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Moderating Effect of Competitive Intensity on the Relationship Between Human Capital and Competitive Advantage of Regional Airlines Operating from Kenya

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Abstract

Regional airlines operating from Kenya face significant challenges in maintaining their competitive advantage due to intense competition from domestic and international carriers, particularly European and Middle Eastern airlines, which dominate the Kenyan airspace. Therefore, the current study examined the moderating effect of competitive intensity on the relationship between human capital and competitive advantage of airlines in Kenya. The study was informed by human capital theory. The study adopted an explanatory research design, targeting 764 employees from 10 IATA-accredited airlines in Kenya, with a sample size of 263 determined using Yamane's formula. The data was analyzed through inferential statistics. The model fitness results showed that the interaction between human capital and competitive intensity significantly explains 64.9% of the variations in competitive advantage, as indicated by the R-square value of 0.649. The regression results indicated that the interaction between human capital and competitive intensity has a positive and significant impact on competitive advantage. The study concludes that competitive intensity significantly moderates the relationship between human capital and competitive advantage of regional airlines operating from Kenya, with the impact of human capital becoming stronger in highly competitive environments. The study recommends that regional airlines operating from Kenya should prioritize human capital development as a key strategic objective, particularly in highly competitive markets. Airlines should focus on enhancing employee capabilities, promoting skill development, and fostering a culture of continuous learning and improvement, while also considering the level of competitive intensity in their strategic human capital management decisions.

Keywords: *Human capital, competitive advantage, regional airlines, Kenya*

1.0 Introduction

The aviation industry plays a crucial role in the global economy, contributing approximately 2.4% of global GDP in revenue according to the International Civil Aviation Organization (ICAO) report (2018). In Kenya, the airline industry has experienced significant growth, with regional airlines expanding their reach across Africa and beyond (Bora & Wainaina, 2020). However, this growth has been accompanied by intensifying competition, putting pressure on airlines to differentiate themselves and gain a competitive edge. In this competitive landscape, human capital has emerged as a critical driver of organizational success (Chuang, Liu & Chen, 2015). Human capital, defined as the knowledge, skills, competencies, and attributes embodied in individuals (Crook et al., 2011), is particularly important in the airline industry where service quality, safety, and customer satisfaction heavily depend on workforce performance (Rotich, 2021). The concept of competitive advantage, widely studied in strategic management literature, refers to a firm's ability to outperform rivals by offering superior value or operating at lower costs (Porter, 1985).

In the airline industry, competitive advantage can be achieved through various strategies such as cost leadership, differentiation, and focus (Pearson, Pitfield & Ryley, 2015). Recent studies have highlighted the importance of human capital in enhancing organizational performance and competitiveness. For instance, Al Hashmi, Azam, and Khatibi (2020) found that employee engagement significantly influenced human capital management in the UAE aviation sector, while Chigozi and Onyia (2018) demonstrated the positive impact of employee knowledge and skills on product quality and innovation in manufacturing industries. The aviation industry is highly vulnerable to external shocks, including economic downturns, political instability, and global health crises like the COVID-19 pandemic. The sector has been severely impacted by escalating fuel costs, volatile profits, insufficient passenger numbers, security complications, and increased taxation (Al Amin & Maina, 2020). In this challenging environment, airlines that can effectively leverage their human capital are more likely to adapt, innovate, and maintain their competitive advantage.

The competitive advantage of regional airlines operating from Kenya has been a matter of concern in recent years. Many airlines are struggling to maintain market share and profitability in the face of intense competition from both domestic and international players (Gikonyo, 2018). The Kenyan airspace is dominated by European and Middle Eastern carriers (Bora & Wainaina, 2020), putting immense pressure on regional airlines to differentiate themselves. One key challenge is the lack of adequate strategic resources, particularly human capital, to compete effectively in the market (Al Amin & Maina, 2020). The case of Kenya Airways illustrates the magnitude of the problem, with the airline reporting significant losses in recent years. Its net loss increased from Ksh. 7.5 billion in 2017 to Ksh. 36.57 billion in 2020, a staggering 387% increase over four years (Kenya Airways Annual Reports, 2017-2020). While various factors contributed to these losses, including the impact of the COVID-19 pandemic, analysts have pointed to the airline's human capital challenges as a key underlying issue (Muthigani & Njagi, 2018).

