest of the 17 Airlines based in Nairobi, recognizes that Start-ups and Small and Medium Enterprises (SMEs) embedded in the spirit of intrapreneurship are an invaluable source of innovation that can catalyze growth and provide the much-needed business solutions to our everyday challenges. The businesses that promote KQ's spirit of intrapreneurship include Kenya Airways Pride Center, Kenya Airways Medical Center, Jambo jet aviation and recently launched Fahari innovation hub (Kenya Airways, 2021).

These enterprises underline the Airline's strategic orientation of promoting intrapreneurship to improve their performance. According to Hoffman (2018) performance describes an institution's ability to meet its established goals. In that regard, performance is viewed from the time test of the implemented strategies, in this context, the enterprises formed by the Airlines. Theoretical

literature suggests that intrapreneurship improves organizational performance particularly during periods of crisis and uncertainty (Aina & Solikin, 2020). Due to Covid-19 pandemic situation, a bigger proportion of Airline revenue can be said to be generated by other businesses, however, this is not documented by any of the Airlines and organizational performance in the context of Airlines based in Nairobi remains untested. Therefore, this study aims to establish whether intrapreneurship has any significant effect on the performance of the Airlines in Nairobi County.

In Thailand, Paethrangsi and Jamjumrus (2020) revealed that Low-cost airlines are facing internal pressure and new challenges from outside especially the post-COVID-19 situation, the restrictions of the disease have led to the reduction of airlines' traffic, both cargo and passenger. Nevertheless, the social distancing measure forces an airline to reduce the number of passengers on each flight, resulting in higher costs and massive decline in demand for all airlines. Thai Low-cost airlines have adapted themselves to maintain their cabin load factors in order to survive and keep operating. Nearly all airline operational employees have been forced to reduce working days for company cost savings. However, retaining valuable resources is essential to match market demand when operations are resumed.

In South Africa, Mhlanga and Steyn (2017) indicate that tourism depends to a large extent on air travel and transport. The reliability and dependability of carriers to perform consistently is therefore of critical importance to the travel and tourism industry. The unscheduled termination of airline services caused by challenges in the macro environment has proven to be extremely disruptive to business travellers and holiday-makers alike. Operating airlines in southern Africa has proved to be fraught with challenges in the macro environment resulting in several airlines terminating their services after short periods of operation

Wamucii (2019) indicates that competitor airlines such as Qatar, Emirates British Airlines and Virgin Atlantic are strongly competing with Kenya Airways. An overview of the top 150 airlines ranked by their on flight services in 2018 (Travel Truth Ratings Of The Major International Airlines 2019) shows that the major Kenya Airways competitors Qatar, Emirates, Virgin Atlantic and British Airlines are rated 1,2, 5, 9 respectively among the 150 airlines while Kenya Airways is rated 98.

### **Statement of the Problem**

The airline industry in Kenya is characterized by significant operational wastefulness and varied financial performance. For instance, despite the airlines in Nairobi County being endowed with a well experienced workforce in the industry, they have been recording persistent losses over the recent past. Among other performance issues, for instance KQ suffered a loss of KES 26 billion in 2015, KES 10 billion losses in 2016 and KES 36.2 billion in 2020, leading to urgent government bailout to keep the airline afloat (Kenya Airways, 2017 & 2020). Similarly, other airlines such as Air Kenya Express, 748 Air services, African express airlines among others have also posted losses in recent years. This is indicative of poor financial strategy or poor execution of the strategies causing poor performance in all areas of the organization. In the context of this study, it shows that airlines in Kenya have not completely embraced the idea of intrapreneurship or they have not perfectly implemented intrapreneurship.

The underperformance of airlines in Nairobi County suggests a stagnated growth or even a decline of the industry. This is especially a concern to the industry and economic growth of the country. The growth of the industry is expected to create employment and job opportunities as well as enhance other industries such as tourism. In that regard, the underperformance of airlines in Nairobi County is a concern to the entire nation and questions need to be asked about their strategies and implementation of their strategies in an attempt to reverse the trend of underperformance. Besides, the underperformance is a continuing concern for the shareholders who invest massively to see the airlines perform and contribute significant returns. A number of

scholars such as Chang (2020) and Aina and Solikin (2020) avers that corporate intrapreneurship can boost and improve an organization's overall performance. Hence, this study sought to empirically establish whether there is a nexus between corporate intrapreneurship and the performance of airlines in Nairobi County.

