DECLARATION

This Management Research Project is my original work and has not been submitted for examination in any other university.

Signed…………………………….. Date……………………………….

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This Management Research Project has been submitted for examination with my approval as the university supervisor

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DEDICATION

I dedicate this research work to my family and all the stakeholders in the airline industry

ABSTRACT

The new global economy of the 21st Century has transformed the economic, political, social, technological and educational landscape in a profound and indelible manner. Globalization has melted national borders, free trade has enhanced economic integration, and the information and communications revolution has made geography and time irrelevant. Technological innovations, free movement of people across nations has increased trade and subsequently increased demand for air travel impacting greatly on aviation business.

For the airline business, the dynamic changes in the business environment have become very complex and are threatening their survival. Both opportunities and risks are part of everyday business in commercial aviation. As with any company, Airline companies have sustainability risks; social, environmental, operational, threat, strategic and financial risks that have to deal with. As a result of the changing and dynamic aviation business environment, Kenya airways have experienced some challenges. This study seeks to investigate the strategic responses by Kenya Airways to the effects of globalization. The objectives of the study were to find out the effects of globalization on Kenya airways and how the airline has responded to such effects. A case study targeting Kenya Airways senior management as the respondents was used. 14 out of the targeted 18 managers were interviewed by the researcher. The findings indicate that globalization have had negative and positive impact on Kenya Airways. It has increased competition eating up market shares while diluting yields on some of the airlines' network. On a positive note, globalization has melted trade barriers; enabling Kenya airways expand its network to 50

destinations currently. New technologies have also enabled Kenya airways increase its efficiency and saved costs.

Kenya airways have responded to the effects of globalization by joining alliances and partnerships with other strategic airlines, adopting new technologies, being compliant with IATA/ICAO/IOSA airline operations standards. This study recommends further research on if the strategies adopted by Kenya airways have been successful.

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ABBREVIATIONS

EAA	East Africa Airways
CEO	Chief Executive Officer
IATA	International Air Transport Association
KQ	Kenya Airways
IOSA	IATA Operations Safety Audit
BASA	Bilateral Air Services Agreements

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Globalization is a major driver in the business arena that has an impact on all business undertakings. Airline businesses operate globally and many have opted for a competitive advantage of internationalization. De-regulation, new technology, free access to information and the reduction of business boundaries have created news all forms of service companies (Parker, 2005). For the airline business, the dynamic changes in the business environment have become very complex and are threatening their survival. It operates in an extremely dynamic, and often highly volatile, commercial environment. Both opportunities and risks are part of everyday business in commercial aviation. As with any company, Airline companies have sustainability risks; social, environmental, operational, threat, strategic and financial risks that have to deal with. Airline managers are responsible for the optimal decision-making about corporate sustainability risks in their daily business. In the dynamic environment of the airline industry, active management of business risks and targeted identification and usage of opportunities count as part of daily commercial life (Doganis, 2006). .

The new global economy of the 21st Century has transformed the economic, political, social, technological and educational landscape in a profound and indelible manner. Never before in human history has the pace of structural change been more pervasive, rapid, and global in its context (Pearce & Robinson, 1997). The new economy is composed of a trilogy of interactive forces that include globalization, trade liberalization, and the information technology and communications revolution. Globalization has melted national borders, free trade has enhanced economic integration, and the information and communications revolution has made geography and time irrelevant. Furthermore, the new economy is built on a culture of innovation. Indeed, the signature mark of the new global economy is new ideas, new technologies, and new initiatives. Economic growth and development in the new global economy has been preceded by a complex structural realignment of investment streams, the clustering of business enterprises, the transformation of the production process and the adoption of a niche marketing approach (Porter, 1998).

Despite the economical and political constraints, air transport has steadily brought African countries closer together, linking most African capital cities to the rest of the continent by air. It has also contributed to the expansion and deepening of intra-African commerce and trade. Globally, the air transport industry is steering in a direction that seeks to create an enabling environment, which is conducive for a viable, efficient and sustainable air transport system (Sheehan, 2003). According to IATA, the ongoing transformation we see in the airline industry began with the enactment of the Chicago Convention of 1944, which brought about changes to the traditional operation and regulation of international air transport. The main challenges remain as how African airlines will respond to the changes in the business environment brought about by the effects of globalization.

