

**EFFECT OF COMPETITIVE INTELLIGENCE STRATEGY ON GROWTH  
OF LOCAL AIRLINES OPERATING IN KENYA**

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**AN APPLIED RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER  
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UNIVERSITY**

**JULY, 2020**

**DECLARATION**

I declare that this applied research project is my original work and that it has not been presented in any other university for academic credit

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**SUPERVISOR'S DECLARATION**

This applied research project is submitted for examination with my approval as the university supervisor

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We have examined this document and the research has met or exceeded the requirement for the degree sought, in addition, the candidate has sufficiently defended the material presented to merit the awarding of the degree of (the name of the degree being awarded)

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Date

### **DEDICATION**

I dedicate this applied research project to the God almighty for granting me grace in this important academic milestone and my immediate family members for the moral support accorded.

### **ACKNOWLEDGEMENT**

I wholeheartedly acknowledge my supervisor Dr. Hesbon Nangabo Otinga for his constant guidance right from the topic formulation up to this proposal level. I also thank my course work lecturers particularly on research methods that impacted me with knowledge on proposal writing. Last but not least, I wish to thank my classmates for encouraging me to move on even when I was at the verge of giving up. Finally, I thank the management of the University for according me the opportunity to pursue my master's degree.

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## ABSTRACT

Competitive intelligence has come up as a competitive strategy to foster survival and growth of competing business firms. That is competitive intelligence strategy has come up as a tactical approach that involves continuous gathering, sorting, analyzing and distributing pertinent, timely and accurate business information for use by business strategic decision makers. However, despite the adoption of this competitive intelligence strategy by a number of business firms, very few studies have been done on local airlines in Kenya and few existing studies have been done on single Airlines shown conflicting and inconclusive results especially on one type of competitive intelligence and firm performance. Therefore, lack adequate empirical evidence on the relationship between competitive intelligence and firm growth motivated this study to examine the influence of competitive intelligence strategy parameters namely, customer intimacy intelligence, business intelligence, strategic alliance intelligence, and operational excellence on growth of established local airlines operating in Kenya. The study was guided by the dynamic capability theory, resource based view theory, theory of strategic balancing and the Blue ocean model. The study adopted descriptive survey design and use structured questionnaire to collect primary data. The study targeted 129 managers of relevant sections in local Airlines, where Yamane's stratified sampling formula was used to calculate a sample size of 98 respondents who were selected through stratified proportionate sampling technique. SPSS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while Pearson correlation coefficient and multiple regression analysis was computed to examine whether there is correlation, linear and multiple relationship between the independent and dependent variables. . Both descriptive and inferential statistics indicate that customer intimacy intelligence, business intelligence, strategic alliance intelligence and operational excellence have significant effect on growth of local airlines in Kenya. The study concludes that one, customer intimacy intelligence is an effective strategy used to analyze customer preferences, thus when well implemented can boost customer base of local airlines in Kenya; two, local airlines in Kenya investing in feasible operational excellence initiatives can save on operational costs and realize a significant growth in their return on investments. The study recommends that one, local Airlines in Kenya should constantly engage in customer intimacy intelligence to gather information on dynamic customer preferences on specific airline products and services. Secondly, local Airlines in Kenya should install secure and upgraded business information systems to enable them relentlessly capture significant Airline business growth information. Thirdly, local Airlines in Kenya should research and develop viable strategic alliances that can only lead to a significant growth on their customer base and return on assets. Fourthly, local Airlines in Kenya should develop cost effective operational strategies meant to improve their flight operations at minimum costs so as to minimize losses associated with high flight operational costs.

## DEFINITION OF TERMS

**Business intelligence** is a technology fact-based process applied for analyzing the intra and extra organization data in order to help senior managers, middle managers and other users to make optimal decisions (Ardalan et al., 2012).

**Competitive intelligence** is the collection, evaluation, tactical analysis, integration, and interpretation of significant information that may affect the survival and growth of competing companies (Tan & Ahmed, 1999)

**Competitive intelligence strategy** is a business tactic approach that involves a continuous gathering, sorting, analyzing and distributing pertinent, timely and accurate business information for use by business strategic decision makers (Tan & Ahmed, 1999).

**Customer intimacy intelligence** is a background search to get key information on appealing products and services to new and existing customers so as to match a firm's customer segments and target markets (Yildirim & Philippatos, 2007

**Operational excellence** involves delivering products or services at competitive prices, with minimal difficulty or inconvenience (Yanney, 2010).

**Strategic alliance intelligence** encompasses utilizing significant information on the effective use of parameters such mergers and acquisitions, partnerships, plus agency approaches on the growth of a business firm (West, 2015).

**ABBREVIATIONS AND ACRONYMS**

<b>BI</b>	Business Intelligence
<b>CI</b>	Competitive Intelligence
<b>KCAA</b>	Kenya Civil Aviations Authority
<b>KYC</b>	Know Your Customer
<b>ICT</b>	Information Communication Technology
<b>NACOSTI</b>	National Council for Science and Technology
<b>SPSS</b>	Statistical Package for Social Scientists

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Introduction**

This chapter covers background of the study, statement of the problem, general objective of the study, specific objectives of the study, research hypotheses, and significance of the study, scope of the study, limitations and delimitations of the study.

### **1.2 Background of the Study**

Growth of any business firm is quite challenging and whatever vital structure the firm decides to grasp for the development of its business, competitive intelligence stands out as a vital competitive advantage strategy. Competitive advantage is increasingly concerned about right decision making as compared to undertaking what is considered to be right. Competitive intelligence must have a well-defined target to mold tactics and strategies that are inevitable to sustain a company's growth in the competitive industry (Park, 2012).

More so, to foster growth of companies, competitive intelligence came up as a procedure for sustaining decision that entails both tactical and strategic choices. So as to assist competitive intelligence, companies need procedures and framework to accumulate and analyze dependable, important, and convenient information that is available in large quantities regarding the markets and their rivals (McGonagle and Vella, 2004).

Whatever strategic framework the company decides to adopt for business management, none of the elements is more critical to competitive strategy as compared to competitive intelligence. Competitive intelligence is increasingly concerned about decision making, than doing what is considered acceptable. The goal of competitor evaluation is to create a profile of strategic changes each organization may make, their credible response to the scope of possible strategic moves distinct companies can take, and their imaginable reaction to market space changes and shifts in the environment that may occur (McGonagle and Vella, 2004).

Further, competition has consistently been hostile in banking. Regulators of the industry have generally attempted to confine rivalry in the aircraft division with the point of limiting unnecessary risk taking (Vives, 2001). Notwithstanding their feelings of trepidation forces like technology and liberalization have created rivalry in the business.

Further because of dynamic business environment at global scale, systems of business intelligence have come up to assume significant role in promoting decision making and improving performance. These frameworks aid firms in analysis, retrieval and storage of enormous volumes of information and data on organization activities and permit the organizations to enhance their apathetical and strategic choices with the goal that they can achieve competitive advantages characterized in BI as "the way toward gathering, changing and conveying the data deliberately which diminishes vulnerability in all strategic decision makings and in each key choice. These frameworks are made out of a set of methods, process and concepts to enhance business dynamic, where the information got from different sources (for instance,



inner and outer sources, for example, third parties, partners and customers) is utilized to comprehend the elements of business development (Shamsolarefin et al., 2015).

Therefore, given the current competitive and unstable environment, CI has arose and developed into a field to assist firms with adjusting to changes in the environment. Albeit existing writing gives a legitimate knowledge about the drivers of CI practices, its association, utilization and spread inside companies, researches about on the results of CI practices concerning whether these practices aggregately have any association with performance are uncommon (Nasri, 2011).

Moreover, there are insufficient empirical researches on specific sub category of competitive intelligence influence on performance that may give helpful understanding to the management to choose their accentuation areas in competitive intelligence practices and therefore accomplishing viability and proficiency in marketing endeavors. Particularly, it could be progressively pivotal in the present extreme financial circumstance in which organizations are held by across the board cost cutting and cutbacks programs (Plessis and Gulwa, 2018).

### **1.2.1 Growth of airlines in the world**

There are reported cases of dwindling growth of airline industry and Yildirim and Philippatos (2007) noticed that "a sound contention among carriers can fill in as a main impetus in enhancing the availability, pricing and quality of the items afforded to customers, and advance development by initiating more services and products, techniques of management, innovation and now the use of competitive intelligence to foster growth of airlines facing stiff competition.

Numerous airlines are getting increasingly sensitive to dwindling budget and considering the need to divest/invest of capacities (intangibles, resources and technology) to fulfill market growth. Consequently, various airlines have been initiating in-house competitive intelligence services to offer advice during decision making. That is, any business environment which is competitive, craving for competitive advantage and sustainability is the main thrust behind advancement in the growth of airlines. (Hughes, 2005).

West (2015) affirmed that there are fundamentally three reasons why organizations like airlines undertake knowledge; that is; interest, imitating and expectation so as to foster their growth. Of these, interest has least incentive to airline growth. Interest can without much of a stretch be fulfilled by low-level data social occasion and it develops ordinarily around informal contact, public media and trade gossip. No endeavor is made to confirm the data that sustained by mistaken bits of gossip in the market place. Gathering of information or intelligence, just to fulfill interest, can be lethal in the event that it isn't seen the truth about: problematic tattle. Inconsistent tattle is regularly unsubstantiated, and if goes uncontrolled for long time it turns out to be "fact". This could prompt wrong choice dependent on fictitious gossipy tidbits, hence, information ought to consistently be checked before it is utilized for the growth of the airline (West, 2015).

### **1.2.2 Competitive intelligence and airline growth**

Competition in the airline industry dictates that, if any player alters, every single competing player ought to seize measure all together not to relinquish relative competitive advantage. This is crucial guideline that actors ought to seek so as to persist in the game. In dynamic world, the capacity to adjust and foresee fluctuations is significant so as to verify sustenance (Tew, 2005). In that capacity it merits examining the strategies embraced through CI in such a competitive situation in regard to their influence on the general growth of the airlines.

As indicated by Gross (2000) all around structured framework of CI can assist organizations such as airlines in vital process of planning, just like deciding of goal and capacity of its rivals, and furthermore decide the degree of the dangers to which venture might be uncovered. In this regard, competitive intelligence in a business venture fills in as an impetus in decision making process. It is a section of value chain, which changes over the segment information into usable data, which of course help growth of airlines.

Globally, investigation of competitive intelligence in organizations carried out by Global Intelligence Alliance discovered the benefits of accomplished by competitive intelligence. Participants revealed a more noteworthy understanding of business environment (80%), sensible nature of information gathered (74%), viable inward spread of data (61%) precise assortment and examination of data (58%), better recognizable proof of dangers just as circumstances (51%) as positives of competitive intelligence. The investigation additionally called attention to that the framework of competitive intelligence was able to meet the specific strategic role in business

ventures such as airlines with top supervisors as the most significant clients of the framework (Market Intelligence in Global Organizations: Survey Findings in 2011).

Strategy of competitive intelligence likewise has been utilized in business improvement and strategic planning, ceaseless observing of organizations and acquiring data about customers and rivals in the business (The territory of Market Intelligence in 2013).

A study led by a similar organization in 2011 uncovered that in spite of the world financial circumstance, about seventy per cent of those addressed organizations intends to expand their spending limits in regard to competitive intelligent; on the grounds that ninety four percent of them concur that the competitive intelligence system is useful for them. Respondents of addressed organizations additionally remarked on worthiness of methodological utilization of competitive intelligence, and eighty four per cent demonstrated that investments in competitive intelligence were worthwhile, thirteen per cent evaluated the return from investment as unbiased and the rest of the three percent of organizations recognized that investments was not beneficial, thus recommended further studies to be done on airlines (Market Intelligence in Global Organizations: Survey Findings in 2011).

In Africa, Patton and McKenna (2005) investigation discovered that strategic alliances are shaped as a method for decreasing vulnerability for parties of the coalition. Strategic alliance with different acquisitions and firms were utilized to a significant degree, while joint and mergers wandered were utilized to a fair degree and welcomed further inquiries on the use of strategic alliance in the airline industry.

Therefore, earlier inquires about (Trim and Lee, 2008) exhibit that intelligence collection is important for strategic planning. It assists and coordinates firms in spotting new chances or turns away catastrophes as well as engages the firm in checking its own growth cycles. Although, while there is recounted proof with respect to the connection between performance and Competitive Intelligence practices, exact investigates connecting the impact of CI exercises on firms' growth such as airlines are insufficient (Hughes, 2017).

### **1.2.3 Growth of local airlines in Kenya**

There has been dwindling growth of local airlines in Kenya attributed to challenges such as the dominance of few competitors in the market, retaliation from competitors when an airline changes strategy, low cost services from competitors; price wars with competitors, strong brand name of competitors and wider branch networks of competitors (Mutema (2016).

Further, airline business in Kenya has been depicted by operational inefficiency and poor budgetary execution. These weaknesses have been connected to poor adaption of strategies related to competitive intelligences by the aircraft organizations (Muthoni and Murathe, 2018). As indicated by Mutema (2016), in the status of airline industry in Kenya publication, the difficulties being confronted include environment, high taxes, internal liberalization, need for human resources which is skilled, safety records, high fuel prices and reducing potentials in the market.

Further, the aircraft business has wound up in an extremely competitive market described by expanded customers' interest for quality services and expanded an incentive for their money as well as globalization. A case within reach is the inferior

performance of National Carrier which posted a twenty six billion loss in the 2015/2016 financial year (NSE, 2016).

More so, competitive pressures from worldwide players over the globe are progressively making household players, for example, Kenya Airways increasingly aware of their powerless state and boosting them to proactively take part with an end goal to guarantee their supportability in these tempestuous occasions. In spite of the past strategies actualized by Kenya Airways, that is portfolio choices, for example, the Jambo Jet, expansion and related; optimization, route expansion and partnership agreement the carrier has ineffectively performed financially with the most recent being the financial year 2014 enormous loses for the 'African Giant - The Pride of Africa,' adding up to 7.9 Billion credited to unforgiving geopolitical and economic conditions (Mutema, 2016).