Previous studies on the impact of strategic resources on competitive advantage in the aviation industry have yielded mixed results. Some studies have found a positive relationship between human capital and competitive advantage (Al Amin & Maina, 2020; Chigozi & Onyia, 2018; Farah, Munga & Mbebe, 2018), while others have reported a negative or insignificant relationship (García-Sánchez, García-Morales & Martín-Rojas, 2018; Gikonyo, 2018). These inconsistencies suggest a need for further research to clarify the nature of this relationship in the specific context of regional airlines in Kenya. The COVID-19 pandemic has further exacerbated the challenges facing regional airlines in Kenya, intensifying competition in an already crowded market. According to the Kenya Civil Aviation Authority (KCAA), passenger traffic in Kenyan airports declined by 72% in 2020 compared to 2019, leading to significant revenue losses for airlines (KCAA, 2021). This has not only put additional pressure on airlines to optimize their human capital and other strategic resources but has also heightened the importance of understanding how these resources interact with varying levels of competitive intensity to drive competitive advantage.

1.1 Research objective

The objective of the study was to examine the moderating effect of competitive intensity on the relationship between human capital and competitive advantage of regional airlines operating from Kenya.

2.0 Literature Review

The literature review has been presented in sections.

2.1 Theory of the study

The study was guided by human capital theory**.** Theodore Schultz developed human capital theory in 1961. According to the theory, individuals can become more productive by investing in themselves through acquiring additional knowledge and honing their skills. Klein and Cook (2006) assert that human resources play a crucial role in every organization. Krasniqi and Topxhiu (2016) emphasize that human resources are instrumental in shaping, maintaining, and modifying a company's culture. An organization's human resources department is often referred to as its heartbeat. Capacity development enhances the utilization of human resources within organizations, improving employee competence and skill sets. When employees are sufficiently numerous to prevent overwork and feel valued for their contributions and the progress they've made in their technical abilities, they are more likely to be satisfied with their jobs and to exert additional effort (King, Montenegro & Orazem, 2012). This theory posits that individuals can enhance their productivity by investing in themselves through education, training, and skill development (Becker, 1962).

In the context of organizations, human capital theory suggests that firms can gain a competitive advantage by investing in their employees' knowledge, skills, and abilities (Ployhart & Moliterno, 2011). This perspective aligns with the resource-based view of the firm, which emphasizes the importance of unique and valuable internal resources in achieving sustainable competitive advantage (Barney, 1991). The theory was relevant to the current study to determine the effect of human capital on competitive advantage of regional airlines operating from Kenya. Airlines in Kenya may gain a competitive edge by investing in their human resources. A company's competitive advantage is derived, in part, from its human capital. Individuals with extensive expertise and a competitive spirit tend to be more innovative and productive. Applied to the airline industry, human capital theory suggests that airlines can improve their performance and competitiveness by strategically developing their workforce. This may involve investing in employee training programs, fostering a culture of continuous learning, and implementing

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effective talent management strategies.

Moreover, the theory implies that in highly competitive environments, such as the aviation sector in Kenya, the strategic value of human capital may be amplified as firms strive to differentiate themselves through superior service quality and innovation. This theoretical perspective provides a robust framework for examining the relationship between human capital, competitive intensity, and competitive advantage in the context of regional airlines operating from Kenya. Recognizing the value of human resources is a principal source of long-term competitive advantage in personnel management. Investments in specific human resource capabilities may pave the way for airlines to achieve a lasting competitive edge. Human capital is a significant topic in this research as it encompasses strategic information that the national airline can utilize to improve its service to customers. Since an organization's competitive advantage relies on its explicit knowledge, tactical abilities vary among employees and, when leveraged, can help the company gain an edge.