Global Airline Industry remains a large and growing industry which facilitates economic growth, world trade, international investment and tourism and is therefore central to the globalization taking place in many industries (Hanlon, 1999). Governments in developing countries realized the benefits of tourism to their national economies and spurred the development of resorts and infrastructure to lure tourists from the prosperous countries in Western Europe and North America (Sheth, 2007). As the economies of developing countries grow, their own citizens are already becoming the new international tourists of the future. According to IATA, Business travel has also grown as companies become increasingly international in terms of their investments, their supply and production chains and their customers. The rapid growth of world trade in goods and services and international direct investment has also contributed to growth in business travel.

The new trends of globalization of the economy, liberalization and technological developments have opened up a new landscape in the aviation sector. A market oriented approach is adopted in the international aviation environment and propelled by privatization, cross order acquisitions, strategic market alliances, and mergers of airlines (Senguttuvan, 2006). Despite the global airline business challenges, the airline industry has proceeded along the path towards globalization and consolidation, characteristics associated with the normal development of many other industries. It has done this through the establishment of alliances and partnerships between airlines, linking their networks to expand access to their customers (Holloway, 2003) Hundreds of airlines have entered into alliances, ranging from marketing agreements and code-shares to franchises and equity transfers.

This research paper seeks to investigate how Kenya Airways have responded to the effects of globalization in pursuance of its business success. It will also establish the strategies adopted by the airline to avert the threats of globalization while maximizing on the opportunities in the changing global business environment

1.1.2 Strategic Responses

A strategy is a framework through which an organization asserts its vital continuity whilst managing to adapt to the dynamic, complex and changing business environment to gain competitive advantage (Lumpkin, 2003).) It is a determination of long run goals and objectives for an enterprise, the adoption of course of action and the allocation of resources necessary for carrying out and achieving the ultimate goals. According to Ansoff (1984), Strategic Management is a systematic approach to the major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises.

No business today operates in a complete vacuum unaffected by the business external forces. Within a dynamic, rapidly changing business environment producers are constantly entering and leaving the market. It is no doubt being constantly subjected to the forces of change whether they are economic, competitive, environmental, or political. Very few of us can escape change - it is all around us. All organizations regardless of size are environment dependent. They depend on their external environment for their inputs and ultimately their outputs. In such an environment, organizations have to constantly adapt their operations and internal configurations to reflect the new external realities. At the same time, changing customer preferences provide signals for businesses to develop new strategies with different products and services. Some businesses will succeed by responding to and meeting market needs as dictated by the changing business environment. Any business strategy needs to take account of all these forces so that opportunities and threats can be identified and the organization can navigate its way to success by matching its internal strengths to external opportunities.

As the external environment changes, organizations find themselves in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt to the new environment for survival and growth. According to Hill and Jones (1999), Organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce and Robinson (1997) argued that organizations have to respond to the turbulence by crafting new strategies that they define as a large- scale future –oriented plans for interacting with the environment.

The study of strategic management therefore emphasizes on monitoring and evaluation of external opportunities and threats in light of a corporation's strengths and weaknesses. This statement emphasizes that the environment is constantly changing and so it is imperative that an organization has to constantly adapt its activities to reflect the new environmental requirements. Having a strategy enables you to ensure that the day-to-day decisions fit in with the long-term interest of an organization. Without a strategy, decisions made today would have a negative impact on future results (Thompson, 1993).

The major task of managers is to ensure survival of the companies they manage. In order to achieve success, the companies have to adequately adjust to meet environmental challenges. Failure to do this will cause the companies to experience a big strategic problem. Therefore strategy is a tool which offers significant help that enable the firm cope with turbulent environment facing the firm (Johnson and Scholes, 2002). This problem arises out of the mismatch between the output of the company and the demand in the market place. Strategy is useful in helping managers tackle the potential problems that face their companies (Aosa 1998). Strategy is the tool which offers help for coping with the turbulence confronted by the business firms. Strategy requires to be taken seriously as a managerial tool not only for the firm but also for a broad spectrum of social organization (Ansoff and McDonnell, 1990).

The adoption of liberalization programmes and measures by States to open up the air transport sector has been transforming the operating environment for international airlines, while the industry's strategic responses to constantly changing and often uncertain economic and commercial opportunities have been the major driving force for regulatory changes and adjustments. The spread of liberalization and the emergence of new business practices in the aviation marketplace would continue to interact and have implications on each other (Irandu, 2008).