Accordingly, numerous misfortunes have come about to the aircraft operators in Kenya embracing endurance systems, for example, reduced fares, and well planned strategies on routes, good customer service, comfortable seats, on-time flight departures and utilization of advertisement. Be that as it may, in spite of executing these strategies, the administrators in Kenya have kept on recording terrible execution in the ongoing years embodied by consolidation, liberalization and globalization of the African markets (Mutema, 2016).

As per Kamau and Kavale (2015), in the State of the Airline business right now, the Kenyan sky is overwhelmed by the carriers in Middle East and European. These airlines for instance, KLM Royal Dutch, British Airways, Ethiopian Airlines and Qatar Airways are notable universally, and have better equipment contrasted with local airlines. They additionally have more to offer regarding global connectivity. The

hardened contention has prompted restructuring in the local business aircrafts and furthermore cancellation of certain flights in an offer to cut cost and stay competitive.

### **1.3 Statement of the Problem**

Stiff competition in the airline industry has made many local airlines in developing countries face growth challenges arising from operational excellence and commanding market share of international airlines that have diverse competitive strategies. In this regard, airline business in Africa is additionally over-charged and over-taxed making it hard to set up lower pricing strategies and tightening the familiarity with its immense traffic development potential (Kahavya, 2015).

Locally, airline industry especially the local airlines operating in Kenya experience turbulent growth due to high operational expenses thus strive to craft competitive growth strategies to survive the stormy airline business environment (Muthoni & Murathe, 2018).

Empirically, studies done on competitive intelligence and growth of local airlines in Kenya are quite limited. In this regard, Mutua (2010) studied on the practices of competitive intelligence by Essar Telecom (YU) (K) Ltd, while Muiva (2001) studied on the utilization of competitive intelligence system in the Kenyan Pharmaceutical Industry; and Kipkorir, (2001) studied on competitive intelligence by FM radio broadcasts working in Kenya and recommended application of competitive intelligence on local airlines that operate in Kenya.

Muthoni and Murathe(2018) study on the growth of airlines in Kenya found that the business of operating local airlines in Kenya is confronting numerous difficulties presented by the competitive environment generally present in aviation industry, thus

suggested further studies on the effective use of competitive intelligence on the growth of airlines in Kenya.

Further, despite the adoption of this competitive intelligence strategy by a number of business firms, very few studies have been done on local airlines in Kenya (Muthoni & Murathe, 2018), and the few existing studies do not relate the effect of distinct competitive intelligence parameters on growth of local airlines.

Therefore, lack adequate empirical evidence on the relationship between competitive intelligence and firm growth motivated this study to examine the influence of competitive intelligence strategy on growth of established local airlines operating in Kenya.

#### **1.4 Purpose of the study**

The purpose of the study was to examine effect of competitive intelligence strategy on growth of local Airlines in Kenya.

#### **1.5 Objectives of the study**

##### **1.5.1 General objective of the study**

The general objective of the study is to examine effect of competitive intelligence strategy on growth of local Airlines in Kenya.



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

- i. To examine effect of customer intimacy intelligence on the growth of local Airlines in Kenya.
- ii. To evaluate effect of business intelligence on the growth of local Airlines in Kenya.
- iii. To evaluate the effect of strategic alliance intelligence on the growth of local Airlines in Kenya.
- iv. To determine effect of operational excellence on the growth of local Airlines in Kenya.

### **1.6 Hypotheses of the study**

- i. **H<sub>01</sub>**: Customer intimacy intelligence does not significantly influence growth of local Airlines in Kenya.
- ii. **H<sub>02</sub>**: Business intelligence does not significantly influence growth of local Airlines in Kenya.
- iii. **H<sub>03</sub>**: Strategic alliance intelligence does not significantly influence growth of local Airlines in Kenya.
- iv. **H<sub>04</sub>**: Operational excellence does not significantly influence growth of local Airlines in Kenya.

### **1.7 Significance of the Study**

The study will provide empirical data to be utilized by local Airlines in Kenya in effectively implementing the competitive intelligence strategy to cope with competition from existing and would be competitors in the local Airlines industry.

The study will also provide useful information to investors in the local Airlines (existing and potential) as it will give them gainful insight on the effective use of the competitive intelligence model. To policy makers, regulators, the study will provide them with empirical knowledge on crafting feasible regulatory framework on controlling local airlines competitions while at the same time protecting airlines' customers that may be ripped off due to unhealthy competition.

The study will further provide empirical data on the effective use of competitive intelligence strategy on growth of local Airlines thus will assist scholars and academicians make informed inferences and advance further researches on the use of competitive intelligence in airline industry.

### **1.8 Scope of the study**

The study focused only on the growth of local airlines operating in Kenya and covers only four competitive intelligence parameters (operational excellence, strategic alliance, business intelligence and consumer intimacy intelligence). The study targeted local airline managers such as flight operations managers, ICT managers, finance managers, marketing/customer relations managers working in head offices in Nairobi. The study will be done in the months of May-June 2020.

### **1.9 Delimitations of the study**

First, the study targeted established local Airlines in Kenya having their main operating offices at Wilson Airport and Jomo Kenyatta Airport, thus managers of the local Airlines were perceived to have valid and reliable information about the competition and growth of the local airline industry as they may simulate strategies adopted by foreign owned international airlines. Secondly, the researcher effectively

utilized research assistants, questionnaire emailing, open data kit to gather pertinent information on competitive intelligence among all local airlines at Wilson airport and Jomo Kenyatta international airport.

#### **1.10 Limitations of the study**

The study only focused on local airlines operating in Kenya and not foreign owned airlines, and the study will only focus on customer intimacy intelligence, strategic alliance intelligence, business intelligence and operations excellence, thus other competitive intelligence strategies were not covered.

#### **1.11 Assumptions of the Study**

The study had assumptions that all the sampled respondents were willing to respond to the questionnaire, the respondents gave their honest opinions and that competitive intelligence strategy is being utilized Airlines in Kenya

#### **1.12 Theoretical Framework**

This section covers, resource-based view theory, dynamic capability theory, theory of strategic balancing and the Blue ocean model.

##### **1.12.1 Dynamic capability theory and firm growth**

The theory of dynamic capability theory was introduced by Gary Hamel's paper of 1989 titled; "multinational strategy research leading to core competences of a firm". The dynamic capability theory can be said to be a progressive account of the RBV of an organization in that it is a chaotic perspective, yet admit the effects of external factors thus to some extent recognizing Porter's theory (Ferdinand et al., 2004).

The theory of dynamic capability can also be said to be a link between the RBV and the resources of an organization. According to Teece, Pisano and Shuen (1997) dynamic capabilities entails the acclimatization of organizational ability in regards to change in external environment. The theory is based on the premise that strong capability should be used for adjustment of short-term positions that are competitive that can be utilized in building of long run competitive benefits.

Further, the dynamic capabilities theory has the greatest explanation power when partly foreseeable alteration in technology is on the edge of altering market competition (Jason, Manuela, Elena & Mark (2004). This theory however, has less power of explanation when dynamic abilities are not underestimated or limited, when change is unforeseeable, when there is foreseeable change, when the size of impact of new abilities is small, in industries that are subjected to continuous changes in technology and in markets that remunerate short bursts of outstanding performance over long-term consistency.

Therefore, the dynamic capabilities theory is critical for this research in the sense it guides how business firms like airlines can utilize their technological capabilities with aid of internal human capital capabilities in crafting viable competitive information processing strategies to sustain their growth in the ever competitive airline industry in Kenya.

### **1.12.2 Resource Based View theory and firm growth**

Hamel and Prahalad (1994) advanced this theory in their book "Competing for the Future", where resources are characterized as human capital, supplies of information, physical resources and other substantial and immaterial components that a business claims or controls which empower a firm to create proficiently as well as successfully. Resource based view (RBV) is consequently a methodological for review the organization and the mechanism of gearing toward strategy.

Primarily, the hypothesis intellectualizes the organization as a pile of resources. It is these assets, and how they are consolidated, that create organizational unique in relation to one another hence permit a company to convey services and products in the marketplace. While it may occur to some extent evidential that companies are diverse in light of the fact that they have a variety of resources, this view point is a great departure from market based perspective (Five Forces Analysis). From View point of market-based, companies are to a huge extent regarded as being similar, and competitions is considered as occurring by way of positioning in business segments. In regard to view of market based perspective, the strategic challenge is considered as distinguishing appealing markets to challenge in - alluring markets being ones with traits recognized by investigation of Porter's five powers (Hay and Morris, 2009).

Barney (1991) set forward a well-known agenda for company resources, in this manner, recognized the accompanying key characteristics for a resource to be purposely vital: Valuable - There is no need to have a resource if it doesn't afford value to the company, Rare - Resources are considered to enormous by a number of companies can't give competitive advantage, as they can't convey a remarkable technique against rival firms. Inimitable - Resources ought sources of continued

competitive advantage if companies that don't possess such assets cannot have them and Non-substitutable - There must be no intentionally equal vital assets that are themselves neither supreme nor uncommon. While resources can be bought, it is important to accomplish strategic advantage from an asset it should be realized inside.

Therefore the resource based view is relevant for this study in the sense that it guides how business firms like airlines can utilize their internal human and non-tangible resources in crafting viable competitive strategies to sustain their growth in the ever competitive airline industry in Kenya.

### **1.12.3 Theory of strategic balancing and firm growth**

In 1991, Scott and Meyer created strategic balancing theory. The theory hypothesizes that tolerably distinct organization have better than either exceptionally acclimating or profoundly distinct organization. It address to associations among strategic likeness, rivalry, authenticity, and execution. A specific company is the unit of theorization.

Strategic balancing hinges on the decree that the strategy of a company is mostly proportional to the system of an individual. In reality, the performance of companies is influenced by the actors' undertaking, involving the qualities if the leaders in the system (Calori and Cobb, 1989). As per the empirical study on innovative partnerships, the guideline of strategic balancing to which a mechanical coalition creates conundrums and lives by its inconsistencies. The theory of system relation advocates system relation as a flexible structure, dissimilar to the conventional relation who is confounded to create and sustain. In the system relation, internal collaboration and challenges in the marketplace as well as rivalry exist at the same time (Wehrmann, 2005).

The theory underpins assertion that strategy is hypothesized as an association's acknowledged situation in its serious market, and that a company interact with contenders as well as with different players in the outside condition, which is separated into the hierarchical domains and the overall situation. This theory is therefore relevant to this study in the sense that since local airlines in Kenya are facing stiff competition from rivals, they must come up with relevant competitive strategies to have a balanced win-win situation so as to foster their growth in the turbulent airline industry in Kenya.

#### **1.12.4 Blue Ocean model and firm growth**

Blue Ocean Strategy is an approach to create rivalry immaterial by making a surge in an incentive for the organization and clients related directly or indirectly to the organization (Kim & Mauborgne, 2004), consequently, the blue ocean strategy rivals everything recently contemplated as the reason for vital key achievement, rather contends the best approach to emerg victorious is to quit contending. Their examples of overcoming adversity incorporate the [yellow tail] brand of Australian winery Casella Wines which took just two years to skyrocket to number 1, in the furiously rivalry U.S. showcase for imported wine.

In this regard, Kim and Mauborgne (2004) contended that most organizations are committing errors by doing combating for achievement in the wicked "red ocean" where adversaries battling about a pool of dwindling returns. In the Red Ocean, marketplace limits are characterized and acknowledged, costs are brought down, and the serious standards of the battle are familiar. As the market domain becomes progressively congested, possibilities for growth and profits weaken. In the red

oceans, marketplace limits are characterized and acknowledged, and the serious principles of the game are familiar.

Further, to make blue oceans, Kim and Mauborgne (2004) contend that organizations need to utilize a contrary methodology. Rather than comparing with the rivalry, they ought to come up with their own guidelines and make "blue ocean" of overt marketplace ready for development. In Blue Ocean, demand is presented as contrary to fight over. There is sufficient opportunity for growth that is fast and beneficial. In Blue Ocean, contest is unessential in light of the fact that the guidelines of the game are standing by to be outlined. Blue Ocean is an association to show the broader, more conspicuous capacity of marketplace that has not been investigated.

In this way, as indicated by blue ocean strategy, organizations can attain past current interest to locate a blue ocean of fresh marketplace with the possibilities for tremendous growth and profits. The strategy affords a motivating information: that achievement isn't subject to savage challenge, costly advertising or Research and Development spending plans, yet on savvy vital moves that can be utilized efficiently by new business and existing businesses alike. The apparatuses they portray even the odds for progress. When worldwide rivalry is increasing and supply surpasses request, this milestone task will map a strong new way to overcome the future (Kim & Mauborgne, 2004). In this regard, local airlines can use competitive intelligence initiatives as a strategic move to expand their market and roll out unique products that can boost their growth in the turbulent airline industry.

### **1.13 Conceptual framework**

This is a diagram depicting the direct relationship between independent variables (Customer intimacy intelligence, operational excellence, strategic alliance



intelligence, business intelligence) and the dependent variable (growth of local airlines in Kenya) as shown in figure 1.1.

