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# Innovative leadership and Organizational Performance Among Domestic Airlines in Kenya

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## Abstract

The domestic airline industry in Kenya operates within a highly dynamic environment marked by rapid technological advancements, stringent regulatory frameworks, and intense market competition. This study assessed the role of innovative leadership in enhancing organizational performance among Kenya's domestic commercial airlines. Grounded in the Resource-Based View (RBV), innovative leadership was conceptualized as a strategic internal resource encompassing strategic visioning, employee empowerment, adaptability and learning orientation, and communication clarity. A positivist philosophy and quantitative cross-sectional survey design were adopted, targeting 170 management-level respondents drawn from all 17 registered domestic commercial airlines in Kenya. Primary data were collected using structured questionnaires and analyzed using descriptive statistics, Pearson's correlation, and simple linear regression. Descriptive analysis revealed a moderately strong presence of innovative leadership practices across the sector, with leadership practices perceived as consistent but requiring reinforcement in adaptability and proactive communication. Correlation analysis established a strong and statistically significant positive relationship between innovative leadership practices and organizational performance ( $r = 0.800$ ,  $p < 0.01$ ), confirming leadership's critical role in shaping operational efficiency, market competitiveness, and customer satisfaction. Regression analysis demonstrated that innovative leadership practices explained 64% of the variance in organizational performance ( $R^2 = 0.640$ ), with each unit increase in innovative leadership associated with a 0.851-unit improvement in performance outcomes. The findings reinforce the RBV argument that leadership capabilities are valuable, rare, inimitable, and non-substitutable resources essential for competitive advantage. The study concludes that innovative leadership significantly enhances the performance of domestic commercial airlines in Kenya. It recommends institutionalizing innovation-driven leadership development, embedding employee empowerment, strengthening strategic visioning and adaptability, enhancing communication clarity, and recognizing innovative leadership as a strategic resource for sectoral growth and competitiveness. These insights provide actionable guidance for airline managers, policymakers, and regulators committed to transforming Kenya's aviation industry.

**Key Words:** *Innovative Leadership, Organizational Performance, Domestic Airlines (Kenya)*

## 1.1 Background to the Study

The airline industry operates in an environment characterized by rapid technological advancements, stringent regulatory frameworks, and intense market competition, necessitating a shift from traditional leadership models towards *innovative leadership* (IATA, 2018). Innovative leadership, defined as the ability to integrate creativity, strategic foresight, and adaptability in leadership practices, has been recognized as essential in navigating modern organizational complexities (Horth & Buchner, 2014). Şen and Eren (2012) emphasize that innovative leadership entails introducing novel methods, products, and processes aimed at addressing current operational challenges and positioning firms for future competitiveness. This leadership approach is not merely about adopting new technologies but fostering a mindset of continuous experimentation and proactive problem-solving (Papazafiropoulos, 2013). The adoption of innovative leadership is increasingly seen as a strategic necessity rather than an optional managerial style (Anand & Saraswati, 2014).

At the theoretical level, the concept of innovative leadership aligns with the Contingency Theory, which argues that leadership effectiveness is contingent on situational variables requiring leaders to adopt flexible approaches (Fiedler, 1967). Similarly, the Behavioral Theory of Leadership emphasizes that leaders' actions, rather than inherent traits, influence organizational outcomes, reinforcing the need for leadership behaviors that promote innovation, creativity, and employee empowerment (Karamat, 2013). Innovation leadership also integrates elements of Transformational Leadership Theory, which focuses on inspiring and motivating employees to exceed expected performance through visionary and change-oriented practices (Bass & Riggio, 2006). In this context, leaders who encourage creative problem-solving and foster environments conducive to innovation are better positioned to achieve superior organizational performance (Horth & Buchner, 2014).

Globally, airlines that have adopted innovative leadership practices have demonstrated enhanced operational and financial outcomes. In the United States, American Airlines and Delta Airlines maintain market leadership partly through their emphasis on digital transformation, customer experience innovation, and adaptive operational strategies, all of which are driven by forward-thinking leadership (Johnson & Lee, 2023). Their leadership focuses on leveraging digital technologies such as big data analytics and artificial intelligence to streamline operations and improve customer satisfaction (Bureau of Transportation Statistics, 2024). In Asia, airlines like AirAsia have prioritized low-cost operational models supported by innovation-centric leadership, enabling them to maintain market dominance despite regional competition (Ong & Tan, 2023). Kumar and Singh (2024) note that efficiency-driven leadership in Southeast Asian carriers focuses on cost containment, customer-centric innovations, and regulatory navigation, thereby enhancing organizational resilience and sustainability.

