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Luyai Harriet Miroyo; Dr. Kamau John, PhD; & Dr. Owino Moses Otieno, PhD

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[1] Luyai Harriet Miroyo; [2] Dr. Kamau John, PhD; & [3] Dr. Owino Moses Otieno, PhD

[1] Student, Africa Nazarene University, Kenya
[2] Lecturer, Africa Nazarene University, Kenya
[3] Lecturer, Africa Nazarene University, Kenya

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ABSTRACT

The study investigated the effect of digital maturity assessment on organizational performance in Kenya's aviation industry, with a specific focus on Kenya Airways Limited. Against the backdrop of challenges faced by Kenya Airways, including increased operating costs, decreased load factors, and customer complaints, the research aimed to fill existing gaps in the literature related to the aviation industry in Kenya. The research was guided by the Balanced Scorecard Theory and Technology Acceptance Model. The research adopted an explanatory and cross-sectional research design. The study targeted senior management, business managers, and functional managers within Kenya Airways, with a total population of 74 individuals. A census approach was employed, including all 74 respondents in the sample. Data collection utilized a semi-structured questionnaire. A pilot test involving 7 purposively selected deputy/assistant heads of departments assessed the reliability and validity of the questionnaire. To enhance reliability, Cronbach's Alpha Reliability test was employed, with a threshold of 0.70 considered acceptable. Construct, predictive, and content validity were scrutinized through expert evaluations, literature reviews, and feedback from supervisors. Regression analysis shows that digital maturity, significantly predict organizational performance (sig<0.05). Further studies are suggested to track performance trends, explore employee perspectives, analyze customer segmentation, and examine the impact of external factors. Overall, the findings emphasize the importance of continuous improvement to sustain Kenya Airways' competitiveness and reputation in the aviation industry.

Keywords: *Digital Maturity, Organizational Performance, Airline Industry*

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INTRODUCTION

The aviation industry faces numerous challenges stemming from its unique nature, including high prices, seasonal demand fluctuations, fierce competition, and vulnerability to external disruptions, all of which significantly impact organizational performance (Fellenstein & Umaganthan, 2019; Mhlanga, Steyn, & Spencer, 2018). In response to these challenges, airlines seek to identify critical success factors to enhance their performance (Ssamula, 2014).

The global aviation sector has been undergoing transformative digitalization from 2016 to 2025, with projected benefits including enhanced profitability, customer satisfaction, and societal benefits (Zinder & Yunatova, 2016). However, the adoption of digital strategies remains a challenge for many organizations worldwide (Singh & Hess, 2017). In Africa, connectivity issues and low air transport traffic pose economic challenges, exacerbated by the COVID-19 crisis (IATA, 2019; AFRAA Annual Report, 2021).

Kenya's aviation industry has witnessed significant growth, driven by factors such as airport expansions and bilateral agreements, despite challenges posed by the pandemic (Musyoki, 2018; AFRAA Annual Report, 2021). Kenya Airways (KQ) faces hurdles in revenue generation and recovery post-pandemic (IATA, 2021). Digital transformation capability emerges as a critical factor for KQ to address these challenges, enabling operational efficiency, cost management, and competitiveness (Kenya Airways Annual Report, 2020; AFRAA Annual Report, 2021).

This study aimed to assess the performance of Kenya's aviation sector, focusing on Kenya Airways, amidst the challenges and opportunities presented by digital advancements. Organizational performance was evaluated using the Balanced Scorecard (BSC). The study seeks to provide insights that can guide Kenya Airways' strategies in navigating the evolving aviation landscape

Statement of the Problem

The aviation industry, marked by intense global competition, faces persistent challenges in terms of efficiency and effectiveness (Arndt & Pierce, 2018). Kenya Airways, a key player in this industry, encountered a daunting scenario in 2023 as operating costs soared by 40%, despite attempts to reduce routes. Cost-cutting initiatives and efficiency programs proved ineffective reflected in a load factor below 89%, indicating a decline in aircraft utilization rates. Customer complaints and resolutions faced delays, as reported by the International Air Transport Association (IATA) in 2023. The On-Time Performance Review by Cirium showcased Kenya Airways with a 71.86% on-time arrival rate, notably trailing behind Avianca Airline's 85.73%. This performance gap underscores potential shortcomings in Kenya Airways' digital transformation, necessitating further research in this domain.