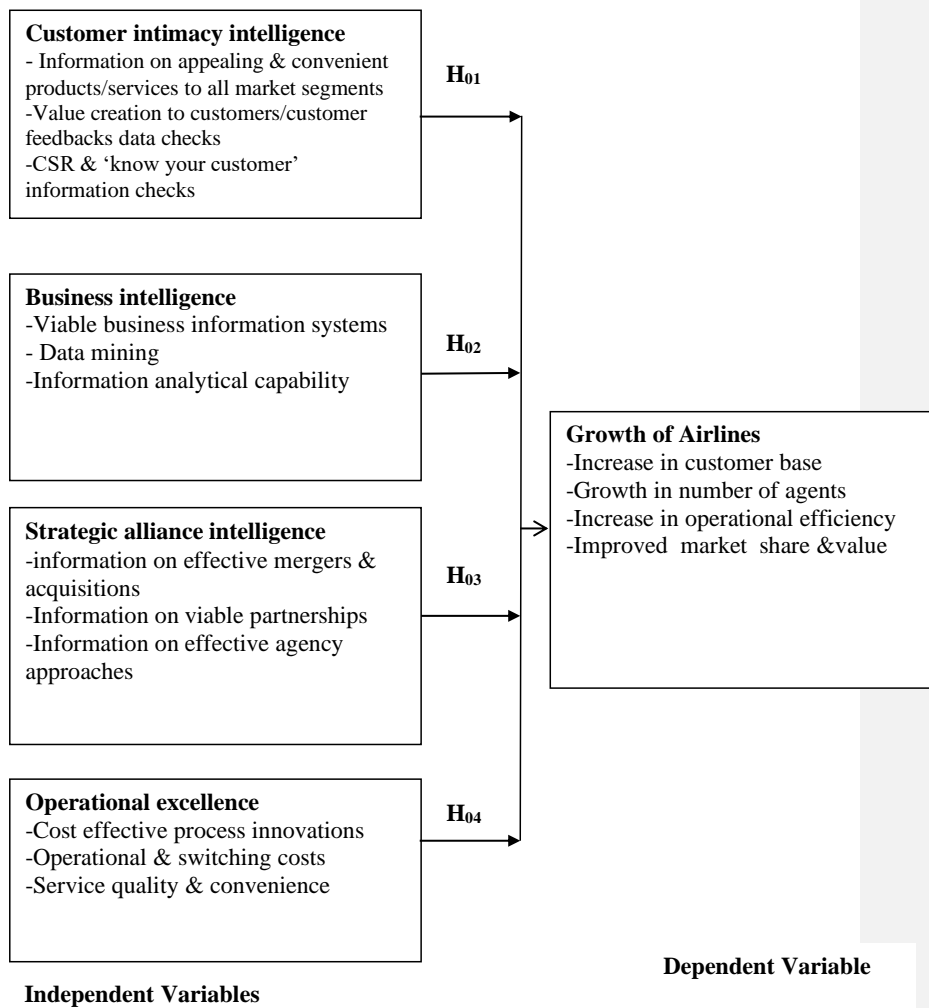


Figure 1. 1: Conceptual framework

Source: Researcher (2020)

From the conceptual framework, the study seeks to examine the hypothesized relationship between the independent variables (customer intimacy intelligence, strategic alliance intelligence, business intelligence and operational excellence) and the dependent variable (growth of local airlines in Kenya). The aim is to either to accept and reject the null hypotheses on whether here exist a significant relationship between each conceptualized independent variable and the dependent variable.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This section covers literature review based on study variables, summary of literature review and lastly, research gaps. A topical approach has been adopted to guide the discussions.

#### **2.2 Review of Literature**

##### **2.2.1 Customer Intimacy Intelligence and Firm Growth**

Customer intimacy intelligence is a background search to get key information on appealing products and services to new and existing customers so as to match a firm's customer segments and target markets (Yildirim & Philippatos, 2007).

Treacy and Wiersema (2009) study used Intimacy of customer to clarify the serious procedures utilized by companies such as Home Depot, Dell Computer, Nike and to effectively rise and develop to global brands. They found that these organizations prevailing by reclassifying clients' an incentive in their separate markets, developing systems that conveyed more an incentive than rivalry and furthermore by raising client's desire route past the span of rivalry. As indicated by them, these organizations accomplished administration in their ventures by narrowing their core interest on customer intimacy intelligence.

Treacy and Wiersema (2009) also studied on conveying predominant value by operational greatness, or intimacy of customer, or leadership of product. The examination found that by operational greatness company targets conveying products

and services at cutthroat costs and with insignificant trouble or burden. Intimacy of customer was utilized in giving items to coordinate the organizations targets and segment markets, thus impacting positively on firm growth.

Pearce and Zahra (2009) in an examination comprising of 139 of 500 Fortune companies and where there was found to be a direct association between increased market share, asset quality, earnings per firms shares, waste reduction, increase in firm customer base, product/service quality, increased production and competitive strategies. They revealed that in considering suitable measures at the opportune time where strategies seems to fail in attaining set goals, abilities and dynamisms channeled to entice customers propel firm's performance positively.

Fox (2017) study on customer intimacy in the USA telecommunication industry found that business firms ought to transact with tomorrow's and to today's customers, since customers offer the concepts for new applications and products, offer signals of early warning in regard to timeliness and quality of your product; and they are aware of your rivals in the market, thus concluded that; "To know your customers is to know your future".

Further, Treacy and Wiersema (2009) studied on Dell Company and found that intimacy of the customer's firms persistently shape and anchor services and products to suit an expanded definition of precise meaning of the customer thus lead to firm growth and sustained a competitive edge over rivals. Organizations that engage leadership of products endeavor to release uninterrupted stream on products with high innovativeness such as Sony's Walkman, I-phone and Apple's Ipod.

A study by Yanney (2010) was conducted in Accra by means of questionnaires, involving 60 CEOs and senior managers gotten from 10 business organizations which were sampled at random for the research. Additionally, data was collected from 10 organizations from 2008 to 2013 on sales, profits before tax and employment for development of performance indices for the organizations. To study the correlation between leadership, customer intimacy strategy and organizational performance were run using the Regression and analysis of variance (ANOVA). The revelation of this study was the statistical and significant impact of leadership and customer intimacy strategy on performance of an organizational but the influence of customer intimacy strategy was greater and recommended that business firms with strong customer intimacy intelligence strategy may realize significant growth.

### **2.2.2 Business Intelligence and Firm Growth**

Business intelligence is a technology fact-based process applied for analyzing the intra and extra organization data in order to help senior managers, middle managers and other users to make optimal decisions (Ardalan et al., 2012). Larson and Chang (2016) in an examination analyzed data science, agile methods intelligence of business and the improvement of life pattern of business knowledge. The outcomes demonstrated that marvel of data greatness; variety, size, assortment and speed of information affect BI and utilizing the acquired data can have a positive bearing organization growth.

Fink et al. (2016) in an investigation inspected the connection between learning of organization and intelligence of business and surveyed the worth creation forms in an observational research. Their model was intended to research these connections and tried them in three organizations. The outcomes demonstrated critical relationship

between intelligence of business and hierarchical learning which can then boost firm growth.

Banerjee and Mishra (2015) in a study assessed answers for management of supply chain from a retail perspective in India dependent on business knowledge see. In their examination, the perspectives on supervisors of a significant nourishment retailer in India about the acts of inventory network the board, upper hand and firm execution were considered. Discoveries demonstrated that there is a noteworthy relationship Business Intelligence (BI) and client relationship the board viewpoints, which therefore can impact association development.

Shamsul Arefin and associates (2015) in an investigation distinguished the impacts of organization culture, processes, structure, strategy on effectiveness of an organization and conceivable interceding role of business knowledge frameworks among them. The investigation comprised of 255 organizations in Bangladesh where they were broke down and by methods for partial least squares strategy and factual examination system dependent on structural quotations displaying. The outcomes indicated that organizational elements, for example, culture of the association, process, and structure and strategy viability effectiveness affect BI framework's effectiveness and organization effectiveness. What's more, viability of BI frameworks was to some degree an intermediate between the impacts of organizational culture, process, structure and strategy on growth of an organization.

Lajevardi and Rahimpour (2012) in an examination analyzed the business insight and its effect on progress of management performance in Ports and Maritime Ports Department of Gilan. To start with, the amazing components of intelligence of

business and viable lists were resolved for every space which had been assessed as 4 operational, businesses, organizational and technical dimension of the forty four indices. The outcomes showed the effectiveness of the indices from the perspective on IT specialists and port undertakings. Detailing investigations of BI which were joined with KPI and dashboards helped port and sea officials accomplish ceaseless improvement, quality and opportune access to reports and key choices.

Monfared and Mayani (2012) examined the impact of substance measurements of association on adequacy of business intelligence with in regards to management of knowledge as moderating variable in Saman bank. Results demonstrated a positive and huge connection between content components of association and adequacy of business insight; and furthermore showed that management of knowledge as an interceding variable upgraded the connection between content measurements and business intelligence effectiveness, in this manner prescribed successful utilization of business intelligence on firm development.

### **2.2.3 Strategic Alliance Intelligence and Firm Growth**

Strategic alliance intelligence encompasses utilizing significant information on the effective use of parameters such mergers and acquisitions, partnerships, plus agency approaches on the growth of a business firm (West, 2015).

Hay and Morris (2009) study on strategic alliance and growth of business firms in France discovered that strategic alliances were shaped as an instrument for diminishing vulnerability for parties of the partnership. The examination additionally found that advantages of strategic alliance could be isolated into two general classifications: those that come to fruition through the decrease of outer environmental vulnerability and those that exist through the decrease of inside

organization vulnerability. Two sources of outer environmental vulnerability are demand vulnerability and market vulnerability. Demand vulnerability emerges from the unconventionality of purchaser buying conduct.

Patton and McKenna (2005) examination discovered that strategic alliances are shaped as a system for diminishing vulnerability for parties of the partnership. Strategic alliance with different associations and acquisitions were utilized, as it were, while joint and merged franchised were utilized to a fair extent. The strategic alliance insights for business banks included acquisitions and mergers of different banks for instance Equity Bank Limited procured Uganda microfinance Limited to enter the Ugandan market, cross-fringe posting and exchanging Uganda stock trade, change of business forms, participating in key coalitions with other institutions in banking sector.

Akumu (2009) found that Equity bank in Kenya framed strategic alliance with a few organizations over the globe to empower it extends its service offering. Bank of Equity is one of the banks circulating the Western Union services in Kenya particularly cash transfer. The bank has additionally formed a coalition with worldwide correspondent banks to empower its clients to execute business all around. For example, Equity bank shaped a partnership with UAP protection to disperse its medical coverage; they have marked the item "Equihealth". This diversification strategy in light of rivalry has assist Equity With banking to build up a fortification procedure "protecting" its clients from rivalry by making a money related general store. Through such contribution the bank has additionally gotten progressively competitively by expanding their profitability yield per client.



Welch and Welch (2005) found that acquisitions and mergers were the most well known type of growth strategy as indicated by a study by Boston Chapter of the relationship for corporate development directed in England USA. That is mergers and acquisitions brought development perspectives like diversification, product penetration, market infiltration and development of market.

#### **2.3.4 Operational Excellence and Firm Growth**

Operational excellence involves delivering products or services at competitive prices, with minimal difficulty or inconvenience (Yanney, 2010).

A research on performance and competitive strategies was conducted by Yasar (2010): case study on Gaziantep faculty of carpeting. This research studied how the performance of a firm is influenced by competitive strategies and was inspected empirically by taking into account operational practices in Gaziantep carpeting industrial cluster from value chain perspective. The study administered questionnaires and used descriptive statistics to analyze the data. The research findings revealed an insignificant connection between Gaziantep carpeting industry performance and competitive strategies. The outcomes show that for improvement of firm performance and attainment of competitive advantage there should be resolute use and implementation of competitive strategies in terms of operational excellence.

Treacy and Wiersema (2009) additionally examined on conveying prevalent value by product leadership, intimacy of customers and operational excellence. The examination found that by operational greatness firms target to deliver services and products at prices which are competitive and with negligible trouble or bother. Intimacy of customers was utilized in giving services to tally the organizations targets and segment market, in this manner affecting decidedly on firm growth.

Treacy and Wiersema (2009) considered on Dell organization and found that that through operational greatness a firm like Dell had the option to undermine Compaq and other PC creators without bargain quality. They likewise referred to the direct associate program was effectively used to change and reevaluate the General Electric (GE). Customer intimacy companies consistently tailor and shape services and products to fit an expansion meaning of fine meaning of the client. Organizations that seek after product leadership endeavor to create a consistent stream of inventive items like Sony's Walkman, I-Phone or Apple's Ipod.

West (2015) conducted a study on strategy, performance and environmental scanning: an operational process and integration of satisfaction. A survey of sixty five foodservice companies interrogated respondents on the strategy of their firm, performance and scanning of environment. Data was collected using questionnaires. The indication of the results is that firms advocate for low cost or differentiation function considerably higher than focus firms; firms that are of higher performing levels take part in considerably higher levels of environmental scanning and the effects of operational costs.

### 2.3 Summary and Research Gap

Existing literature shows little empirical research on the use competitive intelligence strategy on the growth of local airlines in Kenya. That is, there are studies on the use of competitive strategies adopted by firms in the transport and logistics industry in Kenya, competitive strategies adopted by multinational banks in Kenya, to boost their profitability, competitive strategies adopted by small airlines in East Africa among others.

Further, there are also studies on the use business intelligence on the growth of banks, but some show positive while other show negative relationship between product intelligence and growth of financial institutions but only in terms of profitability.

Existing studies on CI gives a sound premise to understanding the drivers of CI, how associations structure the CI procedure just as utilize the CI exercises, yet studies on the results of CI exercises regarding whether these practices all in all have any association with organization growth are limited (Trim and Lee, 2008).

Further, most of the literature addressing CI and firm growth or performance has been either rhetorical and/or case-based research, thus empirical researches on the outcome of CI are limited and need to extend (Hughes, 2017).

Empirically, West (2015) conducted a study on strategy, performance and environmental scanning: an operational process and integration of satisfaction on food service companies and merely recommended a further study in the airline industry.

Larson and Chang (2016) in an examination analyzed data science, agile methods intelligence of business and the improvement of life pattern of business knowledge. The outcomes demonstrated that marvel of data greatness; variety, size, assortment

and speed of information affect business intelligence and utilizing the acquired data can have a positive bearing organization growth. However, the study did not show which aspects of business intelligence as a competitive intelligence parameter significantly influence business growth.