### **General Objectives of the study**

The broad objective of this study is to establish the relationship between intrapreneurship and the performance of airlines in Nairobi County.

### **Specific objectives of the study**

- i. To establish the influence of new business venturing on the performance of airlines in Nairobi County.
- ii. To determine the influence of pro-activeness on the performance of airlines in Nairobi County.

## **Theoretical Literature Review**

### **Dynamic capabilities theory**

Dynamic capabilities theory is first traced in Teece (1990) working paper. Firm performance, according to this theory, depends on diverse processes shaped by asset situations and the evolution path(s) the firm has chosen or inherited (Pisano, 2016). Dynamic capability is defined as the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments to attain new and innovative forms of competitive advantage (Teece *et al.*, 2010). The Dynamic Capabilities Framework helps identify the factors likely to impact enterprise performance. It is gradually developing into a (interdisciplinary) theory of the modern corporation (Teece, 2010). Dynamic capabilities have lent value to the RBV arguments as they transform what is essentially a static view into one that can encompass competitive advantage in a dynamic context (Barney, 2008). Dynamic capabilities are "the capacity of an organization to purposefully create, extend or modify its resource base" (Hunt & Kern, 2012).

Teece (2010) recognizes that dynamic capabilities help sustain firm's evolutionary fitness by enabling the creation, extension and modification of its resource base thereby creating long-run competitive success. While some see dynamic capabilities as the key to competitive advantage (Teece *et al.*, 2010), others seem to doubt that there is actually such a thing. Dynamic capabilities can usefully be thought of as belonging to three clusters of activities and adjustments: Firstly, identification and assessment of an opportunity (sensing); secondly, mobilization of resources to address an opportunity and to capture value from doing so (seizing); and thirdly continued renewal (transforming). These activities are required if the firm is to sustain itself as markets and technologies change (Teece, 2010).

Eisenhardt *et al.*, (2009) suggest that there are three levels of dynamic capabilities which are related to managers' perceptions of environmental dynamism. At the first level are the incremental dynamic capabilities, these are those capabilities concerned with the continuous improvement of the firm's resource base. At the second level, are renewing dynamic capabilities, those that refresh, adapt and augment the resource base. At the third level are regenerative dynamic capabilities, which impact, not on the firm's resource base, but on its current set of dynamic capabilities. Hence, the theory was useful in explaining the relationship between intrapreneurship behavior and airlines performance.

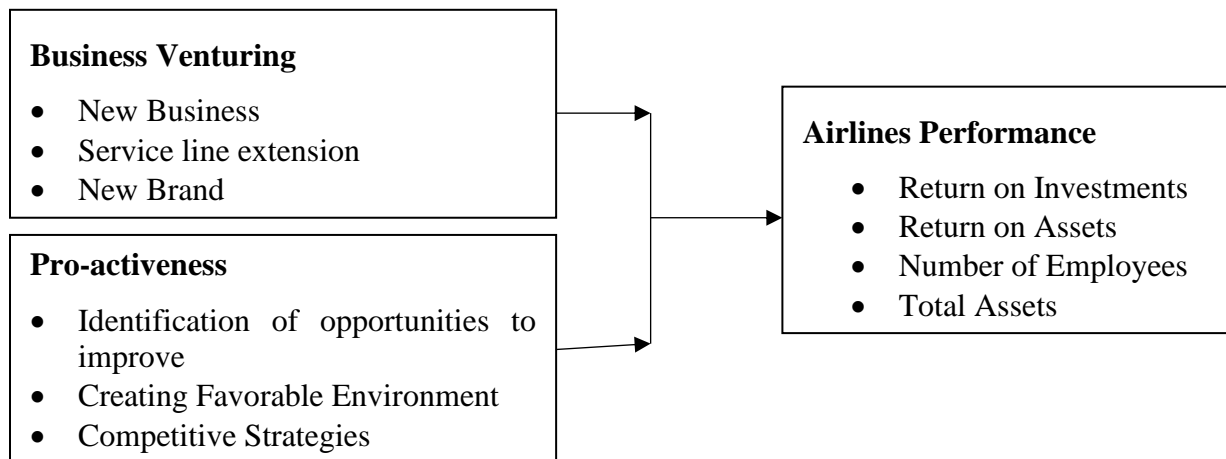
## The resource-based view theory

The resource-based view theory was developed by Barney (1991). The theory asserts that firm performance is determined by the competencies and resources available rather than the environment. The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of intangible or tangible resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort. If these conditions hold, the bundle of resources can sustain the firm's above average returns ((Nzioki, Ntale & Ngui, 2018).