2.2 Empirical Review

Rotich (2021) investigated the impact of human resource skills on the long-term competitiveness of Kenyan mobile phone companies. Employing a pragmatic philosophical worldview and an explanatory research approach, the study found a strong correlation between a company's human resource expertise and its ability to sustain a competitive edge. The research underscored that human resource practices are positively correlated with the firm's sustained competitiveness. The study also noted that the strength of this relationship varied depending on the level of market competition, suggesting a potential moderating effect of competitive intensity. Al Hashmi, Azam, and Khatibi (2020) aimed to examine the effects of human capital management (HCM) on aviation industry workers in the UAE, particularly in the context of intense global financial competition. The study identified leadership practices, employee engagement, and talent management as the main variables after reviewing relevant literature. The findings revealed that while leadership techniques and personnel management had no significant impact, employee engagement considerably influenced HCM in the industry. The study suggested that prioritizing employee engagement could significantly benefit the aviation sector in the UAE, especially in highly competitive markets where differentiation through human capital becomes crucial. Turnbull and Harvey (2020) focused on Ryanair to investigate how HRM contributes to maintaining a competitive edge. Their research questioned the conventional views in strategic human resource management, which often overlook broader institutional and industrial settings. They argued that HRM can help a company achieve a market edge by enabling profit-making processes at strategically selected times and places. The study also critiqued the resource-based view (RBV) theories, suggesting that HRM should consider both internal and external strategic factors to genuinely contribute to a sustainable competitive advantage.

The concept of human capital has emerged as a critical factor in organizational success across various industries, particularly in the aviation sector. Numerous studies have explored its impact on competitive advantage and organizational performance. For instance, Delery and Roumpi (2017) conducted a comprehensive review of strategic human resource management literature, highlighting the crucial role of human capital in creating sustainable competitive advantage, especially in knowledge-intensive industries like aviation. Their findings suggest that airlines with

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superior human capital are better positioned to outperform their rivals by offering higher quality services and achieving greater operational efficiency. Similarly, Budhwar et al. (2019) examined the aviation industry in the Middle East, revealing that airlines investing more in employee training, development, and engagement programs demonstrated greater resilience to competitive pressures and maintained stronger market positions. In the African context, recent studies have provided valuable insights into the relationship between human capital and competitive advantage in the airline industry. Kamau and Waweru (2021) investigated the impact of human capital on the performance of airlines in Kenya, uncovering a strong positive relationship between investments in employee skills and organizational competitiveness. Their study also noted that this relationship was influenced by the level of competition in different route networks, suggesting a potential moderating effect of competitive intensity.

Furthermore, Adeola and Ezenwafor (2021) explored the interplay between human capital, competitive strategies, and airline performance in Nigeria. Their findings indicated that airlines with stronger human capital were more likely to implement successful differentiation strategies in highly competitive markets, leading to superior performance outcomes. These studies collectively underscore the strategic importance of human capital in driving competitive advantage in the African aviation sector, while also highlighting the need to consider the moderating role of competitive intensity in this relationship. Delery and Roumpi (2017) conducted a comprehensive review of strategic human resource management literature, highlighting the crucial role of human capital in creating sustainable competitive advantage, particularly in knowledge-intensive industries like aviation. Their findings suggest that the impact of human capital on competitive advantage is more pronounced in highly competitive environments, aligning with the current study's focus on the moderating role of competitive intensity.

Similarly, Budhwar, Pereira, Mellahi, and Singh (2019) examined the aviation industry in India, finding that airlines that invested more in their human capital through training, development, and employee engagement programs were better positioned to withstand competitive pressures and maintain market share. In addition, Kamau and Waweru (2021) investigated the impact of human capital on the performance of airlines in Kenya, revealing a strong positive relationship between investments in employee skills and organizational competitiveness. Their study also noted that this relationship was influenced by the level of competition in different route networks, suggesting a potential moderating effect of competitive intensity. Furthermore, Adeola and Ezenwafor (2021) explored the interplay between human capital, competitive strategies, and airline performance in Nigeria, finding that airlines with stronger human capital were more likely to implement successful differentiation strategies in highly competitive markets. These studies collectively underscore the importance of examining the moderating effect of competitive intensity on the relationship between human capital and competitive advantage in the regional airline industry, as proposed in the current study. These studies highlight the potential for human capital to drive competitive advantage in various African business contexts.