Regionally, the African airline sector remains underdeveloped, contributing less than 3% of global air traffic, with financial performance consistently below global averages (AFRAA, 2017). According to IATA (2013), African airlines, including those in Kenya, have historically failed to generate returns exceeding their weighted average cost of capital. This underperformance is attributed to leadership failures in embracing innovative practices necessary to counter operational inefficiencies and regulatory barriers (Krishna Yadav, 2024). Airlines like Jet link and Fly540 in Kenya have struggled with persistent financial losses, operational disruptions, and eventual closure, primarily due to inadequate financial strategies and rigid leadership structures incapable

of navigating the industry's volatility (CAPA, 2012). Kenya Airways (KQ), the nation's flag carrier, has experienced declining profitability and mounting debt, reflecting weaknesses in strategic leadership and innovation adoption (Kenya Airways, 2012). The airline posted a deficit of Kshs. 6.5 billion in 2012, prompting restructuring efforts aimed at averting insolvency (ROK, 2012).

In Kenya, the domestic aviation sector consists of 17 airlines, including Kenya Airways, Jambojet, Fly540, and Skyward Express (Sterling Investment Bank, 2019). The sector plays a significant role in national connectivity and tourism, contributing approximately Ksh 24.8 billion to the GDP, yet its growth remains inconsistent (Oxford Economics, 2011). The domestic aviation market's competitiveness is constrained by high operational costs, infrastructural challenges, and limited adoption of modern leadership practices (World Bank, 2020). Despite infrastructure investments and policy liberalization aimed at fostering competitiveness (Okwach, 2014), many Kenyan airlines continue to operate using traditional models, with limited strategic emphasis on digital transformation, service innovation, or leadership development (Kimani, 2020). Jambojet, a low-cost subsidiary of Kenya Airways, stands out for adopting more innovative operational strategies, but overall, the industry still lags in leveraging leadership-driven innovation to enhance performance (Kenya Airways, 2023).

The relationship between innovative leadership and airline performance in Kenya remains under-explored, particularly within domestic commercial airlines. Performance in the airline industry is multifaceted, encompassing financial indicators such as profitability, cost efficiency, and revenue growth, as well as non-financial metrics like on-time performance, customer satisfaction, and service quality (William, 2002; Wang *et al.*, 2011). Leadership that promotes operational efficiency, digital integration, and employee empowerment can directly influence these performance outcomes (Probst & Raisch, 2005). Research highlights that Kenyan airlines' financial struggles are compounded by leadership's inability to drive necessary organizational change, adopt flexible strategies, or harness digital capabilities for performance improvement (Isuru & Sithijani, 2022).

## 1.2 Statement of the Problem

The airline industry is globally recognized as a strategic catalyst for socioeconomic growth, facilitating regional integration, trade expansion, and tourism development (World Bank, 2019). Kenya's Vision 2030 positions the aviation sector as a core driver of national competitiveness and prosperity, with domestic airlines expected to promote intra-national connectivity, create employment, and contribute to GDP growth (Kenya Vision 2030). Nevertheless, the domestic airline industry in Kenya has persistently underperformed in both financial and operational terms, reflecting weak competitiveness and limited contribution to national development goals (IATA, 2023). Despite the sector's significance, many domestic airlines continue to struggle with profitability, customer satisfaction, operational efficiency, and overall organizational sustainability (World Bank, 2020).

Existing evidence attributes this performance stagnation to several structural and strategic challenges, including excessive operational costs, volatile fuel prices, inadequate infrastructure, burdensome regulatory policies, and inconsistent government support (IATA, 2023). However, while these factors are acknowledged, there has been inadequate scholarly focus on the internal leadership practices that influence how domestic airlines respond to such challenges. Walsh (2022) emphasized that although airlines globally attract sufficient capital for technological advancement,



many still fail due to ineffective leadership practices that hinder organizational adaptability and resilience. In Kenya's aviation sector, leadership remains predominantly conventional, with limited adoption of innovative leadership strategies necessary to drive competitiveness and sustainable growth (Kimani, 2020). This leadership gap exacerbates operational inefficiencies, undermines service delivery, and constrains financial performance across domestic airlines.