Grooss, Presser, and Tambo (2022) conducted a study focusing on the digital maturity and operational performance progression in a low-digital SMEs manufacturing setting in Denmark. They emphasized the importance of digitalizing operations for SMEs to remain competitive, noting the lag in digital initiative implementation among these firms. However, research gaps were identified regarding the applicability of SME-focused findings to larger organizations like Kenya Airways. Doe and Smith (2021) conducted a comprehensive cross-industry analysis on the impact of flexibility capability on organizational performance. They found a positive correlation between flexibility capabilities, and overall performance across various sectors. However, the research lacked sector-specific focus on the aviation industry, highlighting the need for additional studies to understand how these findings resonate with organizations like Kenya Airways. This study aimed to address these gaps by investigating the effect of digital transformation capabilities on the performance of Kenya's aviation industry, with a specific focus on Kenya Airways Ltd. The observed delays in customer

complaint resolutions and the performance gap compared to Avianca Airline further emphasize the critical need for a comprehensive and industry-specific exploration of digital transformation's impact on organizational performance within the airline sector.

Objective of the Study

The objective of the study was to establish the influence of digital maturity assessment capabilities on performance of Kenya Airways. The study tested the following research hypotheses;

- **H_{01}:** Digital maturity assessment capabilities have no statistical significant effect on performance of Kenya Airways.

LITERATURE REVIEW

Theoretical Review

The study was guided by Balanced Scorecard Theory, Technology Acceptance Model Theory and contingency Theory of Management.

Balanced Scorecard Theory

The Balanced Scorecard theory, originally proposed by Kaplan and Norton in 1992, advocates for a comprehensive performance measurement framework that surpasses conventional financial metrics. This theory introduces the integration of strategic non-financial performance indicators, aiming to offer a more holistic assessment of organizational performance. Moreover, the Balanced Scorecard is viewed as a tool for articulating and disseminating business strategy, fostering alignment at various organizational levels to achieve shared long-term objectives (Kaplan & Norton, 2001; Kaplan, 2009).

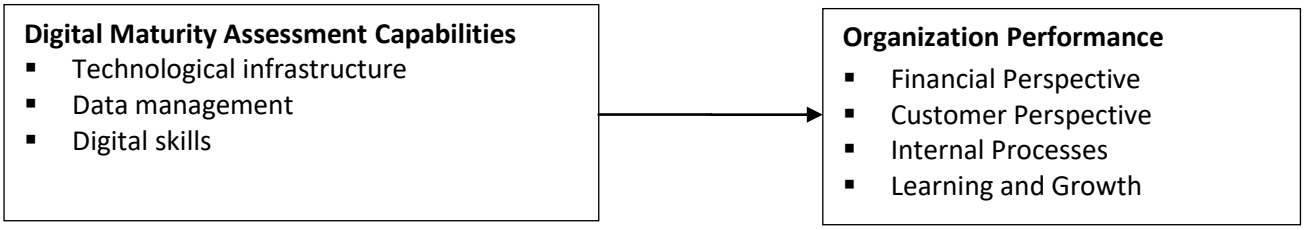
In the context of this study, the Balanced Scorecard proves highly relevant as it provides a robust framework for assessing performance, offering insight into the influence of digital transformation capabilities on Kenya Airways' organizational performance. This approach facilitates the incorporation of both financial and non-financial factors in the evaluation process. Despite its merits, critics argue that the Balanced Scorecard may pose challenges in effective implementation, with organizations potentially struggling to identify suitable metrics for each perspective. There is also a perceived risk of prioritizing short-term goals over long-term strategies (Ali, 2019). The theory posits that a balanced approach to performance measurement, considering various perspectives, contributes to informed decision-making and strategic alignment. It assumes a correlation between the achievement of strategic objectives across different dimensions and overall organizational success.

Technology Acceptance Model Theory

The Technology Acceptance Model (TAM), originally proposed by Fred Davis in 1986 and subsequently refined by Davis in 1989, along with Davis, Bagozzi, and Warshaw in the same year, aims to understand and predict the acceptance and usage of technology by individuals within an organizational context. The model asserts that users' perceived ease of use and perceived usefulness of a technology significantly influence their intention to use it, consequently impacting the actual usage (Davis, 1986).