A research on performance and competitive strategies was conducted by Yasar (2010): case study on Gaziantep faculty of carpeting found an insignificant connection between Gaziantep carpeting industry performance and competitive strategies.

Further, despite the adoption of this competitive intelligence strategy by a number of business firms, very few studies have been done on local airlines in Kenya, and further the results have shown conflicting and inconclusive results especially on the various parameters of competitive intelligence.

Therefore, lack of adequate empirical studies on the significant influence of competitive intelligence on airlines' business growth motivated this study to examine the influence of strategic alliance, operational excellence, business and customer intimacy intelligence on growth of established local airlines in Kenya.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter covers study's research design, target population, sample size and sampling techniques, data collection instruments, data analysis and multiple regression model assumptions.

#### 3.2 Research Design

The research design for the study was descriptive survey. This design includes gathering information that answers inquiries regarding the members of the studies, along these lines proper when the researcher wishes to give an exact portrayal of people, occasions or circumstances and make inferences (Saunders et al., 2012).

#### 3.3 Research Site

The aviation industry in Kenya is highly competitive and heavily dominated by foreign investors. It comprises of the national airline (Kenya Airways), foreign commercial airlines with regional offices in the country, other foreign airlines which operate in the country but without regional offices, and local private airlines. This study focused on 43 local airlines operating in Kenya. The list of local airlines are as shown in Appendix VI.

### **3.4 Target population**

Gillespie, Kyriacos and Mayers (2012) characterizes target population as discrete arrangement of items or sets from which a desired sample is extracted for consideration, nonetheless, an element of population an specific singular item from which a specific measurement is considered (Cooper and Schindler, 2014). In regard to current research, population of interest managers from 43 established local Airlines in Kenya having 129 managers (low, middle and top level managers).

### **3.5 Study Sample**

Sampling frame is a register of components from which a sample is extracted and it is firmly related with the population. Sampling frame offers the required number of entities, elements, respondents and subjects so as to build a sample; so it is significant that the sampling frame is fair-minded, precise and current. The sampling frame in this study consists of 129 low, middle and top-level managers who indirectly or directly concern with airline operations, customer relations and financial management.

#### **3.5.1 Study Sample size**

Cooper and Schindler (2014) define sample as a gathering of cases comprising of a segment of the target population that the analyst cautiously chooses for investigation so as to decide realities about that populace. The bigger the populace size, the littler the level of the populace required to get a delegate sample; notwithstanding, Cooper and Schindler (2014) further exhort that the more prominent the ideal accuracy of the estimate, the bigger the sample ought to be.

The researcher grouped target respondents into three strata; low, middle and top level managers where one respondent from each stratum was selected by use of stratified proportionate random sampling technique. That is 3 respondents from 43 airlines totaling to 126 target population. Taro Yamane's equation was utilized in getting required sample size. The significance of this equation is that it affords the study the necessary sampling freedom for a known sample size and specific population.

$$n = N / (1 + (e)^2)$$

Where n = Sample size

N = population under study

e = margin error (0.05)

I = constant

Therefore:

$$n = 129 / (1 + 129 (0.05)^2)$$

$$n = 129 / (1 + 129 (0.0025))$$

$$n = 129 / (1 + 0.3225)$$

$$n = 129 / 1.3225$$

$$n = 97.542 \approx 98, \text{ thus the sample size.}$$

### 3.5.2 Sampling Procedure

From the sample size of 98 respondents, the researcher grouped sampled respondents into three strata; low, middle and top-level managers where one respondent was chosen from each stratum utilizing stratified proportionate random sampling procedure. Since this strategy results to approximation of generally population indices with greater assurance and accuracy hence a progressively representative sample is gotten from a moderately homogeneous population. Stratification additionally expects

to lessen standard mistake by giving some power over fluctuation (Cooper & Schindler, 2014).

### **3.6 Data Collection**

#### **3.6.1 Data Collection Instruments**

Self-administered structured questionnaires (closed ended questions) will be utilized to collect primary data from the respondents. The selection of this device is borne out of data to be collected nature, the available time of both the respondent and the researcher. It will also be advantageous to use self-administered questionnaire because of confidentiality; time saving; low cost, easy access, and also the fact that the results are easily quantifiable (Kothari, 2007). The structured (close-ended) questionnaires on study variables will have range from 1 to 5 with 1 denoting strongly disagree and 5 strongly agree hence utilization of 5-point Likert Scale.

#### **3.6.2 Pilot Testing of Research Instruments**

A pilot study is a little scope primer study prior the primary research so as to gauge the legitimacy and unwavering quality of information gathering instruments (Kothari, 2007). All parts of the research surveys will be coded and crisscrossed to guarantee lucidity of the wordings and the precision of the questions in relation to the specific research questions, then piloted in an established Airline operating from Jomo Kenyatta International airport. However, the respondents that will participate in the pre-study will be excluded in the final study.



### **3.6.3 Instrument Reliability**

Adams et al. (2007) related reliability as the extent to which a tool used in a research yields same results in different time periods. Reliability ensures research instruments are consistent (consistency of results) in that it measures exactly the variables of the study and Kothari (2007) contended that alpha value equal or greater than 0.7 is adequate for social research. Therefore, research instruments reliability was determined by the Cronbach alpha analysis which is a measure of internal consistency and a threshold of at least 0.7 was adopted.

### **3.6.4 Instrument Validity**

Validity is the ability of research tool not to exclusively give simply precise data, but to accomplish legitimate arrangements which the study planned to accomplish (Kothari, 2007). This was made possible through content validity, that is; there was consistency checks, and pre-testing the questionnaire for content validity, before administration to the intended participants. Proof reading of all questions assisted in ascertaining the clarity, objectivity and purpose of the study coming out clearly.

### **3.6.5 Data Collection Procedure**

An introductory letter was obtained from Nazarene University. This letter (introductory letter) together with research permission letter from requisite office from Kenya Civil Aviation Authority that allowed the researcher to collect data in local Airlines. The questionnaires were administered by issuing printed copies of questionnaire to the respondents and collecting them when completely filled plus waiting to be filled if found convenient to the respondent.

### 3.7 Data analysis

Analysis of data is as a deliberate procedure of deciphering, grouping, altering, coding and detailing the information in a way that makes it reasonable and available to the researcher and reader for the motivations behind discussion and understanding. Data gathered was cleaned and coded; and afterward SPSS version 24 was utilized to break down the information. Descriptive statistical analysis was utilized to get data summary using frequencies, percentages and means while inferential statistics was computed; that is, Pearson correlation coefficient and multiple regression analysis was computed to find out whether there is correlation, linear and multiple association between the dependent and independent variables.

#### 3.7.1 Multiple Regression Analysis

For modeling the association between the independent variable and dependent variables, the following multiple regression equation was applied;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

$\gamma$  = Dependent variable [growth of local Airlines in Kenya]

$\alpha$  = Constant; the y intercept or the average response when predictor variables are 0

$X_1$  = Independent variable 1 [customer intimacy intelligence]

$X_2$  = Independent variable 2 [business intelligence]

$X_3$  = Independent variable 3 [strategic alliance intelligence]

$X_4$  = Independent variable 4 [operational excellence]

$\varepsilon$  = error term

$\beta_1, \dots, \beta_4$  = Beta Coefficients

### 3.7.2. Multiple Regression Model Assumptions

The following regression model assumptions as summarized by Hair *et al.* (2006) were put into consideration;

**Normality tests** was carried out using histograms with normal curve. The results should show a bell-shaped curve indicating that data is approximately normally distributed, so as to meet this normality test assumption.

**Multicollinearity** was checked by computing correlations between all pairs of independent variables, If correlation coefficient,  $r$  is close to 1 or -1, then there is multicollinearity but if  $r$  is not above 0.9, then there is no multicollinearity (Hair *et al.*, 2006).

**Test of Linearity** refers to the degree to which the change in the dependent variable is related to the change in the independent variable. That is the independent and dependent variables must have a linear relationship because regression tests linear relationships. In this study all predictor variables were examined to confirm if they have significant correlation with the dependent variable.

### 3.7.3 Testing of Study Hypotheses

The study tested a total of four hypotheses (**H<sub>01</sub>**, **H<sub>02</sub>**, **H<sub>03</sub>**, **H<sub>04</sub>**) stated in null form and tested at  $p < 0.05$  using regression analysis after which the summated scores of categorical data were statistically transformed into continuous data using SPSS version 24 so as to allow running correlations, linear and multiple regression analyses. Therefore, in testing hypotheses the following procedure was adopted;

Example;

(Null Hypothesis)  $H_{01}$ : Customer intimacy intelligence does not significantly influence growth of local Airlines in Kenya.

(Alternative Hypothesis)  $H_A$ : Customer intimacy intelligence significantly influence growth of local Airlines in Kenya.

Then the test statistic results will be set at  $p < 0.05$  significance level;

So, if for instance, the results indicate  $p=0.03$ ; then this is significant at  $p < 0.05$ ;

**Verdict;** reject the null hypothesis ( $H_{01}$ ) and accept the alternative hypothesis ( $H_A$ ) that customer intimacy intelligence significantly influence growth of local Airlines in Kenya.; and vice versa.

Therefore, this hypothesis testing procedure will be applied in testing all the study's null hypotheses ( $H_{01}$ ,  $H_{02}$ ,  $H_{03}$ ,  $H_{04}$ ).

#### 3.7.4 Testing of specific objectives

Each specific objective was tested using summated scores of descriptive data of responses on all questions that tested each independent variable. Then secondly, there was a linearity test of each independent variable on the dependent variable and lastly, a multiple regression analysis to determine the compounded influence of all the study independent variables on the dependent variable; and the conclusion drawn from the significant contribution of each independent variable (using beta weights) on the dependent variable (growth of local Airlines in Kenya).

For instance, to test objective one of the study, descriptive statistics (frequencies, percentages, mean, standard deviation, and the grand mean) of customer intimacy intelligence was computed using SPSS. If the grand mean of responses is above an average score, then the conclusion is that most respondents perceive customer intimacy intelligence as an effective competitive intelligence parameter in the local airline industry.

Then lastly, linear and multiple regression analysis was computed; and if the regression analysis show that customer intimacy intelligence has significant relationship with the dependent variable (growth of airline), then the study concludes that from both descriptive and inferential analysis, customer intimacy intelligence has a significant effect on the growth of local Airlines in Kenya. The same procedure was applied on all specific objectives.

### **3.8. Ethical Considerations**

First, the researcher obtained an introduction letter from Nazarene University and used it in seeking permission from the Kenya Civil Aviation Authority to carry out research in the local airlines in Kenya. Secondly, the researcher obtained a permit from the National Council for Science and Technology (NACOSTI).

Further, informed consent was sought from respondents to participate in the study. The researcher also briefed the respondents adequately on how to respond to the questionnaire and assured them of the confidentiality of the information given, since collected data was for academic purposes only.

## CHAPTER FOUR

### DATA ANALYSIS AND FINDINGS

#### 4.1 Introduction

This chapter presents data analysis results and interprets the findings of the study in light with the empirical literature. The chapter covers response rate, validity and reliability of research instruments, descriptive statistics, correlation and multiple regressions; and finally hypothesis testing. The presentations are done in tabular form and accompanied interpretations in prose form. A topical approach has been adopted to guide chapter presentations.

#### 4.2 Response Rate

A total of 85 out of 98 respondents returned completely filled questionnaires representing a response rate of 86.7%, thus good for generalizability of study findings to a wider population. This is supported by Hair et al. (2006) who posit that a response rate of 60% is good especially when considering generalizability of study findings. The strategies used to achieve a high response rate included self-administering the questionnaire and patiently waiting for the respondents to fill out the questionnaire and collecting it immediately after dully filled, use of research assistants plus in some cases, emailing questionnaires to respondents

#### 4.3 Reliability and Validity of Research Instruments

Reliability of research instruments was tested using Cronbach alpha, and the results in table 4.1 shows Cronbach alpha coefficients values of 0.7 and above confirming that reliability of the study's research instruments.

**Table 4. 1: Reliability results**

Variable	Number of items	Cronbach alpha
Customer intimacy intelligence	5	.853
Business intelligence	5	.841
Strategic alliance intelligence	5	.806
Operational excellence	5	.837
Growth of airlines	5	.809

Validity of research instruments was checked using content validity where all questions in the research questionnaire were checked for clarity of words, statements and ensuring all questions captured key aspects of the study variables.

#### 4.4 Demographic data analysis

Analysis of demographic data included gender, age, level of education and working experience of respondents. The results are displayed in table 4.2.

**Table 4. 2: Demographic data**

		Frequency	Valid %
<b>Gender</b>	Male	52	61.2
	Female	33	38.8
	<b>Total</b>	<b>85</b>	<b>100.0</b>
<b>Level of Education</b>	Diploma	3	3.6
	Degree	71	83.5
	Masters	11	12.9
	<b>Total</b>	<b>85</b>	<b>100.0</b>
<b>Working experience</b>	1- 5 years	7	8.2
	6-10yrs	63	74.1
	Above 10 years	15	17.7
	<b>Total</b>	<b>85</b>	<b>100.0</b>

From table, 4.2, most respondents were male (61.2%), while female respondents were 38.8%, implying that though the male respondents were the majority, there is a fair distribution of female employees in management positions.

Secondly, in regard to level of education, most respondents were graduates (83.5%) implying that most employees in the local airlines have degree level of education, thus have requisite business knowledge on how competitive intelligence can boost growth of local airlines. Those with masters degree level were 12.9%, mostly comprising those in senior management positions, implying that this cadre of employees sought for postgraduate qualification as a competitive advantage for promotion to management levels. Those with diploma education were the least (3.6%) implying this team could comprise of those with technical skills in airline operations and promoted to management due to long service and experience in airline operations.