1.1.3 Kenya Airways

Kenya Airways traces its history back to 1946 with the formation of East African Airways (EAA). Initially EAA had good reputation for service and reliability, with formation of East Africa Community it passed into joint ownership of the Government of Kenya, Tanzania and Uganda. Shortly after the collapse of East African Community in 1976, EAA was placed under liquidation. Kenya Airways was incorporated in January 1977 as a company wholly owned by the Government of Kenya and acquired certain assets and staff of EAA. It started operations on 4th February 1977 and now operates scheduled flights throughout most cities in Africa, Europe, Middle East and Far East. Its main base is Jomo Kenyatta International Airport, and Nairobi its hub. Kenya Airways operates more transcontinental flights than any other African airline.

However there was a gradual deterioration in financial and operating performance which led to decline in the decline in the reputation. The company experienced significant financial losses over its first sixteen years of existence thereby placing a heavy burden on the Government, this culminated in its privatization in 1996. Kenya Airways principal activities are international, regional and domestic carriage of passengers and cargo by air, the provision of ground handling services to other airlines and handling of import and export cargo.

Commercial airline industry in Africa which Kenya airways operate in is characterized by fiercely competitive and highly volatile activities where fortunes shift continuously. As the drive towards a free, converging and global market gathers momentum in Africa, competition is expected to intensify. Increasingly open skies are likely to impact on yields, and extraordinary profits will increasingly be an exception. Given this potentially turbulent environment, the key to survival in the industry lies in whether an airline is able to clearly anticipate the patterns of change coming, the underlying forces driving these changes, and above all the ability to align its strategies to respond to a changing business and aero-political environment.

1.2 Statement of the Problem

To gain an insight into the African airlines industry prospects and challenges, one must appreciate the changing market environment within which it has been operating and which has affected its development in the recent years. The most significant trend over the last 25 years has been the gradual liberalization and globalization of the international air transport in Africa (Doganis, 2006).

Globalization has faded the barriers of trade and development and an increase in globalization has in turn led to a significant increase trade and investment. As powerful internationalization of production and marketing continue to thrive all over the globe, businesses have realized that competing globally is no more an option, but an economic necessity (Ball, 2004). This trend seems to create an extra-ordinary competitive environment for developing countries, as they do not appear to be ready to face the challenges and opportunities that globalization currently presents. Globalization has significantly affected entrepreneurial enterprises and owing to changes in the international environment in finance, human resources, technology, politics, economics, and social conditions, opportunities have been created for the entrepreneurial enterprises to expand their international businesses on a global basis at a much faster pace.

The 21st century has seen the continued globalization and internationalization of the world's economy. Air transport has played a part in fostering these developments given their role of opening up economies though air transportation. African airlines have had to respond to the ever changing ad dynamic business environment with respect to demands for its services. Air transport is a facilitator and, as such, the demands for its services are derived from the requirements for high-quality, speedy, and reliable international transport. Globalization, almost by definition, means demands for greater mobility and access, but these demands are for different types of passengers and cargoes, to different places, and over different distances than was the previous norm.

Airlines in Africa Kenya airways included are going through a period of profound transformation. A fundamental restructuring is under way, attributable to three simultaneous phenomena: first, the increased deregulation of airspaces by African governments, increased competition from well established European and Middle East carriers who have been attracted by the unexploited African market and finally the increased transparency of alternative airline offerings and less expensive itineraries made possible by the internet and other technologies. There is need therefore for the Airline industry to fully understand the forces driving globalization and develop their own global effective strategies that will help them to face the new competition coming from overseas carries. Competitors have even lowered the fares and in most of the cases without generating new traffic or operating new markets, but diluting the existing ones. Giving all these factors, the challenges facing the airlines are big and not very easy to solve. The faster and the better an airline is adapted to the new environment and is able to adjust its internal structure to the new circumstances, the better results they will have, not to report profits but to be able to survive in this new era which undoubtedly will mark the raising of a new way to fly and to run an airline.

The study aims at establishing the response of Kenya Airways to the effects of globalization towards its business success.

This will be addressed through the following research questions;

i. What are the effects of globalization on Kenya Airways?
ii. How has Kenya Airways responded to the challenges and opportunities brought by globalization?
iii. What is the future of Kenya Airways with respect to globalization

1.3 Research Objectives

Main objective

The main objective of this study is to find how Kenya Airways limited have responded to effects of globalization

Specific objectives

i. To find out the effects of globalization on Kenya Airways.
ii. To find out how Kenya Airways has responded to globalization challenges and opportunities

1.4 Importance of the study

The outcome of this study is expected to benefit several categories of people in different ways. Firstly the researcher will benefit from the knowledge gained on how Kenya Airways have responded to the effects globalization on the airline industry in at large. This is very important because globalization has changed the airline business environment breaking most barriers to entry into global markets and allowing fierce competition by major carriers in the world to enter into Africa fertile markets.