The relevance of TAM to this study lies in its emphasis on the human element in the adoption of digital technologies. TAM aids in comprehending how employees within Kenya Airways may perceive and accept digital transformation capabilities, thereby influencing their willingness to incorporate these capabilities into their work processes. However, a limitation of TAM is its primary focus on individual perceptions, potentially overlooking the intricate organizational dynamics inherent in the adoption of digital technologies. Furthermore, TAM assumes that perceived ease of use and perceived usefulness are the primary determinants of technology acceptance, potentially neglecting other contextual and organizational factors (Venkatesh & Davis, 2000). The model posits a direct relationship between users' perceptions of ease of use

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher (2024)

Digital Maturity Assessment Capabilities and Performance of Airline Industry

Several empirical studies have contributed to the understanding of digital maturity assessment, technological infrastructure, data management, and digital skills within various sectors. Westerman, Bonnet, and McAfee (2019) conducted a cross-sectoral study on leading digital: turning technology into business transformation. The study emphasized the importance of a holistic approach to digital transformation, including strategic leadership, capability-building, and customer-centricity. While valuable, this study lacks specificity regarding the aviation sector, highlighting the need for targeted research in industries such as aviation.

Similarly, Kane *et al.,* (2019) explored the strategic aspects of digital transformation in their study: Strategy, not Technology, Drives Digital Transformation. The study underlined the significance of strategic vision and execution. However, like the former study, it provides a broad perspective and may not thoroughly address sector-specific challenges faced by organizations like Kenya Airways. For a comprehensive understanding of the aviation industry's digital maturity, there is a need for more targeted research assessing technological infrastructure, data management, and digital skills, incorporating insights specific to aviation's unique dynamics and challenges. This would help bridge the research gaps identified in these seminal studies and provide more actionable insights for organizations such as Kenya Airways.

Mbowe (2022) conducted a study on digital transformation maturity model for the airline industry with a self-assessment tool. The focus lied on comprehensively understanding the challenges and opportunities presented by digital transformation (DT) in the civil aviation industry. The study employed Interval Type-2 Fuzzy Analytical Hierarchy Process (IT2F-AHP) to assess the judgments of aviation experts on the sub-dimensions of DT in the airline industry. Additionally, it proposes a Digital Transformation Maturity (DTM) self-assessment tool to gauge the DT maturity level of airline firms, identifying digital strategy and technology as the most prominent dimensions. In evaluating a selected airline, the study indicates an overall DTM score of 62, highlighting the company's positive trajectory in its DT journey while revealing clear improvement opportunities. Despite these valuable insights, the research gaps identified in relation to the current study on the performance of Kenya Airways include the need for a contextualized understanding of Mbowe's findings within the specific operational and regulatory environment of Kenya Airways. Furthermore, there is an opportunity for comparative analysis to identify areas of improvement and strategies tailored to Kenya Airways' unique context, ultimately contributing to its digital maturity and overall performance. Additionally, further exploration into the long-term impacts of the proposed DTM tool on airline firms could offer valuable benchmarks for Kenya Airways' digital transformation efforts.

Grooss, Presser, and Tambo (2022) conducted a study on the balancing digital maturity and operational performance - progressing in a low-digital SMEs manufacturing setting in Denmark. The focus lies on developing a conceptual approach for small and medium-sized enterprises (SMEs) to effectively balance digital initiatives, particularly in the context of digital maturity progression and operational performance benefits within a low-digital SME manufacturing sector. The research underscores the significance of digitalizing operations for companies to remain competitive, particularly highlighting the lag in digital initiative implementation among SMEs. Through a critical review of existing literature on digital maturity, the study emphasizes the need for a pragmatic approach tailored to the unique challenges faced by SMEs. The authors develop an initial framework designed to assist SMEs in prioritizing digital initiatives and subsequently test it on a single Danish SME. The proposed model offers a pragmatic means of assessing digitalization projects, considering both digital maturity progression and operational performance effects. However, research gaps identified in relation to the current study on the performance of Kenya Airways include the contextual applicability of the SME-focused findings to a larger organization in the aviation sector. Future work should involve testing the framework on a more diverse set of cases, aligning the proposed model with additional literature on digital maturity in larger enterprises, and refining the assessment criteria for operational performance in the unique context of the airline industry, thus providing insights relevant to Kenya Airways' digital transformation journey.

Hortovanyi, *et al.,* (2023) assessed digital maturity and its role in digital transformation in B2B firms through a quantitative analysis of IT-enabled resources deployment in a sample of 302 manufacturing firms. Their findings revealed the significance of strategy- and organization-related IT-enabled resources as key drivers of digital transformation, with different resource-capability combinations marking various stages of digital maturity. They emphasized the importance of simultaneously developing five specific digital capabilities beyond technology for successful digital transformation. However, the study lacks direct comparison with the unique context of the airline industry, particularly with regard to the challenges and strategies related to digital transformation capabilities and performance, leaving a gap in understanding how these findings may translate to a different industry such as aviation. Additionally, while the study contributes to understanding digital maturity in B2B firms, it does not specifically address the empirical validation of capability maturity models for digital transformation, highlighting a potential gap in the literature regarding the validation of existing models for practical implementation in organizational settings.