Empirical studies on leadership in Kenya's aviation sector remain limited, fragmented, and narrow in scope. Papazafiropoulos (2013) explored the relationship between leadership traits of airline CEOs and airline performance in the United States, emphasizing leadership styles rather than specific innovative leadership practices. Unlike the U.S. context, Kenya's aviation environment presents distinct structural constraints and operational challenges, necessitating a localized, context-specific assessment of leadership approaches (Papazafiropoulos, 2013). Similarly, Papasava and Njeru (2022) investigated leadership's influence on airline pilots' commitment in a single Kenyan-based airline, focusing solely on employee commitment as a proxy for performance. This narrow scope neglected broader organizational performance dimensions such as profitability, operational efficiency, and customer satisfaction that are critical to assessing sector-wide performance outcomes.

At the institutional level, Abwao and Kimencu (2023) analyzed transformational leadership within the Kenya Airports Authority (KAA), rather than domestic airlines, and operationalized performance narrowly through bureaucratic metrics. Their study, therefore, lacked contextual relevance to airline operations, where dynamic market conditions and service delivery complexities demand a more innovation-driven leadership approach. Chepkemboi and Paul (2019) examined disruptive innovation strategies exclusively within Kenya Airways, limiting generalizability across Kenya's broader domestic aviation sector.

Cumulatively, these studies present conceptual, contextual, and methodological gaps. Conceptually, prior research has focused largely on leadership styles or transformational leadership, overlooking the distinct role of innovative leadership practices in enhancing airline performance. Contextually, most studies have either focused on single airlines or parastatal agencies, leaving domestic commercial airlines underexplored. Methodologically, earlier studies emphasized qualitative or single-case designs, restricting comparative insights across multiple airlines.

The current study addresses these gaps by examining how innovative leadership practices influence organizational performance across Kenya's domestic commercial airlines. By integrating dimensions such as digital transformation and the regulatory environment, this study seeks to determine whether leadership anchored in innovation can drive improvements in profitability, operational efficiency, safety outcomes, and customer satisfaction. Understanding this relationship is critical for enhancing competitiveness and positioning domestic airlines as significant contributors to Kenya's Vision 2030 objectives. Therefore, this study advances knowledge by exploring how leaders within domestic airlines leverage innovative practices to navigate market complexities, address operational inefficiencies, and ultimately enhance organizational performance in Kenya's aviation sector.

### **1.3 Objective of the Study**

The main objective of this study was to assess the role of innovative leadership in enhancing organizational performance among domestic commercial airlines in Kenya.

## **1.4 Research Question**

What is the role of innovative leadership in enhancing organizational performance among domestic commercial airlines in Kenya?

## **1.5 Scope of the Study**

This study focused exclusively on examining the role of innovative leadership in enhancing the organizational performance of domestic commercial airlines in Kenya. The study targeted all 17 registered domestic commercial airlines, including Kenya Airways Plc, Jambojet Ltd, ALS Ltd, Air Kenya Express, Fly540, East African Safari Air, Mombasa Air Safaris Ltd, Safari link Aviation, 748 Air Services, Safe Air, Yellow Wings, Astral Aviation Ltd, African Express Airways, Freedom Airlines Express Ltd, Skyward Express Ltd, Jet ways Airlines, and Renegade Air.

The study concentrated solely on commercial passenger airlines, excluding cargo-only and charter service providers. The research was geographically delimited to Kenya and did not examine international airlines or airlines operating outside Kenya. Methodologically, the study adopted a cross-sectional survey design, collecting data at a single point in time.