Knowledge on the impacts of globalization will help Kenya airways understand their current position in the global market ad help the airline develop strategies to avert the negative impacts ad take full advantage of the opportunities presented by globalization. The knowledge of the ever changing global business environment is in the airline industry is of great importance to the airlines in Kenya because it will enable them develop an effective global business strategy so as to survive the dynamism of the airline industry.

The findings of this study will also benefit other researchers in the area of globalization in the context of airline industry in Africa. University of Nairobi and other institutions of higher learning in Africa especially those students at the graduate level will undoubtedly benefit from the outcome of this research as a point of reference especially in relation to globalization and its effects on the airline industry in Africa.

CHAPTER TWO: LITERATURE REVIEW

2.1 Business Strategic Responses

At beginning of the twenty first century, change is everywhere. The reality of yesterday is different from that of today and possibly that of tomorrow. Social, political and economic changes have greatly compromised individuals and organizations ability to respond. The world of global competition is one that eliminates companies that fail to adopt with the changing global business environment. Global shift characterizes the effect of changes in the competitive landscape prompted by worldwide competition (Gomez, 2008). This means the international global environment is faster than ever. Each individual company has a growing numbers of competitors of whom national barriers are almost irrelevant. International business environment is forcing many businesses to see the entire world as a stage for manufacturing, production and marketing (Graham, 2005).

Global business environment is moving away from an economic system in which national markets are distinct entities, isolated from each other by trade barriers and barriers of distance, time and culture towards a system in which national markets are merging into one large global market (Gomez, 2008). Globalization and the subsequent overwhelming penetration of African markets by the mega carriers of the world stand as the main challenges of the airline industry in Africa Currently, overseas carriers transport over 70% of intercontinental traffic to and from the continent and this proportion continues to increase. The biggest risk is seeing African carriers run out of business one by one with all imaginable consequences such as job losses and lack of transportation facilities to promote the African tourism Industry and to support the noble objectives of social, economic and political integration of the Continent. A headcount reveals that barely a dozen African airlines are faring well for the time being. Even ahead of this short list of airlines, a number of threats may be looming at the horizon (Hanlon, 2007).

Globalization has resulted into changes in customer preferences, increased competition coupled with the advent of new technologies that has tremendously eased airline product distribution and the melting of trade barriers that make it easy for new entrants'. The real challenge in the new millennium for African airlines therefore will be navigating the complexities of an increasingly globalized market place. This means that African airlines will need to develop diverse global business relations and strategies that will offer them a very well defined presence in both local and foreign markets.

The generic competitive strategies adopted by companies can be understood by looking at the different aspects of competitive strategies such as cost leadership strategies, competitive advantage strategies, growth strategies, differentiation strategies and growth strategies (Porter, 1980).

2.1.1 Cost Leadership Strategy

This is a strategy where a company aims to out-price its competitors by reducing overheads or the fixed costs associated with production and distribution (Porter, 1980). It requires a focus on the efficiency of production lines and economies of scale. This strategy is employed where customers have the ability to change supplier easily and the products or services are standardized and well understood by the consumer.

Overall cost leadership requires firms to develop policies aimed at becoming and remaining the lowest-cost producer and/or distributor in the industry. Company strategies aimed at controlling costs include construction of efficient-scale facilities, tight control of costs and overhead, avoidance of marginal customer accounts, minimization of operating expenses, reduction of input costs, tight control of labor costs, and lower distribution costs (Hooley et al, 2004). The low-cost leader gains competitive advantage by getting its costs of production or distribution lower than those of the other firms in its market

A low cost leader's basis for competitive advantage is lower overall costs than competitors. This requires the firm to: be better than rivals on efficiency and cost control and continuously seek creative and innovative ways of cutting costs (Moon, 1993). Successful low cost producers achieve cost advantages by exhaustively pursuing cost savings throughout the activity cost chain. A cost leadership strategy is designed to produce goods or services more cheaply than competitors by stressing efficient scale of operation. When a firm designs, produces, and sells a comparable product more efficiently than its competitors as well as its market scope is industry-wide, it means that the firm is carrying out the cost leadership strategy successfully (Brooks, 1993).