METHODOLOGY

The study adopted an explanatory and cross-sectional research design, aiming to investigate cause-and-effect relationships between variables within a specific timeframe. Data collection took place within Nairobi City County, Kenya, specifically at Kenya Airways' offices on Airport North Road, Embakasi. This location was strategically selected due to its concentration of key respondents possessing relevant insights into performance and digital transformation capabilities.

The target population comprised senior management, business managers, and functional managers at Kenya Airways' headquarters. The study's unit of analysis was Kenya Airways, with units of observation including individuals with crucial insights into digital transformational capabilities and performance. Given the manageable population size, a census approach was employed, including all 74 eligible respondents in the sample. This approach ensured a comprehensive representation of the target population, facilitating focused investigation (Bell, 2020; Oso & Onen, 2019).

Primary data collection utilized a semi-structured questionnaire, organized into sections covering background information, independent variables, and performance indicators. A pilot study involving 10% of the sample size ensured the reliability and validity of research instruments (Oloo, 2022). Data were coded and entered into SPSS for descriptive and inferential analysis. Descriptive statistics, correlation, and regression analysis were used to elucidate variable characteristics and interrelationships. The multiple regression model examined the impact of digital transformation capabilities on Kenya Airways' performance.

Diagnostic tests, including normality, heteroscedasticity, autocorrelation, and multicollinearity tests, were conducted to evaluate the regression model's validity and reliability (Gujarati, 2004). Ethical considerations included obtaining approvals from relevant authorities, ensuring participant confidentiality and anonymity, and upholding ethical research conduct throughout the study. Measures were taken to protect participants' rights and disseminate findings responsibly.

RESULTS

Performance of Kenya Airways

The researcher conducts a detailed analysis of Kenya Airways' performance across various dimensions, as depicted in Table 1. The data provides insights into stakeholders' perceptions regarding the airline's operational efficiency, service quality, and strategic positioning within the aviation market. The mean scores reflect the average assessment of each performance aspect, while the standard deviations indicate the degree of variability in stakeholders' opinions.

Table 1: Performance of Kenya Airways

	Mean	Std. Deviation
Kenya Airways consistently operates on schedule, reflecting its commitment to punctuality and efficiency in delivering air travel services	3.0690	.69742
Kenya Airways effectively manages its revenues to ensure sustainable growth.	3.4966	.48448
Kenya Airways effectively utilizes its resources, such as aircraft, personnel, and facilities, to ensure optimal operational efficiency	3.4966	.30720
The airline demonstrates efficient cost management practices, leading to a reduction in operational expenses without compromising service quality	3.0655	.41741
Kenya Airways provides high-quality services, meeting or exceeding passengers' expectations in terms of comfort, customer service, and overall experience	3.0911	.32221
Passengers of Kenya Airways generally express satisfaction with the airline's services, including ticketing, in-flight experience, and issue resolution	2.9207	.52118
The airline demonstrates effectiveness in staying competitive within the aviation market, adapting to industry trends, and attracting and retaining a loyal customer base	3.1724	.56624
Employees at Kenya Airways are adequately trained and equipped to efficiently carry out their responsibilities.	3.5172	.50407
Kenya Airways invests sufficiently in the professional development and growth of its employees.	3.4499	.56578
Aggregate Mean	**3.2532**	**048733**

Field Data (2024)

Kenya Airways appears to maintain a moderate level of punctuality and efficiency, with a mean score of 3.069. However, the relatively high standard deviation of 0.69742 suggests inconsistency in stakeholders' perceptions, pointing to potential areas for improvement in ensuring consistent service standards. Moreover, the airline receives positive assessments for revenue

management (mean = 3.4966) and resource utilization (mean = 3.4966), indicating effective practices in these areas. This underscores Kenya Airways' commitment to optimizing operational efficiency and financial sustainability. However, while the mean score for efficient cost management is favorable (3.0655), the standard deviation of 0.41741 suggests some variability in stakeholders' perceptions, signaling a need for continuous efforts to balance cost reduction with service quality.