## **2.0 Literature Review**

### **2.1 Empirical Literature Review**

Several empirical studies have investigated the relationship between leadership practices and organizational performance, albeit with varying emphasis and limited focus on innovative leadership within the airline industry. Lekan-Akomolafe, Alamba, and Enya (2021) examined the role of innovative leadership in enhancing organizational efficiency within Access Bank PLC in Nigeria. Their findings revealed a statistically significant positive relationship between innovative leadership and organizational effectiveness. Leaders who foster creativity and continuous improvement were found to contribute meaningfully to operational productivity. However, the generalizability of this study remains constrained due to its single-firm focus and insufficient methodological clarity in measuring innovative leadership dimensions. While the study underscores the potential of innovative leadership in corporate settings, it fails to contextualize its application within service-intensive industries such as aviation, where operational complexities require adaptable and forward-thinking leadership frameworks.

In the Kenyan context, Echwa and Murigi (2019) explored the effect of strategic leadership on the performance of domestic airline firms, employing variables such as customer retention, sales volume, and employee productivity. Their results indicated a strong and statistically significant association between strategic leadership and firm performance. Nevertheless, their focus was largely confined to strategic leadership, overlooking innovative leadership as a distinct and transformative leadership approach. Strategic leadership primarily emphasizes goal-setting and resource alignment, whereas innovative leadership integrates creativity, experimentation, and agility—traits essential for navigating the evolving technological and operational landscape of Kenya's aviation sector. This conceptual limitation restricts understanding of how leadership can stimulate innovation-driven improvements in airline performance.

Complementary studies have examined competitive strategies in the Kenyan aviation industry. Farah, Munga, and Mbebe (2018) assessed how cost leadership, product innovation, market focus, and differentiation strategies influence airline performance. Their findings highlighted product

innovation as a key driver of operational performance, reinforcing the importance of innovative approaches in a competitive airline environment. However, the study framed innovation from a strategic product-oriented perspective rather than from a leadership or managerial standpoint. Similarly, Miyumo and Donna (2022) found a strong positive correlation between innovation strategies and operational success in domestic airlines, particularly emphasizing differentiation and market penetration strategies. Yet, their study also treated innovation as an external market-facing strategy rather than as an internal leadership capability guiding organizational change and process innovation.

These studies underscore the relevance of innovation in driving airline performance but fall short in examining how innovative leadership itself operates as an internal catalyst for organizational transformation. There is a clear empirical gap in understanding how leadership practices that emphasize creativity, digital adaptation, and employee empowerment can directly influence financial outcomes, operational efficiency, and customer satisfaction within Kenya's domestic airline sector. This study addresses this gap by focusing explicitly on innovative leadership as a strategic internal capability that domestic commercial airlines can leverage to enhance organizational performance in a dynamic and competitive market environment

## **2.2 Theoretical Literature Review**

This study was anchored on the Resource-Based View theory. The theory, originally conceptualized by Penrose (2009), offers a powerful framework for understanding how firms achieve sustained competitive advantage by effectively deploying unique internal resources and capabilities. At its core, RBV posits that firms are heterogeneous entities, possessing distinct bundles of resources that enable differential performance outcomes (Barney, 1991). Unlike earlier industry-structure models that emphasized external environmental factors, RBV shifts attention to firm-specific resources as the primary drivers of organizational success (Kozlenkova, Samaha & Palmatier, 2014). These resources include both tangible assets and intangible capabilities, such as leadership competencies, organizational culture, and strategic knowledge (Hooley, Broderick & Moller, 1998). For resources to yield sustainable competitive advantage, they must be valuable, rare, inimitable, and non-substitutable—collectively known as the VRIN criteria (Barney, 1991). In this study, innovative leadership practices are conceptualized as strategic intangible resources that satisfy these VRIN conditions, positioning domestic airlines to attain superior organizational performance.

Innovative leadership practices represent a specialized resource that is not easily replicable across firms, given their dependence on firm-specific cultural, behavioral, and strategic orientations (Horth & Buchner, 2014). Such leadership involves integrating creativity, strategic foresight, and adaptive problem-solving into organizational processes, empowering firms to respond proactively to market shifts and operational challenges (Şen & Eren, 2012). Within the RBV framework, leadership capabilities—specifically those fostering innovation—are critical intangible resources that facilitate the development of dynamic capabilities, enabling continuous renewal and improvement (Helfat & Peteraf, 2003). These dynamic capabilities, embedded within leadership processes, allow airlines to restructure operations, explore digital innovations, and drive organizational learning, contributing directly to competitive positioning and performance outcomes (Teece, 2007). The intrinsic difficulty of codifying or imitating leadership styles rooted in organizational culture further underscores their strategic value as VRIN resources (Barney, 1991).