García-Sánchez et al. (2018) examined the influence of technological assets on competitive advantage through absorptive capacity, organizational innovation, and internal labor flexibility. Their findings suggested that the relationship between human capital-related factors and competitive advantage may be more complex and potentially mediated by other organizational factors. Chigozi and Onyia (2018) assessed the impact of human capital on competitive advantage in South-East Nigerian manufacturing sectors. With a sample size of 6,230 employees from industrial companies, the survey-based research found that knowledge positively affects product quality, and skills strongly correlate with the encouragement of innovations. The study emphasized the necessity for companies like Kenya Airways to invest in learning practices such as development, sharing, and mobilization to stay competitive in a fast-paced business environment. The researchers observed that firms operating in more competitive markets tended to invest more heavily in human capital development, indicating a potential interaction between competitive intensity and human capital strategies. Harvey and Turnbull's 2020 study on Ryanair examined how strategic HRM aids in maintaining a competitive advantage in the Single European Aviation Market. Challenging conventional wisdom, the study argued that external factors, such as industry dynamics and governmental agencies, are as critical as the organization's HR department (Zhang, Fang, Wang, Jia, Wu & Fang, 2017). The authors found that the effectiveness of HRM strategies in driving competitive advantage varied significantly across different competitive environments, with more intense competition amplifying the importance of strategic human capital management.

2.3 Conceptual Framework

Figure 1 presents a visual representation of conceptual framework, illustrating the hypothesized relationships between variables. The independent variable in the current study was human capital, moderating variable was competitive intensity and dependent variable was competitive advantage. Figure 1 presented a conceptual framework.