Additionally, Kenya Airways is perceived positively in terms of service quality, customer satisfaction, and competitive positioning within the market, as reflected in the mean scores of 3.0911, 2.9207, and 3.1724, respectively. These findings highlight the importance of maintaining high standards in service delivery, fostering customer loyalty, and staying abreast of industry trends to remain competitive. Furthermore, the airline receives favorable assessments regarding employee training and professional development, with mean scores of 3.5172 and 3.4499, respectively, indicating a commitment to enhancing workforce capabilities. Overall, the analysis underscores the importance of continuous improvement efforts to address areas of concern and sustain Kenya Airways' reputation as a leading player in the aviation industry.

Digital Maturity Assessment Capabilities

In this section, the researcher delves into the assessment of Kenya Airways' Digital Maturity Assessment Capabilities, as depicted in Table 2. The mean scores reflect stakeholders' perceptions of various aspects related to the airline's digital readiness and capabilities, while the standard deviations indicate the degree of variability in these perceptions.

Table 2: Digital Maturity Assessment Capabilities

	Mean	Std. Deviation
Our organization has a robust technological infrastructure that supports digital initiatives.	3.5172	.50407
Our organization effectively manages and utilizes data to inform decision-making.	3.5556	.67583
Our workforce possesses the necessary digital skills to navigate and utilize digital tools effectively.	3.4828	.53775
Our technological systems are flexible and adaptable to changes in the digital landscape.	3.9172	.55456
Data quality and accuracy are priorities for our organization.	4.4483	.50166
Continuous training programs are in place to enhance digital skills within our organization.	4.4483	.53549
Our organization has a robust technological infrastructure that supports digital initiatives.	4.3793	.55654
Aggregate Mean	**3.9641**	**0.55227**

Source: Field Data (2024)

The results reveal generally positive assessments across multiple dimensions. For instance, stakeholders perceive Kenya Airways to possess a robust technological infrastructure (mean = 3.5172) and effectively manage and utilize data for decision-making (mean = 3.5556). Furthermore, the airline is viewed as having a workforce equipped with necessary digital skills (mean = 3.4828) and flexible technological systems adaptable to digital changes (mean = 3.9172). Notably, stakeholders prioritize data quality and accuracy (mean = 4.4483), indicating a strong emphasis on data-driven decision-making within the organization. Additionally, continuous training programs for enhancing digital skills receive high scores (mean = 4.4483), highlighting Kenya Airways' commitment to employee development in the digital era.

These results have significant implications for Kenya Airways' digital transformation journey. The positive assessments suggest that the airline is making strides in enhancing its digital capabilities

across various domains, from infrastructure and data management to workforce skills and training. By prioritizing data quality and investing in continuous training programs, Kenya Airways demonstrates a proactive approach to leveraging digital technologies for operational excellence and strategic decision-making. These findings align with studies, such as Mbowe (2022), which emphasizes the importance of digital strategy and technology in the aviation industry's digital transformation journey. Moreover, the emphasis on data quality resonates with findings from Hortovanyi et al. (2023), underlining the significance of data-driven capabilities for successful digital transformation.

However, while the results indicate positive perceptions of Kenya Airways' digital maturity, there may still be areas for improvement. The standard deviations suggest some variability in stakeholders' opinions, indicating potential discrepancies in how different stakeholders perceive the airline's digital capabilities. To address this, Kenya Airways may need to focus on aligning stakeholders' perceptions and enhancing consistency in digital initiatives. Additionally, continuous monitoring and evaluation of digital maturity metrics can help identify areas needing further development and refinement. Overall, the findings underscore the importance of ongoing efforts to strengthen Kenya Airways' digital capabilities, ensuring the airline remains competitive and resilient in an increasingly digitalized aviation landscape.

Regression Analysis

Table 3: Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.769	4.282		3.449	.001
	Digital Maturity Assessment Capabilities	.684	.232	.242	2.953	.005

a. Dependent Variable: Organization Performance

Source: Field Data (2024)

The researcher tested the hypothesis H_{01}: Digital maturity assessment capabilities have no statistical significant effect on performance of Kenya Airways. The findings indicated that the standardized coefficient (Beta) is 0.242, indicating a positive relationship with organization performance. The coefficient is statistically significant with a p-value of 0.005. The study therefore rejected $H_{01.}$ This finding aligns Westerman, Bonnet and McAfee (2019) which emphasizes the importance of digital maturity assessment and its positive impact on organizational performance, although the specific findings may vary due to differences in sectors and methodologies.