Resources are the inputs or the factors available to a company which helps to perform its operations or carry out its activities (Chepkwony, 2016). Also, these authors state that resources, if considered as isolated s factors do not result in productivity; hence, coordination of resources is important. Most importantly, suppliers need to be segmented based on their abilities and their ability to marshal enough resources. The ways a firm can create a barrier to imitation are known as "isolating mechanisms", and are reflected in the aspects of corporate culture, managerial capabilities, information asymmetries and property rights (Hooley & Greenlay 2011). Further, they mention that except for legislative restrictions created through property rights, the other three aspects are direct or indirect results of managerial practices. Therefore, this theory is crucial in explaining the need to embrace intrapreneurship as a firm resource.

## Conceptual Framework

The conceptual framework shows the interrelationships among the independent variables and the dependent variables. It is the understanding of how the particular variables in a study connect with each other. The independent variables are new business venturing and pro-activeness while the dependent variable is the performance of Airlines in Nairobi County. Figure 2.1 presents the conceptual framework that was used in this study.



### Independent Variables

### Dependent Variable

**Figure 2.1: Conceptual Framework**

### New Business Venturing

New business venturing is a growth strategy put in place by companies or organizations to introduce their product or solution to target audiences they have not yet reached or are not yet currently serving. New business venturing entails new business, service line extension and New brand. Line extension refers to the expansion of an existing product line. In short, line extension

adds variety to its existing product for the sake of reaching a more diverse customer base and enticing existing customers with new options. A new brand occurs when the firm is expanding its offering – by developing a new product line that they have not offered before – and as a result, need to build a new brand.

### **Pro-activeness**

The proactive approach attempts to understand a system even before it fails (unacceptable quality) in an attempt to identify how it could fail in the future. Measures can then be put in place to prevent the failure or failures that have been anticipated (Nduta & Deya, 2020). The components of pro-activeness include identification of opportunities to improve, creating favorable environment and competitive strategies. A competitive strategy may be defined as a long-term plan of action that a company devises towards achieving a competitive advantage over its competitors after examining the strengths and weaknesses of the latter and comparing them to its own (Ndegwa & Muathe, 2018). Paethrangsi and Jamjumrus (2020) indicates that environmental favorability can be achieved to some degree by negotiating and compromising by give and take policy with certain elements of the outside world. Specific agreements with buyers and suppliers are one of the ways to create a favourable environment.

### **Empirical Review**

#### **New Business Venturing and the Performance of Airlines**

Mulandi (2015) conducted a study on the adoption of market development strategy by Kenya airways. The study results gave indications to the extent of Kenya Airways market development, the reasons for market development, the implementation of the said strategy and performance of the firm in light of this strategy. The extent of market development was looked at from the perspective of market development by breadth and mode. Market development mode established that the company largely opened up new routes in 7 countries. It was established that choice of market development is mainly due to the strategic intent of the company. In implementation, the major structures included the board, the chief executive, the commercial director and the network planning and strategy division.

Mbithi, Muturi and Rambo (2015) conducted a study on the effect of Market Development Strategy on Performance in Sugar Industry in Kenya. The relationship between marketing development strategy and firm performance and given mixed outcomes with developing new market segments being found to have influence on sales volume and total turnover though not statistically significant while extensions into new geographical areas having influence in sales volume with statistically significant results. Based on the outcome both extending to new regions and developing new market segments does not result to increased profitability but increased market share which would eventually positively affect profitability. Rebranding, promotions, different quantity packaging enables accessing new segments of the market while opening outlets or agencies could boost extending geographically for sugar companies.

The study by Zott and Amit (2017) examined the fit between a firm's product market strategy and its business model. Data was collected on a sample of firms that had gone public in Europe or in the United States. The study randomly sampled 170 firms on their business model characteristics and product market strategies. Analysis for the study was done through descriptive statistics, confirmatory factor analysis and partial least squares regression. The study manually collected dataset and found that novelty-centered business models—coupled with product market strategies that emphasize differentiation, cost leadership, or early market entry—can enhance firm performance. Data suggested that business model and product market strategy are complements, not substitutes.