Lastly in regard to working experience, majority of respondents (74.1%) had worked for 6-10 years followed by those who had worked for above 10 years (17.7%) implying most respondents had worked for 6 years and above thus, have requisite working experience to understand operations in the airline industry. Those who had worked for 1-5 years were the least (8.2%), implying this team could comprise youthful employees with technical and competitive innovative skills required to boost operational excellence and growth of the airlines.

#### **4.5 Descriptive Statistics**

These are summarized responses on the statements measuring the study's independent and dependent variables (customer intimacy intelligence, business intelligence, strategic alliance intelligence, operational excellence, growth of airlines) using Likert scale with values ranging from 5 to 1; that is; 5=Strongly Agree, 4=Agree, 3=Uncertain, 2=Disagree and 1= Strongly Disagree. The results are presented in the table form showing frequencies of responses as per each statement and its corresponding percentage score in brackets, means and standard deviations.



#### 4.5.1 Descriptive statistics: Customer Intimacy Intelligence

This summarized responses on the perceptions of the effect of customer intimacy intelligence on growth of local Airlines in Kenya. The descriptive results are presented in table 4.3

**Table 4. 3: Descriptive statistics: Customer intimacy intelligence**

Statement	5	4	3	2	1	Mean	Std dev
1.The Airline engages in data mining to get information on key products and services that match the Airline s target markets and segments	12 (14.1)	40 (47.1)	9 (10.6)	20 (23.5)	4 (4.7)	3.43	0.838
2.There are effective customer feedback surveys to cater for customer complaints, needs and preferences	11 (12.9)	39 (45.9)	8 (9.4)	21 (24.7)	6 (7.1)	3.42	0.889
3.There are competent, appealing and motivated employees to attend to customer needs and product preferences	13 (15.3)	41 (48.1)	6 (7.1)	19 (22.4)	6 (7.1)	3.45	0.899
4.The Airline researches on both high end and low end market segments to get valid information on a wide range of customer needs and preferences	10 (11.8)	42 (49.4)	9 (10.6)	17 (20.0)	7 (8.2)	3.46	0.974
5.The Airline engages in CSR and 'know your customer' initiatives to attract new customers and retain existing customers	14 (16.5)	38 (44.6)	10 (11.8)	18 (21.2)	5 (5.9)	3.49	0.971
<b>Valid listwise 85</b>							
<b>Grand mean = 3.45</b>							

From table 4.3, most respondents agreed (47.1%) and strongly agreed (14.1%) that the Airline engages in data mining to get information on key products and services that match the Airline's target markets and segments; and this was reinforced by 45.9% of respondents who agreed that there are effective customer feedback surveys to cater for customer complaints, needs and preferences. This means that airlines that engage in data mining to get customer preferences and timely addresses customer complaints can attract and retain more customers, thus, consequently boost their growth in the competitive airline industry.

More so, 48.1% and 15.3% of respondents agreed and strongly agreed respectively that there are competent, appealing and motivated employees to attend to customer needs and product preferences. That is, employees are perceived as first customers of the airline, thus are supposed to really market their airlines by timely addressing all customer needs.

Further, 49.4% and 11.8% of respondents agreed and strongly agreed respectively that the Airline researches on both high end and low end market segments to get valid information on a wide range of customer needs and preferences. That is research and development is a viable strategy meant to understand all types of customers so that the airline can roll out products and service that caters for all types of its customers. This was reinforced by 44.6% and 16.5% of respondents who agreed and strongly agreed respectively that the Airline engages in CSR and 'know your customer' initiatives to attract new customers and retain existing customers.

In summary most respondents (as shown by the grand mean = 3.45 rounded to 4= agree) agreed engaging in customer intimacy intelligence boost growth of airlines. This is supported by Treacy and Wiersema (2009) who studied on Dell Company and

found that intimacy of the customer's firms persistently shape and anchor services and products to suit an expanded definition of precise meaning of the customer thus lead to firm growth and sustained a competitive edge over rivals. Organizations that engage leadership of products endeavor to release uninterrupted stream on products with high innovativeness such as Sony's Walkman, I-phone and Apple's Ipod.

#### **4.5.2 Descriptive statistics: Business Intelligence**

This summarized responses on the perceptions of the effect of business intelligence on growth of local Airlines in Kenya. The descriptive results are presented in table 4.4

**Table 4. 4: Descriptive statistics: Business intelligence**

<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Mean</b>	<b>Std dev</b>
1. There are viable business information systems to evaluate customer needs/preferences	12 (14.1)	41 (48.2)	10 (11.8)	19 (22.4)	3 (3.5)	3.48	0.897
2. The company engages in data mining to get viable information on customer's frequent travels and favorites	14 (16.5)	38 (44.7)	9 (10.6)	20 (23.5)	4 (4.7)	3.45	0.962
3. Competitors' business strategies are continuously monitored and information about their competitive activities are disseminated through the company	13 (15.3)	42 (49.5)	8 (9.4)	18 (21.1)	4 (4.7)	3.49	0.931
4. The airline has an effective dashboard information system that enables airline managers make urgent and strategic decisions	10 (11.8)	44 (51.7)	9 (10.6)	17 (20.0)	5 (5.9)	3.51	0.917
5. Our company collects, analyzes and disseminates the intelligence pertained to current technologies, future technological discontinuities and assesses its cost/benefits	11 (12.9)	40 (47.1)	7 (8.2)	21 (24.7)	6 (7.1)	3.41	0.891
<b>Valid listwise 85</b>							
<b>Grand mean = 3.468</b>							

Table 4.4 shows that most respondents agreed (48.2%) and strongly agreed (14.1%) that there are viable business information systems to evaluate customer needs/preferences; which was supported by 44.7% of respondents who agreed and strongly agreed (16.5%) that the company engages in data mining to get viable information on customer's frequent travels and favorites.

That is, use of business information systems and information on customer frequent travel and favorites can assist airlines understand customer preferences, thus craft relevant business products and services that attract and retain a higher customer base.

More, 49.5% and 15.3% of respondents agreed and strongly agreed respectively that competitors' business strategies are continuously monitored and information about their competitive activities which are disseminated through the company. This was reinforced by 51.7% of respondents who agreed that the airline has an effective dashboard information system that enables airline managers make urgent and strategic decisions. That is analysis of competitor strategies and effective dashboard information system assist airlines in capturing competitor signals so that they do not lag behind on attracting customers.

Lastly, most respondents agreed (47.1%) and strongly agreed (12.9%) strongly that the company collects, analyzes and disseminates the intelligence pertained to current technologies, future technological discontinuities and assesses its cost/benefits. These are definitely competitive business efforts meant to assist airlines practicing them gain competitive advantage.

In summary, most respondents agreed (grand mean = 3.468 rounded to 4) that business intelligence is a viable competitive intelligence strategy that can boost growth of airlines. This is supported by Larson and Chang (2016) who analyzed data science, agile methods, intelligence of business and the improvement of life pattern of business knowledge and found that marvel of data greatness; variety, size, assortment and speed of information affect business intelligence and utilizing the acquired data can have a positive bearing organization growth.

#### 4.5.3 Descriptive statistics: Strategic Alliance Intelligence

This summarized responses on the perceptions of the effect of strategic alliance intelligence on growth of local Airlines in Kenya. The descriptive results are presented in table 4.5.

**Table 4. 5: Descriptive statistics: Strategic Alliance Intelligence**

Statement	5	4	3	2	1	Mean	Std dev
1.The Airline researches to get information on feasible mergers with established and reputable Airlines to boost customer base	14 (16.5)	39 (45.8)	6 (7.1)	22 (25.9)	4 (4.7)	3.44	0.880
2.The Airline engages in background check on workable acquisitions of innovative products and services from allied Airlines to enhance customer base	11 (12.9)	40 (47.1)	8 (9.4)	19 (22.4)	7 (8.2)	3.34	0.901
3.The Airline partners with innovative telecommunication industry players to offer quality agency services to its customers	12 (14.1)	38 (44.8)	11 (12.9)	20 (23.5)	4 (4.7)	3.43	0.936
4.The Airline has agency ticketing approaches to boost agency booking by customers	13 (15.3)	42 (49.4)	8 (9.4)	17 (20.0)	5 (5.9)	3.48	0.851
5.Generally, the Airline's strategic alliance approaches has really improved its customer base	10 (11.8)	41 (48.2)	9 (10.6)	18 (21.2)	7 (8.2)	3.37	0.981
<b>Valid listwise 85</b>							
<b>Grand mean = 3.412</b>							

From table 4.5, there were mixed responses on the use of strategic alliance intelligence. That is, while 45.8% agreed, a substantial percentage (25.9%) disagreed that the Airline researches to get information on feasible mergers with established and reputable Airlines to boost customer base; implying there are airlines that do not value strategic alliance.

Secondly, while 47.1% agreed that Airlines engages in background check on workable acquisitions of innovative products and services from allied Airlines to enhance customer base; 22.4% disagreed to the statement implying some airlines do not engage in the innovative product acquisition strategy. However, 44.8% and 14.1% of respondents agreed and strongly agreed respectively that the Airline partners with innovative telecommunication industry players to offer quality agency services to its customers.

More so, 49.4% and 15.3% of respondents agreed and strongly agreed respectively that the Airline has agency ticketing approaches to boost agency booking by customers; that is, agency booking has been rolled out by many airlines to conveniently extend its services to would be customers who cannot reach their main offices.

Lastly, while 48.2% of respondents agreed that generally, the Airline's strategic alliance approaches has really improved its customer base, 21.2% disagreed to the statement. This is supported by the grand mean of responses which is 3.412, which implies that there were mixed responses on the application of the strategic alliance approach in the airline industry.

The mixed responses are supported by Hay and Morris (2009) study on strategic alliance and growth of business firms in France who discovered that strategic alliances were shaped as an instrument for diminishing vulnerability for parties of the partnership. The examination additionally found that advantages of strategic alliance could be isolated into two general classifications: those that come to fruition through the decrease of outer environmental vulnerability and those that exist through the decrease of inside organization vulnerability. Therefore application of strategic alliance strategy is elusive in some firms and case sensitive.

#### **4.5.4 Descriptive statistics: Operational Excellence**

This summarized responses on the perceptions of the effect of operational excellence on the growth of local Airlines in Kenya. The descriptive results are presented in table 4.6



Table 4. 6: Descriptive statistics: Operational Excellence

Statement	5	4	3	2	1	Mean	Std dev
1.The Airline delivers products or services at competitive prices and with minimal operational difficulty	10 (11.8)	37 (43.5)	8 (9.4)	22 (25.9)	8 (9.4)	3.42	0.928
2.The Airline researches on cost effective process innovations that improve operational efficiency	13 (15.3)	40 (47.1)	9 (10.6)	19 (22.3)	4 (4.7)	3.46	0.940
3.The Airline strives to minimize operational costs to check customers' product/service switching behavior and costs	9 (10.6)	42 (49.4)	8 (9.4)	20 (23.5)	6 (7.1)	3.49	0.859
4.Most Airline operations aims at achieving high convenience to both the Airline and the customer	14 (16.5)	38 (44.6)	10 (11.8)	18 (21.2)	5 (5.9)	3.47	0.970
5.The Airline's innovative operations improve service quality	12 (14.1)	41 (48.2)	9 (10.6)	17 (20.0)	6 (7.1)	3.53	0.969
<b>Valid listwise 85</b>							
<b>Grand mean = 3.474</b>							

From table 4.6, most respondents agreed (43.5%) and strongly agreed (11.8%) that the Airline delivers products or services at competitive prices and with minimal operational difficulty; while 25.9% disagreed, implying that there are there are airlines that do not delivers products or services at competitive prices; thus have operational difficulty.

Secondly, 47.1% and 15.3% of respondents agreed and strongly agreed respectively that the Airline researches on cost effective process innovations that improve

operational efficiency, implying that research and development can effectively boost airline growth.

Thirdly, 49.4% agreed while 23.5% disagreed that the Airline strives to minimize operational costs to check customers' product/service switching behavior and costs; implying that some airlines incur high operational costs due to switching behaviour of customers, that is experience loss of customers to competitors.

More so, 44.6% and 16.5% of respondents agreed and strongly agreed that most Airline operations aims at achieving high convenience to both the Airline and the customer; while 48.2% of respondents agreed that Airline's innovative operations improve service quality. This implies that Airlines that adopt innovative operations convenience to customers can attract more customers through service quality and consequently boost their overall growth.

Lastly, the overall response shows a mean of 3.474, which summarily implies that most respondents perceived operational excellence as an effective strategy of enhancing growth of local Airlines in Kenya. This is supported by Treacy and Wiersema (2009) study on Dell organization and found that through operational greatness a firm like Dell had the option to undermine Compaq and other PC creators without bargain quality and really boosted return on assets for Dell organization.

This is further supported by Yanney, 2010) emphasis that through effective operational excellence a firm can deliver products or services at competitive prices, with minimal difficulty or inconvenience, which consequently enhance its growth in both financial and non-financial terms.

#### 4.5.5 Descriptive statistics: Growth of Airlines

This summarized responses on the perceptions of the growth of local Airlines in Kenya. The descriptive results are presented in table 4.7

**Table 4. 7: Descriptive statistics: Growth of airlines**

Statement	5	4	3	2	1	Mean	Std dev
1.The Airline's customer base grew after adoption of the competitive intelligence strategy	13 (15.3)	39 (45.9)	7 (8.2)	20 (23.5)	6 (7.1)	3.39	0.906
2.The Airline grew its market share after adoption of the competitive intelligence strategy	9 (10.6)	41 (48.2)	8 (9.4)	22 (25.9)	5 (5.9)	3.41	0.847
3.The number of customers and agents increased after adoption of the agency booking	10 (11.8)	40 (47.1)	9 (10.6)	19 (22.3)	7 (8.2)	3.33	0.887
4.The Airline improved in operational efficiency due to operation excellence	12 (14.1)	44 (51.8)	8 (9.4)	17 (20.0)	4 (4.7)	3.51	0.909
5.The Airline experienced a significant growth in market value after adoption of competitive intelligence strategy	11 (12.9)	38 (44.7)	10 (11.8)	21 (24.7)	5 (5.9)	3.34	0.962
<b>Valid listwise 85</b>							
<b>Grand mean = 3.396</b>							

From table 4.7, most respondents agreed (45.9%) and strongly agreed (15.3%) that the Airline's customer base grew after adoption of the competitive intelligence strategy; this was reinforced by 48.2% and 10.6% of respondents who agreed and strongly agreed respectively that the Airline grew its market share after adoption of the competitive intelligence strategy; and that 44.7% and 12.9% of respondents agreed and strongly agreed respectively that the Airline experienced a significant growth in market value after adoption of competitive intelligence strategy This implies that

indeed adoption of the competitive intelligence strategy can enhance airlines growth in terms of increases in the number of customers and intensifying the market share and value.