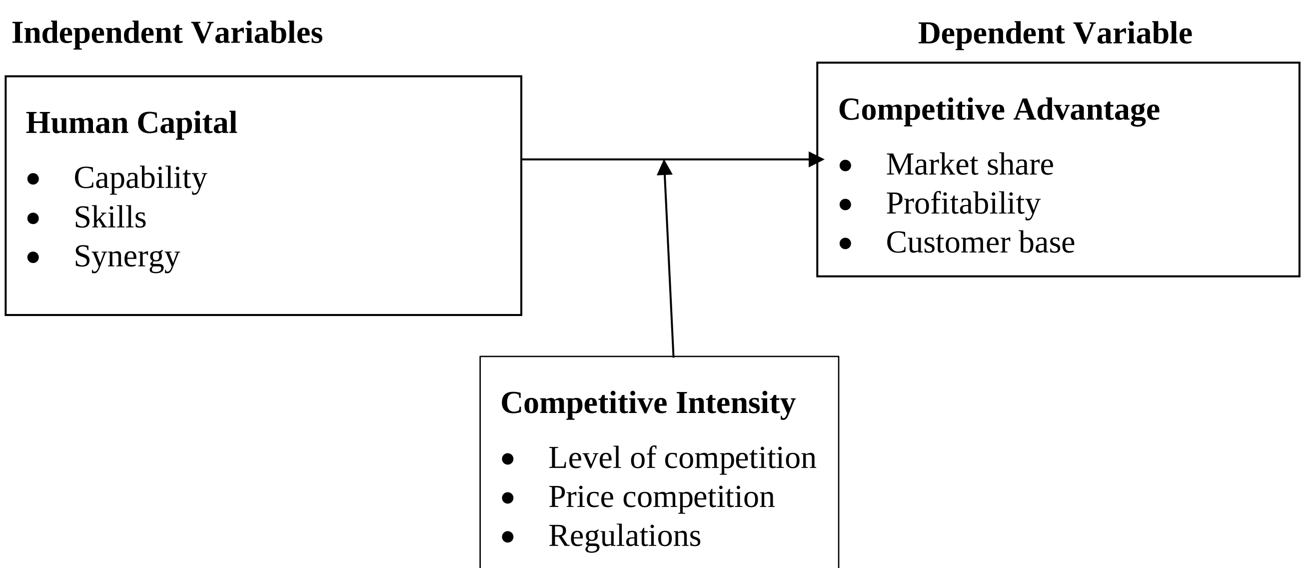

Figure 1: Conceptual Framework

3.0 Research Methodology

The study employed an explanatory design to systematically explore the relationships between human capital and competitive advantage among top regional airlines operating from Kenya. The study focused on airlines ranked among the top ten in Africa, according to Skytrax ratings, including Kenya Airways, Ethiopian Airlines, and others, with the goal of understanding competitive dynamics within this specific sector. The total target population comprised 764 employees across various departments like finance, human resource, and operations. A sample size of 263 was determined using Yamane's formula. This sample was stratified across the departments of the selected airlines to ensure representativeness and mitigate bias. Data were collected using a dual-mode approach, employing both electronic and paper-based questionnaires, to accommodate the preferences of the respondents and enhance the response rate. For data analysis, inferential statistics that include correlation and regression analysis was used to do the analysis. The study used tables to present the results.

4.0 Findings

The findings were presented in sections.

4.1 Response Rate

The response rate was 94.68% from a sample size of 263. This rate is considered excellent for drawing robust conclusions and further analysis, particularly when compared to standards cited by Ahmad and Halim (2017), Freiman, Chalmers, Smith, and Kuebler (2019), and Hendra and Hill (2019), which consider a 50-60% response rate as adequate. The individual airlines surveyed, including Kenya Airways, Ethiopian Airlines, and others, showed individual response rates ranging from 91.30% to 96.30%, underscoring a high level of engagement across the board.

4.2 Correlation Analysis

Table 1 presents the correlation analysis results.

Table 1: Correlation Analysis

Variable		Competitive advantage	Human capital	Competitive intensity
Competitive advantage	Pearson Correlation	1.000		
	Sig. (2-tailed)			
	Sig. (2-tailed)	0.000		
Human capital	Pearson Correlation	.652**	1.000	
	Sig. (2-tailed)	0.000		
Competitive intensity	Pearson Correlation	.769**	.691**	1.000
	Sig. (2-tailed)	0.000	0.000	

The study found that there is a positive correlation between human capital and competitive advantage (r = 0.652, p = 0.000). This implies that as airlines invest more in developing their human capital through employee qualifications, skills, synergy and capabilities, their competitive advantage tends to increase. The strong positive correlation suggests that human capital is a critical resource for regional airlines operating from Kenya to gain and sustain a competitive edge in the market. This aligns with the human capital theory, which posits that investments in people's knowledge and skills can lead to improved organizational performance and competitiveness. Furthermore, the results show a positive correlation between competitive intensity and competitive advantage (r = 0.769, p = 0.000). This indicates that as the level of competition in the airline

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Volume 8||Issue 3 ||Page 100-113|| September|2024|
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industry increases airlines tend to develop stronger competitive advantages. The highly significant correlation suggests that competitive pressures drive airlines to enhance their strategies, improve their offerings, and differentiate themselves more effectively, leading to increased competitiveness. This finding underscores the importance of considering the competitive environment when examining factors that influence an airline's competitive position. The positive correlations between human capital, competitive intensity and competitive advantage provide strong evidence for the interrelated nature of these factors in the context of regional airlines operating from Kenya. The results suggest that the effect of human capital on competitive advantage is amplified in more competitive environments. As competitive intensity increases, the impact of human capital on gaining and maintaining competitive advantage becomes more pronounced. These findings agree with previous studies such as Rotich (2021) and Al Hashmi et al. (2020), which highlighted the crucial role of human capital in driving organizational competitiveness, particularly in highly competitive industries.

4.3 Regression Analysis

The regression analysis results will be presented in sections. The model fitness results are presented in Table 2

Table 2: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806a	0.649	0.648	0.2090032

The model fitness results presented in Table 2 show that the interaction between human capital and competitive intensity significantly explains 64.9% of the variations in competitive advantage, as indicated by the R-square value of 0.649. This finding implies that the combined effect of human capital and competitive intensity has strong explanatory power in predicting the competitive advantage of regional airlines in Kenya. The adjusted R-square value of 0.648 suggests that the model's explanatory power remains robust even after accounting for the number of predictors in the model. This result collaborates with the findings of previous studies, such as Rotich (2021), who found a strong correlation between a company's human resource expertise and its ability to sustain a competitive edge in the Kenyan mobile phone industry, and Al Hashmi, Azam, and Khatibi (2020), which highlighted the significant impact of human resource practices and human capital management on organizational competitiveness in various industries. The model fitness analysis provides further empirical support for the importance of considering both human capital and competitive intensity in driving competitive advantage in the specific context of regional airlines in Kenya. Table 3 presents the ANOVA results.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Strategic Management
Volume 8||Issue 3 ||Page 100-113|| September|2024|
Email: info@stratfordjournals.org ISSN: 2616-8472