In the context of Kenya's domestic airline sector, innovative leadership can be seen as a critical intangible asset that airlines must leverage to overcome operational inefficiencies, regulatory constraints, and technological lag (Isuru & Sithijani, 2022). Drawing from the RBV, leadership practices that promote innovative thinking, employee empowerment, and digital integration serve as unique internal resources, enabling airlines to differentiate themselves in a challenging market environment (Ong & Tan, 2023). Given that Kenya's aviation industry faces persistent structural limitations, the development and deployment of such unique leadership capabilities become essential for achieving superior operational efficiency, customer satisfaction, and financial sustainability (Kenya Airways, 2023). The RBV perspective, therefore, provides a compelling theoretical justification for investigating innovative leadership as a strategic internal resource contributing directly to enhanced organizational performance within domestic commercial airlines.

Ultimately, RBV not only reinforces the importance of intangible resources such as innovative leadership but also underscores the need for continuous capability development to sustain competitive advantage (Helfat & Peteraf, 2003). In this regard, Kenyan domestic airlines that institutionalize innovative leadership practices as a core resource are better positioned to navigate market volatility, exploit digital transformation, and adapt to regulatory changes, thereby achieving improved performance outcomes over time (Barney, 1991; Kozlenkova, Samaha & Palmatier, 2014). This study thus employs RBV as the foundational theory to explain how the strategic deployment of innovative leadership practices serves as a valuable and unique resource shaping the performance trajectory of Kenya's domestic airlines.

### 3.0 Research Methodology

This study adopted a positivist research philosophy to empirically assess the role of innovative leadership practices in enhancing organizational performance among domestic commercial airlines in Kenya. A quantitative approach was considered most appropriate, allowing for the systematic collection and statistical analysis of structured data from management staff across the 17 registered domestic airlines in Kenya. A cross-sectional survey design was employed to capture data from a wide geographical and organizational scope at a single point in time, ensuring efficiency in evaluating the existing relationship between innovative leadership and performance. The unit of analysis was the domestic airline, while the unit of observation comprised top and middle management staff, specifically Chief Executive Officers (CEOs), Chief Strategy & Innovation Officers (CSIOs), Chief Operations Officers (COOs), and Heads of Departments across Commercial, Technical, Flight Operations, IT, Finance, Human Resource, and Procurement divisions. Census sampling was adopted to ensure all 17 airlines were included, with purposive sampling used to select 10 strategic respondents per airline, resulting in a total of 170 participants. The sample size is as shown below;

Primary data were collected using structured questionnaires designed to capture perceptions and practices of innovative leadership, aligned to organizational performance indicators such as operational efficiency, profitability, customer satisfaction, and competitiveness. Questionnaire items employed a five-point Likert scale, enabling standardized responses suitable for statistical analysis. Data were analyzed using SPSS version 23, employing descriptive statistics, correlation analysis, and simple regression modelling to determine the direct effect of innovative leadership practices on organizational performance. The model employed was as follows;

$$Y = \beta_0 + \beta_1 ILP + e \dots \dots \dots (1)$$

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Where:

$\beta_0$  is constant

$\beta_1$  is coefficient parameter to be determined

ILP is Innovative leadership practices

e is error/disturbance

Y is organizational performance of commercial airlines

Ethical considerations were strictly observed, with respondents' confidentiality assured through official approvals and adherence to NACOSTI guidelines. This methodological approach enabled a focused, empirical evaluation of innovative leadership's contribution to performance within Kenya's domestic airline industry.

## 4.0 Findings

### 4.1 Descriptive Analysis

The study sought to evaluate the effect of innovative leadership practices on the organizational performance of domestic commercial airlines in Kenya. In the highly dynamic aviation industry, leadership that fosters strategic direction, technological adaptability, and responsiveness to market shifts is essential for sustained performance (Akande, 2020). In this study, innovative leadership was assessed across four critical dimensions: strategic visioning, employee empowerment, adaptability and learning orientation, and communication clarity. These dimensions align with Kipchumba and Ombui (2022), who argue that strategic thinking and participative leadership are becoming essential in shaping competitiveness and operational efficiency within Sub-Saharan African airlines.