More so, 47.1% and 11.8% of respondents agreed and strongly agreed that the number of customers and agents increased after adoption of the agency booking, implying agency ticketing service enables customers conveniently utilize and pay for airline service.

In terms of operational excellence, most respondents; 51.8% and 14.1% agreed and strongly agreed respectively that the Airline improved in operational efficiency due to operation excellence; implying operational excellence improves system efficiency, saves on operational costs which has a positive bearing on the growth of Airlines.

The results are supported by Tan and Ahmed(1999) assertion that competitive intelligence strategy enhances firm growth because it is a business tactic approach that involves a continuous gathering, sorting, analysing and distributing pertinent, timely and accurate business information for use by business strategic decision makers to enhance firm growth.

## **4.6 Inferential Statistics**

### **4.6.1 Assumptions of Multiple Regression Analysis Models**

First, normality test assumption asserts that data must have a normal distribution and this was tested by the use histograms with normal curve. The results (in the appendix) show histograms with bell-shaped normal curves indicating that data was approximately normally distributed, thus met this assumption.

Secondly, all the independent variables had significant correlation hence meeting the linearity test

Finally, multicollinearity tests whether two or more conceptualized independent variables are highly correlated with each other. This leads to problems with understanding which independent variable contributes to the variance explained in the dependent variable, as well as statistical problems in calculating a multiple regression model. This assumption was also tested using correlation analysis. Most researchers (Hair et al., 2006) insist that if correlation coefficient, ( $r$ ) is close to 1 or -1, then there is multicollinearity but if correlation coefficient ( $r$ ) is not above 0.9, then there is no multicollinearity. In this study (table 4.8 correlation analysis), the highest correlation coefficient between all pairs of independent variables (customer intimacy intelligence, business intelligence, strategic alliance intelligence, operational excellence) is 0.816, which is below the threshold of 0.9, thus multicollinearity assumption was checked and met.

#### **4.6.2 Correlation Analysis**

Correlation between independent variables and the dependent variable was computed to determine the degree to which the change in the dependent variable is related to the change in the independent variable. This was tested by correlation coefficients and correlation results showed that independent variables (customer intimacy intelligence, business intelligence, strategic alliance intelligence, and operational excellence) have significant linear correlation with the dependent variable (airline growth) as shown in table 4.8 on correlation analysis.

**Table 4. 8: Correlation analysis**

		<b>CII</b>	<b>BI</b>	<b>SAI</b>	<b>OE</b>
<b>CII: Customer Intimacy Intelligence</b>	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	85			
<b>BI: Business Intelligence</b>	Pearson Correlation	.553**	1		
	Sig. (2-tailed)	.000			
	N	85	85		
<b>SAI: Strategic Alliance Intelligence</b>	Pearson Correlation	.561**	.558**	1	
	Sig. (2-tailed)	.000	.000		
	N	85	85	85	
<b>OE: Operational Excellence</b>	Pearson Correlation	.643**	.631**	.602**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	85	85	85	85
<b>Growth of Airlines</b>	Pearson Correlation	.778**	.805**	.763**	.816**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	85	85	85	85

From correlation analysis, operational excellence had the highest correlation coefficient (0.816), followed by business intelligence (0.805). Customer intimacy intelligence (0.778) was third, while strategic alliance intelligence had the least correlation coefficient (0.763). This implies that airlines operating in Kenya must prioritize operational excellence followed by business intelligence as key competitive intelligence strategies to boost their growth. However, they must also invest in customer intelligence and strategic alliance intelligence strategies because they too have significant influence on airlines growth.

#### 4.6.3 Multiple Regression Analysis

Multiple regression analysis was computed to assess the combined effect of the study's independent variables (customer intimacy intelligence, business intelligence, strategic alliance intelligence, and operational excellence) on the dependent variable (growth of airlines). This was after the compulsory assumptions of multiple regression

analyses were checked and met. The multiple regression results are shown in table 4.9.

**Table 4. 9: Multiple regression results**

Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.835 <sup>a</sup>	.697	.682	.64669	.697	45.939	4	80	.000	
ANOVA <sup>a</sup>										
Model	Sum of Squares		df	Mean Square	F	Sig.				
1	Regression		76.847	4	19.212	45.939	.000 <sup>b</sup>			
	Residual		33.456	80	.418					
	Total		110.303	84						

a. Dependent Variable: Growth of Airlines  
b. Predictors: (Constant), Operational Excellence, Customer Intimacy Intelligence, Strategic Alliance Intelligence, Business Intelligence

Table 4.9 shows the multiple regression results of the combined influence of the study's independent variables (customer intimacy intelligence, business intelligence, strategic alliance intelligence, and operational excellence). The model's R squared ( $R^2$ ) is 0.697 which shows that the study explains 69.7% of variation in the growth of Airlines in Kenya while other factors not in the conceptualized study model accounts for 30.3%, hence, it is a good study model.

Further, Analysis of Variance (ANOVA) shows the mean squares and F statistics is significant ( $F = 45.939$ ; significant at  $p < .001$ ), thus confirming the fitness of the model and also implies that the study's independent variables (customer intimacy intelligence, business intelligence, strategic alliance intelligence, and operational excellence) have significant variations in their contributions to the growth of local Airlines in Kenya (dependent variable).

From the values of standardized regression coefficients in table 4.10, all the study's independent variables (customer intimacy intelligence;  $\beta = 0.289$  at  $p < 0.05$ ; business intelligence;  $\beta = 0.321$  at  $p < 0.05$ ; strategic alliance intelligence;  $\beta = 0.282$  at  $p < 0.01$ , operational excellence;  $\beta = 0.401$  at  $p < 0.05$ ) significantly influence growth of local Airlines in Kenya (dependent variable).

**Table 4. 10: Regression Coefficient**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	.666	.283		2.357	.021
Customer Intimacy Intelligence	.304	.148	.289	2.427	.017
Business Intelligence	.343	.115	.321	2.634	.010
Strategic Alliance Intelligence	.286	.123	.282	2.318	.023
Operational Excellence	.472	.181	.401	2.390	.019

a. Dependent Variable: Growth of Airlines in Kenya

Coefficients analysis (table 4.10) shows that operational excellence had the highest beta coefficient (0.401), followed by business intelligence (0.321). Customer intimacy intelligence (0.289) was third, while strategic alliance intelligence had the least correlation coefficient (0.282). This implies that though airlines operating in Kenya must prioritize on effective use of operational excellence followed by business intelligence strategies to boost their growth, strategic Airline managers must also invest in customer intelligence and strategic alliance intelligence strategies because they can also significantly boost growth of local airlines operating in Kenya.

Therefore, the study's final multiple regression equation is;

$$y = 0.666 + 0.289X_1 + 0.321X_2 + 0.282X_3 + 0.401X_4$$

Where;



$\gamma$ = Dependent variable [growth of local Airlines in Kenya]

$X_1$ = Independent variable 1 [customer intimacy intelligence]

$X_2$ = Independent variable 2 [business intelligence]

$X_3$ = Independent variable 3 [strategic alliance intelligence]

$X_4$ = Independent variable 4 [operational excellence]

#### 4.7 Hypothesis testing

**Study hypothesis one ( $H_{01}$ )** stated that customer intimacy intelligence does not significantly influence growth of local Airlines in Kenya. Multiple regression results shows that customer intimacy intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.289;  $p=0.017$  significant at  $p<0.05$ ). Hypothesis one is therefore rejected. The results indicate that a single increase in viable customer intimacy intelligence tactics will lead to 0.289 unit improvement in the growth of local Airlines that apply the strategy.

The results are supported by Yanney (2010) who conducted a study in Accra by means of questionnaires, involving 60 CEOs and senior managers gotten from 10 business organizations which were sampled at random for the research. Additionally, data was collected from 10 organizations from 2008 to 2013 on sales, profits before tax and employment for development of performance indices for the organizations. To study the correlation between leadership, customer intimacy strategy and organizational performance were run using the Regression and analysis of variance (ANOVA). The study showed a significant impact of leadership and customer intimacy strategy on performance of an organizational but the influence of customer intimacy strategy was greater and recommended that business firms with strong customer intimacy intelligence strategy may realize significant growth.

**Study hypothesis two (H<sub>02</sub>)** stated that business intelligence does not significantly influence growth of local Airlines in Kenya. Multiple regression results indicated that business intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.321;  $p=0.010$  significant at  $p<0.05$ ). Hypothesis two is therefore rejected. The results indicate that a single increase in viable business intelligence tactics will lead to 0.321 unit improvement in the growth of local Airlines that apply the business intelligence strategy.

The results are supported by Fink et al. (2016) who studied the connection between learning of organization and intelligence of business and surveyed the worth creation forms in an observational research. Their model was intended to research these connections and tried them in three organizations. The results revealed a significant relationship between business intelligence and hierarchical learning which consequently boost firm growth.

**Study hypothesis three (H<sub>03</sub>)** stated that strategic alliance intelligence does not significantly influence growth of local Airlines in Kenya. Multiple regression results indicated that strategic alliance intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.282;  $p=0.023$  significant at  $p<0.05$ ). Hypothesis three is therefore rejected. The results indicate that a single increase in a sustainable strategic alliance intelligence strategy will lead to 0.321 unit improvement in the growth of local Airlines that adopt the strategy.

The results are supported by Welch and Welch (2005) study which found that information on viable acquisitions and mergers were the most well-known type of growth strategy in corporate development in USA. That is mergers and acquisitions brought development perspectives like diversification, product penetration, market

infiltration and development of market, which consequently enhanced firm growth that intelligently adopted the strategy.

Lastly, **study hypothesis four (H<sub>04</sub>)** stated that operational excellence does not significantly influence growth of local Airlines in Kenya. Multiple regression results indicated that operational excellence significantly influences growth of local Airlines in Kenya. (Beta = 0.401;  $p=0.019$  significant at  $p<0.05$ ). Hypothesis four is therefore rejected. The results indicate that a single increase in a seamless operational excellence strategy will lead to 0.401 unit improvement in the growth of local Airlines that adopt the strategy.

The results are supported by Treacy and Wiersema (2009) study which found that by operational excellence, business firms target to deliver services and products at prices which are competitive and with negligible trouble or bother. Intimacy of customers was utilized in giving excellence services to tally the organizations targets and segment market, in this manner affecting decidedly on firm growth. The study recommended effective use of operational excellence as a viable competitive strategy to boost business growth.

## CHAPTER FIVE

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter concludes the study by presenting summary of study findings, conclusions, recommendations, and suggested areas for further research.

#### 5.2 Discussion of Findings

The **first specific objective** of the study was to examine effect of customer intimacy intelligence on the growth of local Airlines in Kenya. Multiple regression results showed that customer intimacy intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.289;  $p=0.017$  significant at  $p<0.05$ ). Hypothesis one was therefore rejected. The results indicate that a single increase in viable customer intimacy intelligence tactics will lead to 0.289 unit improvement in the growth of local Airlines that apply the strategy.

The results are supported by Fox (2017) study on customer intimacy in the USA telecommunication industry which found that business firms ought to transact with tomorrow's and to today's customers, since customers offer the concepts for new applications and products, offer signals of early warning in regard to timeliness and quality of your product; and they are aware of your rivals in the market, thus concluded that; "To know your customers is to know your future".

Further, Treacy and Wiersema (2009) study used intimacy of customers to clarify the serious procedures utilized by companies such as Home Depot, Dell Computer, Nike and to effectively rise and develop to global brands. They found that these organizations prevailing by reclassifying clients' an incentive in their separate

markets, developing systems that conveyed more an incentive than rivalry and furthermore by raising client's desire route past the span of rivalry. As indicated by them, these organizations accomplished administration in their ventures by narrowing their core interest on customer intimacy intelligence.

The **second specific objective** of the study was to examine effect of business intelligence on the growth of local Airlines in Kenya. Multiple regression results showed that business intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.321;  $p=0.010$  significant at  $p<0.05$ ). Hypothesis two was therefore rejected. The results indicate that a single increase in viable business intelligence tactics will lead to 0.321 unit improvement in the growth of local Airlines that apply the business intelligence strategy.

The results are supported by Banerjee and Mishra (2015) in a study which assessed answers for management of supply chain from a retail perspective in India dependent on business knowledge see. In their examination, the perspectives on supervisors of a significant nourishment retailer in India about the acts of inventory network the board, upper hand and firm execution were considered. Discoveries demonstrated that there is a noteworthy relationship Business Intelligence and client relationship the board viewpoints, which therefore can impact positively on firm growth.

More so, Lajevardi and Rahimpour (2012) in an examination analyzed the business insight and its effect on progress of management performance in Ports and Maritime Ports Department of Gilan. To start with, the amazing components of intelligence of business and viable lists were resolved for every space which had been assessed as 4 operational, businesses, organizational and technical dimension of the forty four indices. The outcomes showed the effectiveness of the indices from the perspective on

IT specialists and port undertakings. Detailing investigations of Business Intelligence which were joined with Key Performance Indicators and dashboards helped port and sea officials accomplish ceaseless improvement, quality, opportune access to reports and key choices, which consequently enhanced overall growth of Gilan.