2.1.2 Differentiation Strategy

Differentiating the product or service, requires a firm to create something about its product or service that is perceived as unique throughout the industry (Porter, 1980). Whether the features are real or just in the mind of the customer, customers must perceive the product as having desirable features not commonly found in competing products. The customers also must be relatively price-insensitive. Adding product features means that the production or distribution costs of a differentiated product may be somewhat higher than the price of a generic, non-differentiated product (Kotler, 2000). Customers must be willing to pay more than the marginal cost of adding the differentiating feature if a differentiation strategy is to succeed.

This strategy is employed where a unique attribute of a product or service is highlighted relative to similar alternatives presented by the competition. It allows a higher price to be charged or a greater ability to command customer loyalty (Porter, 1980). Differentiation strategy is used where the company sees its key product competencies as a more profitable advantage than simple cost leadership. Examples include Coca-Cola, which differentiates by building a solid brand, or Sony, which differentiates on quality or reliability of products (Kotler, 2000). Customers react to this strategy by paying more for a perceived greater reliability or quality or by returning to a trusted brand. It relies heavily on marketing or advertising to maintain the brand identity and raises the barrier to competitors entering the market.

2.1.2 Market Focus Strategy

In the focus strategy, a firm targets a specific segment of the market (Porter, 1996). The firm can choose to focus on a select customer group, product range, geographical area, or service line (Martin, 1999). Focusing is based on selecting a market niche where buyers have distinctive preferences. It is also based on adopting a narrow competitive scope within an industry. Market focus strategy is aimed at targeting a specific consumer group, for example cultural, economic, political, geographical or age-related groups. The strategy employs either cost focus or differentiation focus within its target market. Market focus strategy is based on the concept of serving a particular target in such an exceptional manner, that competition cannot merge and compete (Hooley et al, 2004). Usually this means addressing a substantially smaller market segment than others in the industry, but because of minimal competition profit margins can be very high.

A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique product attributes. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors (Kotler, 2000). These niches arise from a number of factors including geography, buyer characteristics, and product specifications or requirements. According to Porter, (1980) successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsize and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms (David, 2000).

2.1.3 Combination of Strategies

Porter, (1996) asserts that a successful strategy requires a firm to aggressively stake out a market position, and that different strategies involve distinctly different approaches to competing and operating the business. An organization pursuing a differentiation strategy seeks competitive advantage by offering products or services that are unique from those offered by rivals, either through design, brand image, technology, features, or customer service. Alternatively, an organization pursuing a cost leadership strategy attempts to gain competitive advantage based on being the overall low-cost provider of a product or service (Hooley et al, 2004). To be "all things to all people" can mean becoming "stuck in the middle" with no distinct competitive advantage. The difference between being "stuck in the middle" and successfully pursuing combination strategies merits discussion. Although Porter, (1996) describes the dangers of not being successful in either cost control or differentiation, some firms have been able to succeed using combination strategies.

In some cases, it is possible to be a cost leader while maintaining a differentiated product. Southwest Airlines has combined cost cutting measures with differentiation. The Airline has been able to reduce costs by not assigning seating and by eliminating meals on its planes (Hanlon, 2007). It has then been able to promote in its advertising that one does not get tasteless airline food on its flights. Its fares have been low enough to attract a significant number of passengers, allowing the airline to succeed.

2.2 Globalization

Globalization is a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology (Parker, 2005). This process has effects on the environment, on culture, on political systems, on economic development and prosperity, and on human physical well-being in societies around the world. It is a process of increasing the connectivity and interdependence of the world's markets and businesses. This process has speeded up dramatically in the last two decades as technological advances make it easier for people to travel, communicate, and do business internationally. Two major recent driving forces are advances in telecommunications infrastructure and the rise of the internet. Globalization is not a very new concept as it has evolved and mutated over the centuries to reflect the priorities and ambitions of different generations (Wensveen, 2007). The global outreach of nations for geopolitical, economic, military, and trade benefits has transgressed the centuries and embraced almost every country in the world. From time immemorial the process of globalization has taken different forms and proceeded in different directions.