**Table 1: Descriptive Statistics for Innovative Leadership Practices**

Descriptive Aspect	Value
Mean	3.7855
Median	3.78
Mode	3.82
Std. Deviation	0.23691
Skewness	0.137
Std. Error of Skewness	0.203
Kurtosis	-0.39
Std. Error of Kurtosis	0.403

Descriptive analysis revealed a mean score of 3.7855, with a median of 3.78 and a mode of 3.82, suggesting that respondents moderately agreed with the existence and application of innovative leadership practices within their respective organizations. The low standard deviation of 0.23691 indicated minimal variation in responses, suggesting a shared leadership approach across Kenya's domestic airlines, likely influenced by regulatory uniformity from the Kenya Civil Aviation Authority (KCAA) and post-COVID-19 innovation initiatives (IATA, 2023). The skewness statistic of 0.137, well within the acceptable  $\pm 0.5$  range, affirmed the symmetry of responses, while the kurtosis value of -0.39 indicated a slightly platykurtic distribution, reflecting fewer extreme

opinions likely due to sector-wide leadership training interventions, such as those offered by the African Aviation Training Organization (AATO).

From a theoretical perspective, these findings substantiate the Resource-Based View (RBV), which positions leadership competencies as strategic assets that offer sustained competitive advantage when they are valuable, rare, inimitable, and non-substitutable (Barney, 1991). They also align with Open Systems Theory, which emphasizes the necessity of aligning internal leadership capabilities with dynamic external market and regulatory conditions (Penrose, 2009). In practice, these results suggest that domestic airlines that institutionalize visionary leadership, employee empowerment, and adaptability are better positioned to navigate Kenya’s liberalized airspace, leverage digital innovation, and respond to regulatory shifts (Kipchumba & Ombui, 2022).

Overall, the analysis affirms that innovative leadership practices are moderately embedded within Kenya’s domestic airlines, with a consistent presence across the sector. Nonetheless, the relatively modest mean and slightly flat response distribution signal areas for improvement, particularly in adaptability and communication during operational disruptions—a critical need in Kenya’s post-pandemic and digitally evolving aviation environment (Afande, 2020; IATA, 2023). These results provide a crucial empirical basis for examining how digital transformation and regulatory frameworks interact with leadership practices to shape organizational performance outcomes.

**4.2 Inferential Analysis**

**4.2.1 Correlation Analysis**

Correlation analysis was conducted to examine the strength and direction of the relationship between Innovative Leadership Practices (ILP) and Organizational Performance (OP) among domestic commercial airlines in Kenya. Pearson’s product-moment correlation coefficient was employed, appropriate for continuous data measured at interval scales (Field, 2013). The significance of the correlation was tested at the 0.01 level (2-tailed), ensuring that the probability of obtaining such a relationship by chance was less than 1%.

**Table 2: Correlation Analysis**

		Organizational Performance
Organizational Performance	Pearson Correlation	1.000
Innovative Leadership Practices	Pearson Correlation	.800**
	Sig. (2-tailed)	0.000
** Correlation is significant at the 0.01 level (2-tailed).		

As presented in Table 2, the correlation coefficient between Innovative Leadership Practices and Organizational Performance was 0.800, significant at  $p < 0.01$ . This indicates a strong and statistically significant positive relationship, implying that higher adoption of innovative leadership practices is associated with improved organizational performance within Kenya’s domestic airlines. These findings confirm that leadership approaches emphasizing strategic visioning, employee empowerment, adaptability, and clear communication directly contribute to outcomes such as operational efficiency, market competitiveness, and customer satisfaction. This result is consistent with the propositions of the Resource-Based View (RBV), which underscores leadership competencies as valuable, rare, and inimitable strategic resources essential for sustaining competitive advantage (Barney, 1991).