The **third specific objective** of the study was to examine effect of strategic alliance intelligence on the growth of local Airlines in Kenya. Multiple regression results showed that strategic alliance intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.282;  $p=0.023$  significant at  $p<0.05$ ). Hypothesis three was therefore rejected. The results indicate that a single increase in a sustainable strategic alliance intelligence strategy will lead to 0.321 unit improvement in the growth of local Airlines in Kenya.

The results are supported by Patton and McKenna (2005) research which found that strategic alliances are shaped as a system for diminishing vulnerability for parties of the partnership. Strategic alliance with different associations and acquisitions were utilized, as it were, while joint and merged franchised were utilized to a fair extent. The strategic alliance insights for business banks included acquisitions and mergers of different banks for instance Equity Bank Limited procured Uganda microfinance Limited to enter the Ugandan market, cross-fringe posting and exchanging Uganda stock trade, change of business forms, participating in key coalitions with other institutions in banking sector.

More so, Akumu (2009) found that Equity bank in Kenya framed strategic alliance with a few organizations over the globe to empower it extends its service offering. Bank of Equity is one of the banks circulating the Western Union services in Kenya particularly cash transfer. The bank has additionally formed a coalition with

worldwide correspondent banks to empower its clients to execute business all around. For example, Equity bank shaped a partnership with UAP protection to disperse its medical coverage; they have marked the item "Equihealth". This diversification strategy in light of rivalry has assist Equity With banking to build up a fortification procedure "protecting" its clients from rivalry by making a money related general store. Through such contribution the bank has additionally gotten progressively competitively by expanding their profitability yield per client.

The **fourth specific objective** of the study was to examine effect of operational excellence on the growth of local Airlines in Kenya. Multiple regression results showed that operational excellence significantly influences growth of local Airlines in Kenya. (Beta = 0.401;  $p=0.019$  significant at  $p<0.05$ ). Hypothesis four was therefore rejected. The results indicate that a single increase in an effective operational excellence strategy will lead to 0.401 unit improvement in the growth of local Airlines in Kenya.

The results are supported by a research on performance and competitive strategies conducted by Yasar (2010): case study on Gaziantep faculty of carpeting; which studied the performance of a firm is influenced by competitive strategies and was inspected empirically by taking into account operational practices in Gaziantep carpeting industrial cluster from value chain perspective. The study administered questionnaires and used descriptive statistics to analyze the data. The research findings revealed an insignificant connection between Gaziantep carpeting industry performance and competitive strategies. The outcomes show that for improvement of firm performance and attainment of competitive advantage there should be resolute use and implementation of competitive strategies in terms of operational excellence.

Further, West (2015) conducted a study on strategy, performance and environmental scanning: an operational process and integration of satisfaction. A survey of sixty five foodservice companies interrogated respondents on the strategy of their firm, performance and scanning of environment. Data was collected using questionnaires. The indication of the results is that firms advocate for low cost or differentiation function considerably higher than focus firms; firms that are of higher performing levels take part in considerably higher levels of environmental scanning and the effects of operational costs reduced by operational excellence.

### 5.3 Summary of Study Findings

The general objective of the study was to examine the effect of competitive intelligence strategy on growth of local Airlines in Kenya. The study tested a total of four hypotheses; **H<sub>01</sub>**: Customer intimacy intelligence does not significantly influence growth of local Airlines in Kenya; **H<sub>02</sub>**: Business intelligence does not significantly influence growth of local Airlines in Kenya; **H<sub>03</sub>**: Strategic alliance intelligence does not significantly influence growth of local Airlines in Kenya; and **H<sub>04</sub>**: Operational excellence does not significantly influence growth of local Airlines in Kenya.

First, hypothesis one stated that customer intimacy intelligence does not significantly influence growth of local Airlines in Kenya. Multiple regression results shows that customer intimacy intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.289;  $p=0.017$  significant at  $p<0.05$ ). The results indicate that a single increase in viable customer intimacy intelligence tactics will lead to 0.289 unit improvement in the growth of local Airlines in Kenya that apply the customer intimacy intelligence strategy. From descriptive statistics, most respondents (as shown



by the grand mean = 3.45 rounded to 4= agree on Likert scale) agreed that engaging in customer intimacy intelligence boost growth of airlines.

Secondly, hypothesis two stated that business intelligence does not significantly influence growth of local Airlines in Kenya. Multiple regression results indicated that business intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.321;  $p=0.010$  significant at  $p<0.05$ ). The results indicate that a single increase in viable business intelligence tactics will lead to 0.321 unit improvement in the growth of local Airlines in Kenya that apply the business intelligence strategy. From descriptive statistics, most respondents agreed (grand mean = 3.468 rounded to 4 which is agree on Likert scale) that business intelligence is a viable competitive intelligence strategy that can boost growth of airlines

Thirdly, hypothesis three stated that strategic alliance intelligence does not significantly influence growth of local Airlines in Kenya. Multiple regression results indicated that strategic alliance intelligence significantly influence growth of local Airlines in Kenya. (Beta = 0.282;  $p=0.023$  significant at  $p<0.05$ ). The results indicate that a single increase in a workable strategic alliance intelligence strategy will lead to 0.321 unit improvement in the growth of local Airlines that adopt the strategy.

From descriptive statistics, while 48.2% of respondents agreed that generally, the Airline's strategic alliance approaches has really improved its customer base, 21.2% disagreed to the statement. This is supported by the grand mean of responses which is 3.412, which implies that there were mixed responses on the application of the strategic alliance approach in the airline industry. That is, strategic alliance intelligence has not been may be adopted by some airlines, thus could not be sure of its significant effect on airline growth.

Lastly, hypothesis four stated that operational excellence does not significantly influence growth of local Airlines in Kenya. Multiple regression results indicated that operational excellence significantly influences growth of local Airlines in Kenya. (Beta = 0.401;  $p=0.019$  significant at  $p<0.05$ ). The results indicate that a single increase in a seamless operational excellence strategy will lead to 0.401 unit improvement in the growth of local Airlines that adopt the strategy. From descriptive statistics, the overall response shows a mean of 3.474, which summarily implies that most respondents perceived operational excellence as an effective strategy of enhancing growth of local Airlines in Kenya.

#### **5.4 Conclusions**

First, the study concludes that customer intimacy intelligence is an effective strategy used to analyze customer preferences, thus when well implemented can boost customer base of local airlines in Kenya.

Secondly, effective implementation of business intelligence systems by local airlines can assist local airlines examine significant business information needed to enhance their performance and growth.

Thirdly, local airlines timely identification of viable mergers and acquisitions using strategic alliance intelligence can enhance their firm growth.

Lastly, local airlines in Kenya investing in feasible operational excellence initiatives can save on operational costs and realize a significant growth in their return on investments.

### **5.5 Recommendations**

First, local Airlines in Kenya should constantly engage in customer intimacy intelligence to gather information on dynamic customer preferences on specific airline products and services.

Secondly, local Airlines in Kenya should install secure and upgraded business information systems to enable them relentlessly capture significant Airline business growth information.

Thirdly, local Airlines in Kenya should research and develop viable strategic alliances that can only lead to a significant growth on their customer base and return on assets.

Fourthly, local Airlines in Kenya should develop cost effective operational strategies meant to improve their flight operations at minimum costs so as to minimize losses associated with high flight operational costs.

### **5.6 Areas for Further Research**

First, a similar study can be done on foreign owned airlines in Kenya so as to compare empirical results.

Secondly, another study can be done on the use of marketing intelligence in enhancing growth of local Airlines in Kenya.

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## **APPENDICES**

### **APPENDIX 1: LETTER OF TRANSMITTAL OF DATA COLLECTION**

LILIAN SETU,  
Africa Nazarene University,  
Nairobi Campus.

#### **RE: REQUEST FOR DATA BY FILLING QUESTIONNAIRES**

I am LILIAN SETU , a student at African Nazarene University undertaking an MBA degree. As part of the partial fulfillment of the degree, am carrying a research on **(INFLUENCE OF COMPETITIVE INTELLIGENCE STRATEGY ON GROWTH OF LOCAL AIRLINES OPERATING IN KENYA)**

I therefore kindly request for your time in filling this questionnaire. Please note that there is no right or wrong answer, the study is for academic purposes only and your responses are purely confidential.

Thanks

LILIAN SETU



**APPENDIX II: RESEARCH QUESTIONNAIRE****PART A: DEMOGRAPHIC DATA**

1. Gender

1. Female [ ] 2. Male [ ]

2. Level of Education

1. Certificate [ ] 2. Diploma [ ] Degree [ ] Masters [ ] PhD [ ]

3. Age in years

31-40 years [ ]

41-50 years [ ]

Above 50 years [ ]

4. Working experience

1-5 years [ ]

6-10 years [ ]

Above 10 years [ ]

## **PART B: DETERMINANTS OF GROWTH OF LOCAL AIRLINES**

### **1. Operational excellence**

What is your level of agreement or disagreement concerning the influence of operational excellence on growth of the Airline? Kindly tick your preferred answer according to the Likert scale denoted as;

**5-Strongly Agree 4-Agree, 3-Uncertain, 2- Disagree, 1-Strongly Disagree**

	<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	The Airline delivers products or services at competitive prices and with minimal operational difficulty					
2	The Airline researches on cost effective process innovations that improve operational efficiency					
3	The Airline strives to minimize operational costs to check customers' product/service switching behavior and costs					
4	Most Airline operations aims at achieving high convenience to both the Airline and the customer					
5	The Airline's innovative operations improve service quality					

## 2. Strategic alliance intelligence

What is your level of agreement or disagreement concerning the influence of strategic alliance intelligence on growth of the Airline? Kindly tick your preferred answer according to the Likert scale denoted as;

**5-Strongly Agree 4-Agree, 3-Uncertain, 2- Disagree, 1-Strongly Disagree**

	<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
6	The Airline researches to get information on feasible mergers with established and reputable Airlines to boost customer base					
7	The Airline engages in background check on workable acquisitions of innovative products and services from allied Airlines to enhance customer base					
8	The Airline partners with innovative telecommunication industry players to offer quality agency services to its customers					
9	The Airline has agency ticketing approaches to boost agency booking by customers					
10	Generally, the Airline's strategic alliance approaches has really improved its customer base					

### 3. Business intelligence questionnaire

What is your level of agreement or disagreement concerning business intelligence and growth of the Airline? Kindly tick your preferred answer according to the Likert scale denoted as;

**5-Strongly Agree 4-Agree, 3-Uncertain, 2- Disagree, 1-Strongly Disagree**

	<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
11	There are viable business information systems to evaluate customer needs/preferences					
12	The company engages in data mining to get viable information on customer's frequent travels and favorites					
13	Competitors' business strategies are continuously monitored and information about their competitive activities are disseminated through the company					
14	The airline has an effective dashboard information system that enables airline managers make urgent and strategic decisions					
15	Our company collects, analyzes and disseminates the intelligence pertained to current technologies, future technological discontinuities and assesses its cost/benefits					

#### 4. Customer intimacy intelligence

What is your level of agreement or disagreement concerning the influence of customer intimacy intelligence on growth of the airline? Kindly tick your preferred answer according to the Likert scale denoted as;

5-Strongly Agree 4-Agree, 3-Uncertain, 2- Disagree, 1-Strongly Disagree

	Statement	5	4	3	2	1
16	The Airline engages in data mining to get information on key products and services that match the Airline s target markets and segments					
17	There are effective customer feedback surveys to cater for customer complaints, needs and preferences					
18	There are competent, appealing and motivated employees to attend to customer needs and product preferences					
19	The Airline researches on both high end and low end market segments to get valid information on a wide range of customer needs and preferences					
20	The Airline engages in CSR and 'know your customer' initiatives to attract new customers and retain existing customers					

### PART C: GROWTH OF AIRLINES

The likert scale below has statements to respond to according to your level of agreement or disagreement concerning growth of the Airline. Kindly tick your preferred response.


**5-Strongly Agree 4-Agree, 3-Uncertain, 2- Disagree, 1-Strongly Disagree**

	<b>Statement</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
21	The Airline's customer base has really grown after adoption of the competitive intelligence strategy					
22	The Airline has grown its market share after adoption of the competitive intelligence strategy					
23	The number of customers and agents has really grown after adoption of the agency booking					
24	The Airline has improved in operational efficiency due to operation excellence					
25	The Airline has experienced a significant growth in market value after adoption of competitive intelligence strategy					

APPENDIX III: RESEARCH PERMITS

Republic of Kenya  
National Commission for Science, Technology and Innovation  
Ref No: 118584  
Date of Issue: 15/July/2020

**RESEARCH LICENSE**




This is to Certify that **Ms. LILLIAN SETU OLOUASA** of Africa Nazarene University, has been licensed to conduct research in Nairobi on the topic: **EFFECTS OF COMPETITIVE INTELLIGENCE STRATEGY ON GROWTH OF LOCAL AIRLINES OPERATING IN KENYA** for the period ending : 15/July/2021.

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118584  
Applicant Identification Number

Director General  
NATIONAL COMMISSION FOR  
SCIENCE, TECHNOLOGY &  
INNOVATION

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**APPENDIX IV: RESEARCH APPROVALS AND LETTERS**

20<sup>th</sup>, May 2020

E-mail: [researchwriting.mba.anu@gmail.com](mailto:researchwriting.mba.anu@gmail.com)

Tel. 0202711213

*Our Ref: 18M03DMBA025*

The Director,  
National Commission for Science,  
Technology and Innovation (NACOSTI),  
P. O. Box 30623, 00100  
Nairobi. Kenya

Dear Sir/Madam:

**RE: RESEARCH AUTHORIZATION FOR: LILIAN SETU OLOUSA**

Ms. Lilian is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program.