SUMMARY

The researcher's detailed analysis provides valuable insights into Kenya Airways' performance across multiple dimensions, offering a comprehensive view of the airline's strengths and areas for improvement. In terms of operational efficiency, Kenya Airways demonstrates commendable performance in aspects such as punctuality, revenue management, and resource utilization. The airline's commitment to delivering high-quality services is evident, with positive assessments in service quality and customer satisfaction. However, there are notable variations in stakeholders' perceptions, indicating potential inconsistencies in service standards that warrant attention. Efforts to balance cost management with service quality and ensure consistent service delivery could further enhance operational efficiency and customer satisfaction, thereby reinforcing Kenya Airways' competitive positioning within the aviation market.

Regarding digital maturity, Kenya Airways is perceived positively in terms of its technological infrastructure, data management practices, and workforce digital skills. The emphasis on data quality and continuous training programs reflects the airline's proactive approach to digital transformation. By leveraging digital technologies effectively, Kenya Airways can optimize operational processes, enhance customer experiences, and stay ahead of industry trends. However, ensuring alignment and communication of digital strategies across the organization are crucial to maximizing the benefits of digital initiatives and fostering a culture of innovation and collaboration.

CONCLUSIONS

In conclusion, the comprehensive analysis conducted on Kenya Airways sheds light on various facets of the airline's performance. The study reveals notable strengths in operational efficiency and digital maturity reflecting the airline's commitment to excellence in service delivery and strategic adaptation to industry trends. However, there are also areas identified for improvement, including the need for consistent service standards, enhanced alignment of digital strategies, and further development of digital leadership initiatives.

The regression analysis highlights the significant predictive power of Digital Maturity Assessment Capabilities on Organizational Performance, offering actionable insights for enhancing competitiveness and operational effectiveness. Moving forward, Kenya Airways can leverage these findings to prioritize initiatives that bolster digital capabilities, foster organizational agility, and elevate the overall customer experience. By addressing these key areas, Kenya Airways can solidify its position as a leading player in the aviation industry, driving sustainable growth, customer loyalty, and long-term success in an increasingly digitalized and competitive landscape.

RECOMMENDATIONS

Kenya Airways should focus on improving consistency in service standards, particularly in areas like punctuality and cost management. Implementing robust monitoring systems and continuous training programs can help maintain high operational efficiency levels. Additionally, the management should prioritize efforts to balance cost reduction with service quality, ensuring a seamless travel experience for passengers while optimizing operational expenses. National government bodies can support these efforts by providing regulatory frameworks that promote operational efficiency and incentivize investments in infrastructure and workforce development.

To further enhance digital maturity, Kenya Airways should invest in upgrading its technological infrastructure and data management systems. Continuous training programs should be implemented to ensure that employees possess the necessary digital skills to leverage emerging technologies effectively. Collaborating with technology partners and industry experts can provide valuable insights and support in navigating the digital transformation journey. National government entities can facilitate this process by offering incentives for digital investments and fostering collaborations between airlines and technology providers to drive innovation and digitalization in the aviation sector.

Suggestion for Further Study

Conduct a longitudinal study to track Kenya Airways' performance trends over time, allowing for a comprehensive analysis of how various factors impact the airline's operational efficiency, financial sustainability, and customer satisfaction. This study could provide valuable insights into the effectiveness of implemented strategies and initiatives in driving long-term success. Undertake a comparative analysis between Kenya Airways and its competitors to benchmark performance metrics and identify areas of competitive advantage or weakness. Analyzing industry peers' strategies, operational practices, and customer experience initiatives can provide valuable insights for Kenya Airways' management to enhance competitiveness and market positioning.

Conduct qualitative research to explore employee perspectives on organizational culture, leadership effectiveness, and digital transformation initiatives within Kenya Airways. Understanding employees' perceptions, challenges, and suggestions for improvement can inform strategic decision-making and facilitate organizational alignment towards common goals. Investigate customer segmentation and preferences within Kenya Airways' passenger base to tailor services, products, and marketing strategies to specific demographic groups. By understanding varying customer needs and preferences, Kenya Airways can optimize its offerings and enhance customer satisfaction and loyalty. Examine the impact of external factors such as regulatory changes, economic fluctuations, geopolitical events, and public health crises (e.g., pandemics) on Kenya Airways' performance. Analyzing how the airline navigates and responds to external challenges can provide valuable insights into resilience strategies and risk management practices.

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