Furthermore, the strong positive correlation aligns with empirical findings by Mokhasi and Oduro (2021), who highlighted that leadership practices fostering innovation and operational agility are critical performance drivers within the aviation sector. In the context of Kenya's domestic commercial airlines, where regulatory pressures and market dynamics present constant challenges, these results affirm that innovative leadership is a primary determinant of organizational success. This analysis provides foundational empirical evidence that leadership practices are not peripheral administrative activities but core strategic levers influencing organizational outcomes in the aviation industry.

#### 4.2.2 Regression Analysis

The first and sole objective of this study was to determine the effect of Innovative Leadership Practices (ILP) on the Organizational Performance (OP) of domestic commercial airlines in Kenya. This relationship was examined using a simple linear regression model, where ILP served as the independent variable and OP as the dependent variable. The study tested the following hypothesis:

*H<sub>01</sub>: There is no significant effect of innovative leadership practices on the organizational performance of domestic commercial airlines in Kenya.*

As presented in Table 3, the regression analysis yielded an R<sup>2</sup> value of 0.640, indicating that 64% of the variance in organizational performance among domestic airlines could be attributed to their adoption of innovative leadership practices.

**Table 3: Model Fitness for Innovative Leadership Practices**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.800a	0.64	0.637	0.15187
a Predictors: (Constant), Innovative Leadership Practices				

The adjusted R<sup>2</sup> of 0.637 further affirmed the model's robustness and its suitability for generalization beyond the sample. This finding highlights the critical role of innovative leadership in driving airline performance, underscoring that leadership practices anchored on strategic vision, employee empowerment, adaptability, and communication clarity substantially influence competitiveness and service outcomes in Kenya's aviation sector.

The ANOVA results in Table 4 confirmed the statistical significance of the regression model, with  $F(1, 141) = 250.216$  and a p-value of 0.000, far below the conventional threshold of 0.05.

**Table 4: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.771	1	5.771	250.216	.000 <sup>b</sup>
	Residual	3.252	141	0.023		
	Total	9.023	142			
a Dependent Variable: Organizational Performance						
b Predictors: (Constant), Innovative Leadership Practices						

As Hair *et al.* (2010) suggest, a significant F-statistic confirms the model's fitness and substantiates the rejection of the null hypothesis. Therefore, innovative leadership practices are a significant predictor of organizational performance in domestic airlines.

The regression coefficients in Table 5 further established this relationship, showing an unstandardized beta coefficient ( $\beta_1$ ) of 0.851 with a t-value of 15.818 and a p-value of 0.000, signifying a strong and statistically significant effect of ILP on OP.

**Table 5: Coefficient of Regression**

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	0.288	0.204		1.409	0.161
	Innovative Leadership Practices	0.851	0.054	0.800	15.818	0.000

a Dependent Variable: Organizational Performance

Specifically, each one-unit increase in ILP is associated with a 0.851-unit improvement in organizational performance. The standardized beta coefficient of 0.800 indicates a strong positive effect, whereby a one standard deviation increase in ILP results in a 0.800 standard deviation increase in OP. This relationship confirms the practical significance of innovative leadership in influencing outcomes such as operational efficiency, customer retention, and overall competitiveness.

The regression equation derived from the analysis is:

$$OP = 0.288 + 0.851 \times ILP$$

These findings validate the Resource-Based View (Barney, 1991), which argues that internal capabilities like innovative leadership constitute strategic resources essential for achieving and sustaining competitive advantage. Consistent with empirical studies by Gumusluoglu and Ilsev (2009), the results demonstrate that innovative leadership—through fostering adaptability, creativity, and strategic vision—has a direct and positive impact on organizational outcomes.

In conclusion, the study rejects the null hypothesis ( $H_{01}$ ) and affirms that innovative leadership practices significantly and positively influence the organizational performance of domestic commercial airlines in Kenya. The findings emphasize that cultivating leadership approaches centered on innovation and strategic agility is not optional but imperative for performance enhancement in Kenya's dynamic aviation industry.

## 5.0 Discussion of Findings

This study aimed to assess the role of innovative leadership in enhancing organizational performance among domestic commercial airlines in Kenya. The findings of the study affirm that innovative leadership practices exert a statistically significant and positive effect on organizational performance within the sampled airlines. Specifically, the regression analysis revealed that 64% of the variance in organizational performance could be explained by the adoption and implementation of innovative leadership practices. This finding is consistent with the Resource-



Based View (RBV), which conceptualizes innovative leadership as a critical intangible resource that enhances firms' competitive advantage (Barney, 1991).