In order to complete her program, Ms. Lilian is conducting a research entitled:  
“**Effect of competitive intelligence strategy on growth of local airlines operating in Kenya**”

Any assistance offered to her will be highly appreciated.

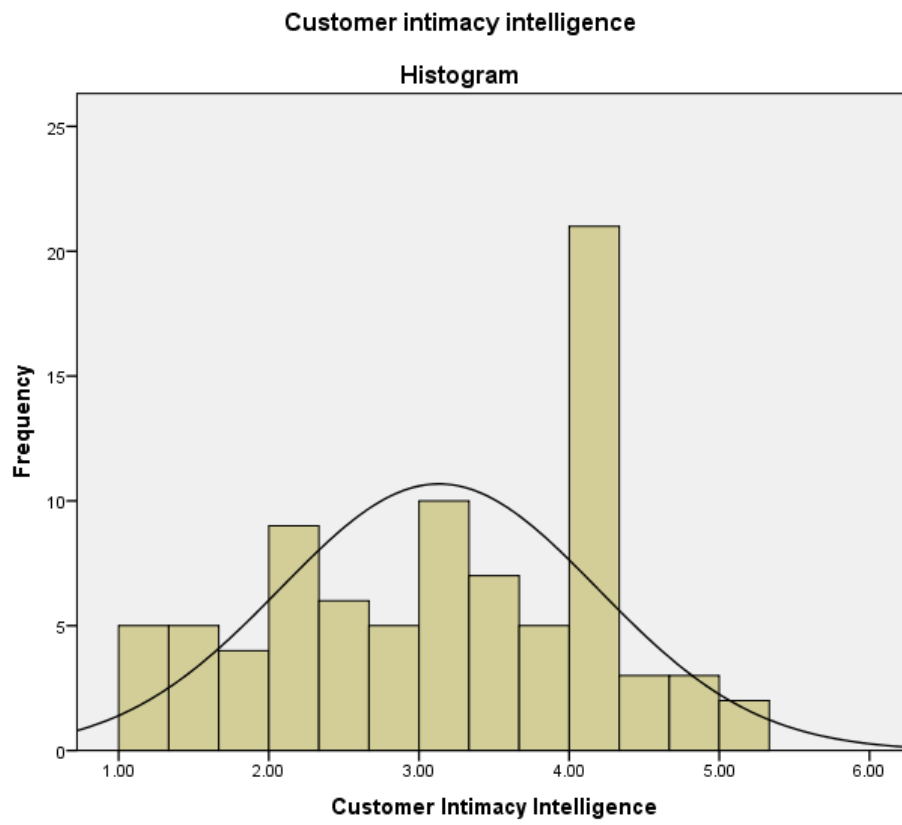
Yours Faithfully,

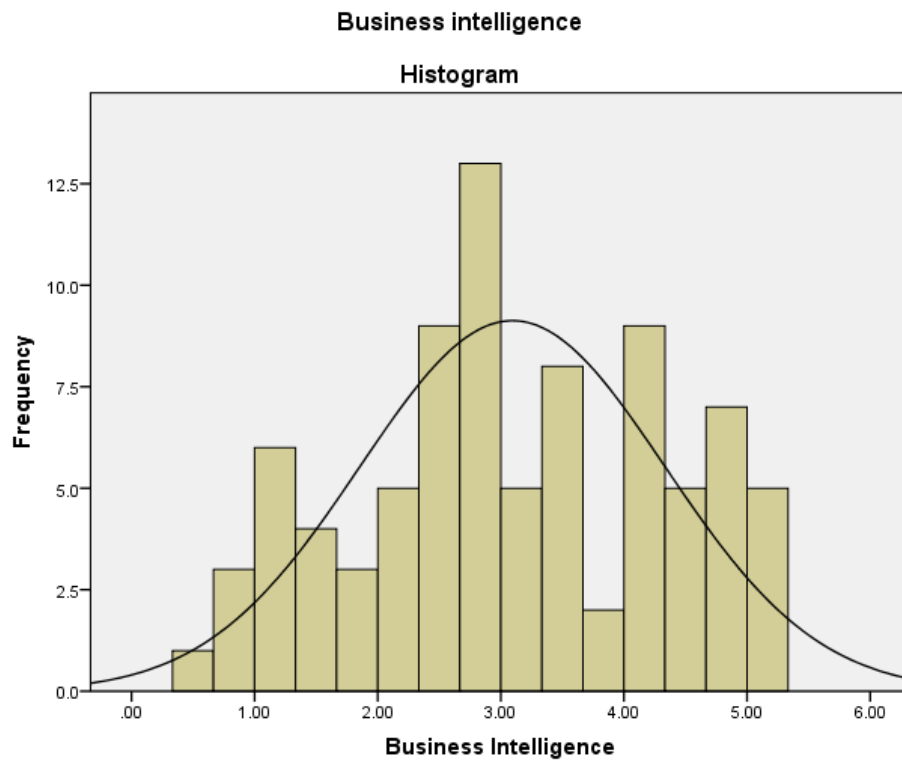


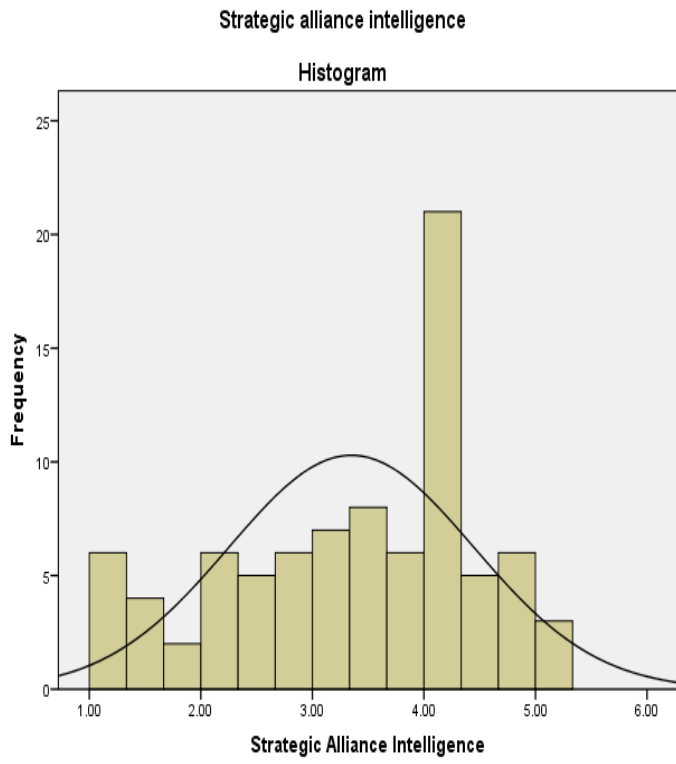
**For Dr. Simon Obwatho,  
Dean, School of Business,  
Africa Nazarene University**

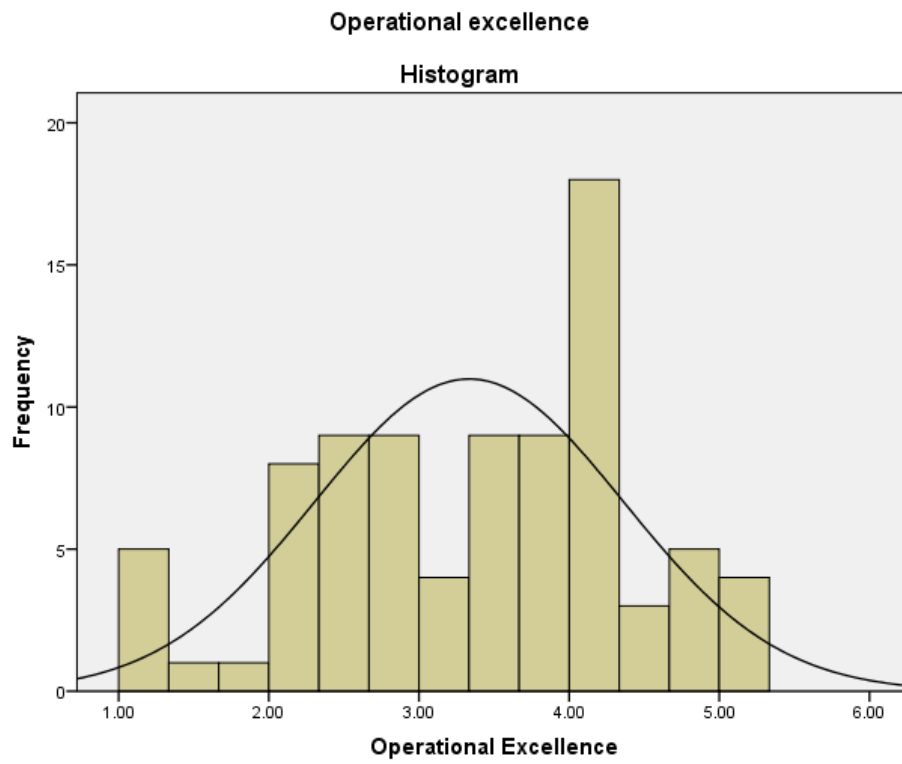


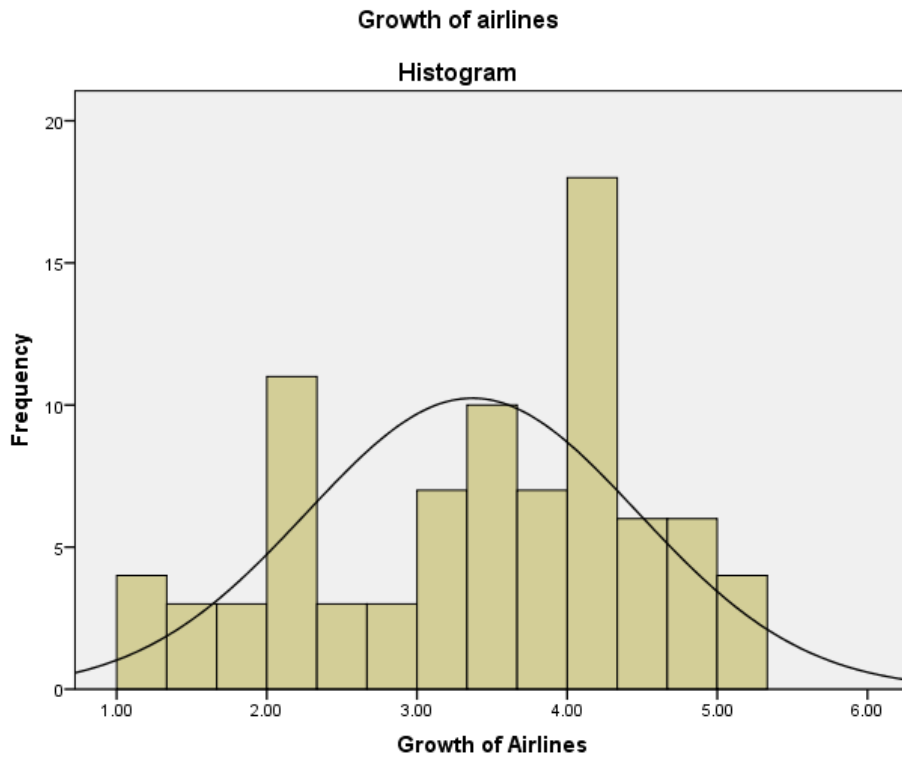
## APPENDIX V: NORMALITY TESTS











**APPENDIX VI: LIST OF LOCAL AIRLINES OPERATING IN KENYA FOR  
BOTH CARGO AND HUMAN TRANSPORT**

1. African Express Airways – Jomo Kenyatta International Airport
2. Aberdair Aviation – Wilson Airport
3. Aero-Pioneer Group – Wilson Airport
4. Acariza Aviation – Wilson Airport
5. AD Aviation Aircharters – Wilson Airport
6. Aeronav Air Services – Wilson Airport
7. AeroSpace Consortium – Jomo Kenyatta International Airport
8. Air Direct-Connect – Jomo Kenyatta International Airport
9. Avro Express – Wilson Airport
10. 748 Air Services – Jomo Kenyatta International Airport
11. Airkenya Express – Wilson Airport
12. ALS – Aircraft Leasing Services – Wilson Airport
13. Astral Aviation – Jomo Kenyatta International Airport
14. Blue Bird Aviation (Kenya) – Wilson Airport
15. Fly540 – Jomo Kenyatta International Airport
16. Fly-SAX – Jomo Kenyatta International Airport
17. Freedom Airline Express
18. Global Airlift – Wilson Airport
19. Great Airways – Jomo Kenyatta International Airport
20. Jambojet – Jomo Kenyatta International Airport
21. Jetways Airlines – Wilson Airport
22. Jubba Airways (Kenya) – Jomo Kenyatta International Airport
23. KASAS – Wilson Airport
24. Kenya Airways (KQ)– Jomo Kenyatta International Airport
25. Silverstone Air – Wilson Airport
26. Tubania Aviation Group – Wilson Airport
27. LadyLori – Wilson Airport
28. Knight Aviation – Wilson Airport
29. Mombasa Air Safari – Mombasa Moi International Airport
30. Pan African Airways – Jomo Kenyatta International Airport
31. Phoenix Aviation (Kenya) – Wilson Airport
32. Queensway Air Services – Wilson Airport
33. Reliance Air Charters – Wilson Airport
34. Ribway Cargo Airlines – Jomo Kenyatta International Airport
35. Safari Express Cargo- Jomo Kenyatta International Airport
36. Safarilink Aviation – Wilson Airport
37. Safe Air (Kenya) – Wilson Airport
38. Skytrail Air Safaris – Bamburi (BMQ)
39. Skyward International Aviation – Wilson Airport
40. Solenta Aviation Kenya – Jomo Kenyatta International Airport
41. Tamarind Air – Jomo Kenyatta International Airport
42. Transworld Safaris – Wilson Airport
43. Trident Aviation – Wilson Airport

*Source; Kenya Civil Aviation Authority, 2018*