## **Pro-activeness and the Performance of Airlines**

Nduta and Deya (2020) conducted a study on the influence of pro-activeness on performance of firms in the aviation industry in Kenya. The target population was all the firms in the Aviation industry in Kenya which are 48 in number. A sample of 3 managers was selected from each company making a total target population of 144 managers from the three levels of management. A sample was determined by use of Krejcie and Morgan formula where the sample size was 105 respondents. The research primary data. The primary data was assembled by use of questionnaires which were developed as per the study objectives and distributed to the respondents. The respondents were given a period of two weeks in order to have enough time to answer the questionnaires, before being collected for cleaning and coding. Data analysis was done by use of SPSS software, version 23, where the collected questionnaires were edited, coded and input into the software for analysis. The data was analyzed for inferential and descriptive statistics where measures of central tendency such as mean and standard deviation were deduced. The study findings revealed that pro-activeness influence the performance of firms in the aviation industry in Kenya.

Ndegwa and Muathe (2018) conducted a study on the competitive intelligence practices and performance of airlines in Kenya. Case of Air Kenya Express Limited. The study employed a descriptive research design. The study target population was 150 employees of Air Kenya Express Limited head office in Nairobi. A sample of 25% was selected from within each group in proportions using stratified random sampling method to select 38 respondents. Questionnaires which contained both open and close-ended questions were used. Descriptive analysis was used to analyze the data collected, which included both qualitative and quantitative data. For further analysis of responses, tables and figures were used. Relationship between variables and their strength was shown using multiple regression analysis. The study findings revealed that the four independent variables explain 84.6% of the performance of Air Kenya Express Kenya Limited as shown by the R squared. The regression results revealed that market intelligence, product intelligence, technological intelligence and strategic alliance intelligence strategies has a positive and significant influence on performance of Airlines in Kenya.

## **RESEARCH METHODOLOGY**

### **Research Design**

The research utilized the descriptive research design. Descriptive design illustrates the relationship between independent and dependent variables and gives a full explanation of these variables that are important to the study hypotheses (Collis & Wussey, 2016).

### **Population**

The managerial staff of airlines in Nairobi County and the respective enterprises under the airlines were the target population for the study. According to human resource departments, there are a total of 1,111 top, middle and low-level managers at airlines in Nairobi County and their respective enterprises.

### **Sampling Technique**

Stratified random sampling technique was used in the study for selecting top, middle and operational management levels to form three strata. Proportionate stratified sampling was conducted to identify the sample size of each stratum. Individual respondents from each strata was chosen via systematic sampling.

### **Sample Size**

Sample size will be obtained from 1111 Airlines managers using Yamane (1967) formula as illustrated by the equation below.

$$n = N/1 + Ne^2 \quad (1)$$

$$294 = \frac{1111}{1 + 1111 * (0.05)^2}$$

The sample of the study was 294 as determined by Yamane formula.

### **Data Collection Instrument**

A semi-structured questionnaire was used to collect primary data from the selected respondents. When there is a big sample size, Cresswell (2016) claims that questionnaires are easier to employ than interviews. The survey included both open-ended and closed-ended questions. Closed-ended questions are important for operationalizing and measuring research variables using a Likert scale, however open-ended questions allowed perceptions and judgments from the selected respondents about the question, resulting in a fuller knowledge of the question (Collis & Hussey, 2016).

### **Pilot Test**

Pilot test was conducted to detect weakness in design and instrumentation and to provide alternative data for selection of a probability sample (Mugenda & Mugenda 2012). A pre-test of the questionnaire was done prior to the actual data collection. The developed questionnaire was checked for its validity and reliability through pilot testing. The research intends to subject the questionnaire to 29 respondents to participate in the pilot study which represents 10% of the target population. According to O'Sullivan *et al.* (2016), the authors state that investigators should conduct a pilot study, that is, a small study to test the adequacy of a data collection instrument or procedure. If they fail to do so, the survey instruments might also ignore relevant variables. Pilot studies are conducted to test the entire research process usually from a methodological standpoint in actual field conditions. Pilot studies identify potential problems throughout the entire survey procedure and assess whether the project is feasible, realistic and rational from start to finish (Ruel, Wagner & Gillespie, 2015).