The correlation analysis further demonstrated a strong positive relationship between innovative leadership and organizational performance ( $r = 0.800$ ,  $p < 0.01$ ), highlighting that leadership practices emphasizing strategic visioning, employee empowerment, adaptability, and communication clarity contribute substantially to improved operational outcomes. This empirical evidence resonates with Gumusluoglu and Ilsev (2009), who posited that leadership fostering creativity and flexibility significantly enhances firm-level performance outcomes. Additionally, the study's descriptive statistics indicated a moderate yet consistent adoption of innovative leadership practices across Kenya's domestic airlines, suggesting that while such leadership approaches are evident, there remains scope for strengthening adaptability and proactive communication, especially in response to operational disruptions.

These findings align with the propositions of Mokhasi and Oduro (2021), who emphasized that leadership competencies capable of driving operational agility and innovation are pivotal to organizational success in the aviation sector. The practical implications suggest that domestic airlines in Kenya, by institutionalizing innovation-driven leadership, can improve operational efficiency, enhance customer satisfaction, and achieve sustainable financial performance. The results further underscore the argument that innovative leadership is not merely a management function but a strategic resource critical to navigating Kenya's volatile and competitive aviation landscape.

## **6.0 Conclusion**

This study concludes that innovative leadership practices play a critical and statistically significant role in enhancing organizational performance among domestic commercial airlines in Kenya. Leadership approaches rooted in strategic foresight, employee empowerment, organizational adaptability, and clear communication have a substantial and positive influence on performance outcomes, including operational efficiency, customer satisfaction, and market competitiveness.

The analysis confirms that innovative leadership is a valuable internal capability, satisfying the VRIN attributes outlined in the Resource-Based View (Barney, 1991), and thus serves as a key determinant of competitive advantage within Kenya's domestic aviation sector. Airlines that foster leadership cultures oriented towards innovation and change management are better positioned to respond to operational challenges, exploit digital technologies, and meet evolving customer expectations.

## **7.0 Recommendation**

Based on the findings and conclusions of this study, several recommendations are proposed to guide domestic commercial airlines in Kenya toward improved organizational performance through innovative leadership. First, it is recommended that airlines institutionalize structured leadership development programmes specifically focused on fostering innovation-driven leadership. Such programs should nurture competencies in creativity, strategic thinking, and adaptability, positioning innovation not as an optional skill but as a core element of leadership required for operational and strategic success. Investing in leadership training that emphasizes innovation will help airlines build leadership capacity capable of sustaining competitive advantage in the dynamic aviation sector.

Second, airline executives are encouraged to embed employee empowerment as a foundational component of their leadership approach. Actively involving staff in decision-making processes and encouraging bottom-up innovations can unlock operational improvements and drive service excellence. By empowering employees, airlines not only enhance organizational agility but also foster a culture of commitment and continuous improvement.

Third, the study recommends that airline leaders prioritize strategic visioning and organizational adaptability. Leaders should articulate clear, forward-looking strategies that reflect market realities and embrace technological advancements. Placing adaptability at the center of leadership practices will enable airlines to respond proactively to market shifts, technological disruptions, and regulatory changes, thereby strengthening their operational resilience.

Fourth, strengthening communication clarity within leadership processes is essential. Leaders should implement structured internal communication strategies that promote transparency, ensure consistency in crisis management, and enhance operational coordination. Clear communication from leadership contributes to organizational alignment, improves response efficiency, and enhances the customer experience.

Finally, it is recommended that policymakers, particularly the Kenya Civil Aviation Authority (KCAA), recognize and promote innovative leadership as a critical strategic resource for the aviation sector. Regulatory frameworks should be designed to incentivize leadership development, support innovation adoption, and encourage the building of strategic capabilities across airlines. By treating innovative leadership as a competitive asset, policymakers can drive sector-wide improvements in operational efficiency, service quality, and financial sustainability.

Collectively, these recommendations provide a practical roadmap for domestic airlines in Kenya to harness the power of innovative leadership, thereby improving performance outcomes and contributing to the broader objectives of national economic development and aviation sector competitiveness.

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