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.972	1	19.972	457.219	.000b
	Residual	10.79	247	0.044		
	Total	30.762	248			

The ANOVA results indicate that the overall regression model is statistically significant (F=457.219, p=0.000), suggesting that the interaction between human capital and competitive intensity is a significant predictor of competitive advantage in Kenyan regional airlines. This finding aligns with previous studies, such as Chigozi and Onyia (2018) and Harvey and Turnbull (2020), which emphasized the importance of human capital in driving competitive advantage. The high F-value and low p-value indicate a good model fit, with the explained variation in competitive advantage significantly outweighing the unexplained variation. This provides empirical support for the theoretical arguments presented in the study's background, highlighting the importance of considering both human capital and competitive intensity as interacting factors in enhancing organizational competitiveness in the airline industry. The significant ANOVA results imply that the model offers a better fit than a null model, indicating that the combination of human capital and competitive intensity provides meaningful insights into the factors driving competitive advantage in the airline industry. This has important implications for both academic research and practical management in the airline sector. For researchers, it suggests the need for further exploration of the complex interplay between these factors, potentially incorporating additional variables. For airline managers, these results underscore the importance of strategically managing human capital in varying competitive environments to achieve and maintain a competitive edge in the market. Table 4 presents the regression coefficients for further examination.

Table 4: Regression Coefficients

Variables	Model 1 B (Std Error)	Model 2 B (Std Error)	Model 3 B (Std Error)	Model 4 B (Std Error)	Model 5 B (Std Error)	Model 6 B (Std Error)
Predictors						
(Constant)	0.338 (0.123)	0.387 (0.000) *	1.175 (0.028) *	1.843 (0.001) *	2.993 (0.000) *	3.084 (0. 000) *
Human capital	0.364 (0.000) *	0.160 (0.002) *	0.209 (0.001) *	0.223 (0.070)	0.217 (0.004) *	0.214 (0.027) *
Competitive Intensity		0.405 (0.000) *	0.018 (0.0901)	0.240 (0.109)	0. 530 (0.003) *	0.551 (0.002) *
Interactions						
Human capital * Competitive Intensity				0.052(0.000) *	0.049 (0.000) *	0.050 (0.000) *

The regression coefficients presented in Table 4 reveal a significant relationship between human capital, competitive intensity, and competitive advantage in the context of regional airlines operating from Kenya. In the initial model, human capital demonstrates a strong positive effect on competitive advantage ($\beta = 0.364$, $p = 0.000$), indicating that investments in employee qualifications, skills, synergy, and capabilities significantly enhance an airline's competitive position. This effect persists across multiple models, albeit with varying magnitudes, underscoring the fundamental importance of human capital as a driver of competitive advantage in the airline industry. The introduction of competitive intensity in Model 2 shows a similarly strong positive effect ($\beta = 0.405$, $p = 0.000$), suggesting that heightened competition may stimulate airlines to develop stronger competitive advantages. Notably, the interaction term between human capital and competitive intensity emerges as a consistently significant factor across Models 4, 5, and 6 ($\beta = 0.052$, $p = 0.000$; $\beta = 0.049$, $p = 0.000$; $\beta = 0.050$, $p = 0.000$ respectively). This interaction effect provides crucial evidence for the moderating role of competitive intensity on the relationship between human capital and competitive advantage.