### **Data Analysis**

Data from the filled questionnaires were transferred into Statistical Package for Social Sciences (SPSS). The quantitative data was analyzed using inferential and descriptive statistics. The use of means score, percentage, standard deviation and charts is referred to as descriptive analysis while inferential analysis involved Pearson Correlation of moments and regression analysis to reveal the relationship between dependent and independent variables. Specifically, the study established the influence of independent variables on dependent variables using both bivariate and multivariate ordinal least squares regression. Prior to regression, the study put into account the assumptions of regression to obtain best linear unbiased estimators as per Collis and Hussey (2016)

## **PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA**

### **Descriptive Statistics Analysis**

#### **New Business Venturing and the Performance of Airlines in Nairobi County**

The first specific objective of the study was to determine the influence of new business venturing on the performance of airlines in Nairobi County. The respondents were requested to indicate their level of agreement on various statements relating to new business venturing and the performance of airlines in Nairobi County. The results were as presented in Table 4.1.



From the results, the respondents agreed that they are satisfied with the level of Business venturing in our organization. This is supported by a mean of 3.719 (std. dv = 0.945). In addition, as shown by a mean of 3.701 (std. dv = 0.908), the respondents agreed that they are satisfied with the level of service lines implemented in their organization. Further, the respondents agreed that service line extension influences organization performance. This is shown by a mean of 3.561 (std. dv = 0.776). The respondents also agreed that business venturing influences organization performance. This is shown by a mean of 3.596 (std. dv = 0.865). With a mean of 3.526 (std. dv = 0.840), the respondents agreed that the organization has introduced new brands. From the results, the respondents agreed that creativity in our organization is highly encouraged. This is supported by a mean of 3.508 (std. dv = 0.611).

**Table 4. 1: New Business Venturing and the Performance of Airlines in Nairobi County**

	1	2	3	4	5	Mean	Std. Deviation
Business venturing influences organization performance	7.0	14.0	22.8	24.6	31.6	3.596	0.865
Am satisfied with the level of Business venturing in our organization	7.0	8.8	14.0	45.6	24.6	3.719	0.945
Creativity in our organization is highly encouraged	10.5	14.0	3.5	57.9	14.0	3.508	0.611
Am satisfied with the level of service lines implemented in our organization	10.5	7.0	19.3	28.1	35.1	3.701	0.908
Service line extension influences organization performance	17.5	3.5	8.8	45.6	24.6	3.561	0.776
The organization has introduced new brands	10.5	10.5	15.8	42.1	21.1	3.526	0.840
<b>Aggregate</b>						<b>3.622</b>	<b>0.841</b>

#### **Pro-activeness and the Performance of Airlines in Nairobi County**

The second specific objective of the study was to assess the influence of pro-activeness on the performance of airlines in Nairobi County. The respondents were requested to indicate their level of agreement on various statements relating to pro-activeness and the performance of airlines in Nairobi County. The results were as presented in Table 4.2.

From the results, the respondents agreed that the top management always ensures smooth working environment for the organization employees. This is supported by a mean of 4.105 (std. dv = 0.981). In addition, as shown by a mean of 3.859 (std. dv = 0.885), the respondents agreed that the organization is always on the watch out for new business opportunities. Further, the respondents agreed that pro-activeness influences the performance of airlines in Nairobi County. This is shown by a mean of 3.768 (std. dv = 0.905). The respondents also agreed that there is favorable environment in their organization. This is shown by a mean of 3.700 (std. dv = 0.605).

**Table 4. 2: Pro-activeness and the Performance of Airlines in Nairobi County**

	1	2	3	4	5	Mean	Std. Deviation
Pro-activeness influences the performance of airlines in Nairobi County	6.9	9.0	11.0	52.4	20.7	3.768	0.905
The organization is always on the watch out for new business opportunities	8.3	13.8	17.2	29.0	31.7	3.859	0.885
There is favorable environment in our organization	9.7	12.4	7.6	37.2	33.1	3.700	0.605
The top management always ensures smooth working environment for the organization employees	2.8	9.0	27.6	41.4	19.3	4.105	0.981
<b>Aggregate</b>						<b>3.999</b>	<b>0.867</b>

**Correlation Analysis**

The present study used Pearson correlation analysis to determine the strength of association between independent variables (new business venturing and pro-activeness) and the dependent variable (the performance of airlines in Nairobi County) dependent variable. Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients.

**Table 4. 3: Correlation Coefficients**

		Organization Performance	New Business Venturing	Pro-Activeness
Organization Performance	Pearson Correlation		1	
	Sig. (2-tailed)			
	N	285		
New Business Venturing	Pearson Correlation	.857**	1	
	Sig. (2-tailed)	.001		
	N	285	285	
Pro-Activeness	Pearson Correlation	.915**	.189	1
	Sig. (2-tailed)	.000	.081	
	N	285	285	285

Moreover, the results revealed that there is a very strong relationship between new business venturing and the performance of airlines in Nairobi County ( $r = 0.857$ ,  $p$  value =0.001). The relationship was significant since the  $p$  value 0.001 was less than 0.05 (significant level). The findings conform to the findings of Njoroge (2015) that there is a very strong relationship between new business venturing and organization performance.

The results also revealed that there was a very strong relationship between pro-activeness and the performance of airlines in Nairobi County ( $r = 0.915$ ,  $p$  value =0.000). The relationship was significant since the  $p$  value 0.000 was less than 0.05 (significant level). The findings are in line

with the results of Mulandi (2015) who revealed that there is a very strong relationship between pro-activeness and organization performance.

### Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (new business venturing and pro-activeness) and the dependent variable (the performance of airlines in Nairobi County)

**Table 4. 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928	.861	.862	.10582

a. Predictors: (Constant), New Business Venturing and Pro-Activeness

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.861. This implied that 86.1% of the variation in the dependent variable (the performance of airlines in Nairobi County) could be explained by independent variables (new business venturing and pro-activeness).

**Table 4. 5: Analysis of Variance**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	72.027	2	36.014	766.26	.000 <sup>b</sup>
1 Residual	6.568	282	.0233		
Total	78.595	284			

a. Dependent Variable: The performance of airlines in Nairobi County

b. Predictors: (Constant), new business venturing and pro-activeness

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 766.26 while the F critical was 2.449. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of new business venturing and pro-activeness on the performance of airlines in Nairobi County.

**Table 4. 6: Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.134	0.039		0.872	0.001
	new business venturing	0.486	0.107	0.482	4.121	0.001
	pro-activeness	0.454	0.088	0.452	5.057	0.000

a. Dependent Variable: The performance of airlines in Nairobi County

The regression model was as follows:

$$Y = 0.134 + 0.486X_1 + 0.454X_2 + \epsilon$$

The results also revealed that new business venturing has significant effect on the performance of airlines in Nairobi County,  $\beta_1=0.486$ ,  $p$  value= 0.001). The relationship was considered significant since the  $p$  value 0.001 was less than the significant level of 0.05. The findings conform to the findings of Njoroge (2015) that there is a very strong relationship between new business venturing and organization performance.

In addition, the results revealed that pro-activeness has significant effect on the performance of airlines in Nairobi County  $\beta_1=0.454$ ,  $p$  value= 0.000). The relationship was considered significant since the  $p$  value 0.000 was less than the significant level of 0.05. The findings are in line with the results of Mulandi (2015) who revealed that there is a very strong relationship between pro-activeness and organization performance.

## Conclusions

This study concludes that new business venturing has a positive and significant effect on the performance of airlines in Nairobi County. Findings revealed that new business, service line extension and new brand influences the performance of airlines in Nairobi County. This implies that a unit improvement in new business venturing would lead to improvement in the performance of airlines in Nairobi County

The study also concludes that pro-activeness has a positive and significant effect on the performance of airlines in Nairobi County. Findings revealed that identification of opportunities to improve, creating favorable environment and competitive strategies influences the performance of airlines in Nairobi County. This implies that a unit improvement in pro-activeness would lead to improvement in the performance of airlines in Nairobi County.

## Recommendations

The study found that new business venturing has a positive and significant effect on the performance of airlines in Nairobi County. This study therefore recommends that the management of the airlines in Nairobi County should adopt new business, service line extension and new brand.

The study also found that pro-activeness has a positive and significant effect on the performance of airlines in Nairobi County. This study therefore recommends that the performance of airlines in Nairobi County should ensure identification of opportunities to improve, create favorable environment and competitive strategies.

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