The study reveals a significant interaction effect between competitive intensity and human capital on competitive advantage in the airline industry. As competitive intensity increases, the positive impact of human capital on competitive advantage becomes stronger. This finding aligns with several previous studies, including Rotich's (2021) research in the Kenyan mobile phone industry, which found a significant correlation between human resource expertise and competitive edge. Al Hashmi, Azam, and Khatibi's (2020) work in the aviation sector also highlighted the importance of employee engagement in highly competitive markets. Turnbull and Harvey's (2020) study of Ryanair demonstrated that HRM strategies' effectiveness in driving competitive advantage varied across different competitive environments. These results suggest that airlines operating in highly competitive markets should prioritize investing in and leveraging their human capital to maintain a competitive edge. The findings support the hypothesis that competitive intensity moderates the relationship between human capital and competitive advantage, leading to the rejection of the null hypothesis. This aligns with Chigozi and Onyia's (2018) observation that firms in more competitive markets tend to invest more heavily in human capital development. The research implies that in highly competitive environments, the strategic value of human capital becomes even more pronounced, likely due to the increased need for innovation, efficiency, and superior service quality. These insights have important implications for airline managers and policymakers, emphasizing the need for focused human capital development strategies, particularly in markets with intense competition.

5.0 Summary of the Findings

In summary, the study reveals a significant interaction effect between competitive intensity and human capital on the competitive advantage of regional airlines operating from Kenya. The findings indicate that as competitive intensity increases, the positive impact of human capital on competitive advantage becomes stronger. This relationship is supported by a strong positive correlation between human capital and competitive advantage ($r = 0.652$, $p = 0.000$), as well as between competitive intensity and competitive advantage ($r = 0.769$, $p = 0.000$). The regression analysis further confirms this interaction effect, with the model explaining 64.9% of the variations in competitive advantage (R-square = 0.649). The study also found that employee qualifications, skills, synergy, and capabilities are critical dimensions of human capital that contribute to airlines' ability to gain and sustain a competitive edge. These findings align with previous research in various industries, including the Kenyan mobile phone sector and the UAE aviation industry. The results suggest that airlines with highly skilled, qualified, and capable employees who work in synergy are more likely to outperform their competitors in terms of market share, profitability, and customer base, particularly in highly competitive environments.

6.0 Conclusion

The study concludes that human capital has a positive and significant impact on the competitive advantage of regional airlines operating from Kenya, with this relationship being strengthened in more competitive environments. The interaction between human capital and competitive intensity emerges as a crucial factor in determining an airline's competitive position. This implies that the strategic value of human capital is not constant but varies depending on the level of competition in the industry. Airlines operating in highly competitive markets need to prioritize human capital development to a greater extent than those in less competitive environments. Furthermore, the study concludes that investments in employee qualifications, skills, synergy, and capabilities can significantly enhance an airline's ability to deliver high-quality services, innovate, and adapt to changing market conditions. This becomes even more critical in intense competitive environments where differentiation through superior human capital can provide a sustainable competitive edge. The findings reject the null hypothesis, confirming that there is a statistically significant moderating effect of competitive intensity on the relationship between human capital and competitive advantage in the context of regional airlines operating from Kenya.

7.0 Recommendations

The study recommends that regional airlines operating from Kenya should prioritize human capital development as a key strategic objective, particularly when facing intense competition. Airlines should focus on enhancing employee capabilities, promoting skill development, and fostering a culture of continuous learning and improvement. This can be achieved through targeted training programs, mentorship initiatives, and creating opportunities for employees to gain diverse experiences within the organization. Additionally, airlines should regularly assess the skill gaps in their workforce and develop targeted recruitment strategies to address these gaps, ensuring they have the right mix of talent to meet the evolving needs of the industry. The study also recommends that airlines create a supportive work environment that encourages employee synergy and collaboration, which becomes even more critical in highly competitive markets. This can be achieved through effective leadership, open communication, and the promotion of teamwork and knowledge sharing. Airlines should also focus on employee engagement and motivation, as engaged employees are more likely to go above and beyond in their roles, leading to improved performance and competitiveness. Furthermore, policymakers and regulatory bodies in the aviation industry should consider the moderating role of competitive intensity in shaping the strategic value of human capital and develop policies that encourage airlines to prioritize human capital development, especially in highly competitive environments. This could involve providing incentives for airlines to invest in employee training and development, and fostering collaborations between airlines, educational institutions, and training providers to ensure a steady supply of skilled talent for the industry.

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