Globalization has been driven by technological change, financial liberalization, and sustained by an appreciation among policy makers that an open, liberal, and rules-based international trading and financial system is essential to global economic progress (Packer, 2005). The new economy has become truly global in scope and substance. The free flow of capital, labour, goods and services within free trade regions, the development of new financial instruments and institutions, and instantaneous access to information and communication through the new digital networks, have created a fully integrated global economic system of tremendous scope and opportunity, and achieved a higher level of international economic inter-dependence and linkages than ever before (Parker, 2005).

In general, as economies become more connected to other economies, they increase the opportunity but also increased competition. Thus, as globalization becomes a more and more common feature of world economies, powerful pro-globalization and anti-globalization lobbies have arisen. The pro-globalization lobby argues that globalization brings about much increased opportunities for almost everyone, and increased competition is a good since it makes agents of production more efficient and effective (Hanlon, 2007).

The process of globalization creates new challenges and opportunities for firms (Lumpkin, 2003). The opportunities include access to new markets that were previously closed due to cost, regulation, or indirect barriers, the ability to tap resources such as labor, capital, and knowledge on a worldwide basis, and the opportunity to participate in global production networks that are becoming prevalent in many industries such as automotive, electronics, toys and textiles. Challenges come from foreign competitors entering firms' domestic markets, and from domestic competitors reducing their costs through global sourcing, moving production offshore or gaining economies of scale by expanding into new markets (Dicken, 2007). Globalization challenges firms to become more streamlined and efficient while simultaneously extending the geographic reach of their operations.

2.3 Global Business Environment

The process of globalization has been facilitated by technology which dislocates humans from both time and space and projects them into a world where the future and past exist simultaneously. This technology comes from but one place – education. As we experience globalization and its effects we realize that the only way to accept it or fight it is through knowledge. A growing inter-independence through technology is bringing people together. People are better able to communication with, understand, and learn from each other using technology as a standard context. We are looking beyond our sectarian religions, nationalities, genders, and cultures towards the global village. In this village, all people are citizens of planet Earth, where diversity is at least tolerated in the name of peace and profit. A world is being created where people cooperate and collaborate to overcome common challenges.

The modern air transport industry is thus one that increasingly operates within a liberal market context. While government controls over fares, market entry, and capacity continue in many smaller countries, they are gradually and almost universally being removed or relaxed. International controls under the bilateral agreements structure are increasingly moving towards broad Open Skies formulations, allowing free provision of services between the countries involved, although progress on open market, whereby nationality of ownership of airlines is unrestricted, is coming more slowly. The EU area3 has effectively been the largest international free market in air transport services in the world since 1997, and this has grown as the Union has expanded geographically. The supply and operation of air transport infrastructure is also becoming more market driven with on-going privatizations of airports and air traffic control systems, or the use of franchising mechanisms to involve private capital and expertise (Button, 2008). It is also becoming more coordinated.

A number of general influences are changing conditions under which airlines operate and forcing reconsideration of their strategies and markets. Particularly important influences include the development of global financial markets, development of and improvement to communications infrastructures, increasing global business reach, and changes in the human condition.

2.4 Liberalization of African Airline Industry

An overriding motivation of the history of the economic regulation of air transport in Africa has been the desire to ensure the protection of national flag carriers. African aviation policies have been based more on the concern of protection of the interests of national airlines rather than the interests of the consumers. The desire of protection of flag carriers explains much of the attitudes of African countries vis-à-vis air transport liberalisation (Hanlon, 2007).Air transport liberalization is an essential tool for the development of air services and for the regional integration of countries and economies. It promotes cooperation among airlines as well as regional cooperation and economic development. However, it should be well regulated and governed by key principles. It should also be gradual and flexible so that all nations can take part, on an equal footing, and if possible, in partnership, in the development of international air transport. It must accept some inequalities linked to the maturity of markets, the level of technological development, trade and technical capabilities as well as know-how.

Gradual liberalization based on a legal concept that introduces among others, the notions of fair partnership and mutual assistance; establishment of regional supervisory bodies for the liberalization process and financing of the accompanying measures is necessary to ensure the complete success of the liberalization exercise (UN session paper, 2001). It is also necessary to avoid the creation of regional blocks in the field of air transport. Africa began its experiences in the practice of Air Services liberalization in 1988 with the Yamoussoukro Ministerial Declaration. The Declaration provides for the integration of African airlines; flexibility in the granting of 5th Freedom; improvement of airline management; financing of airline activities; product distribution system; aircraft noise and monitoring mechanisms. (UN economic Commission for Africa, 2002)

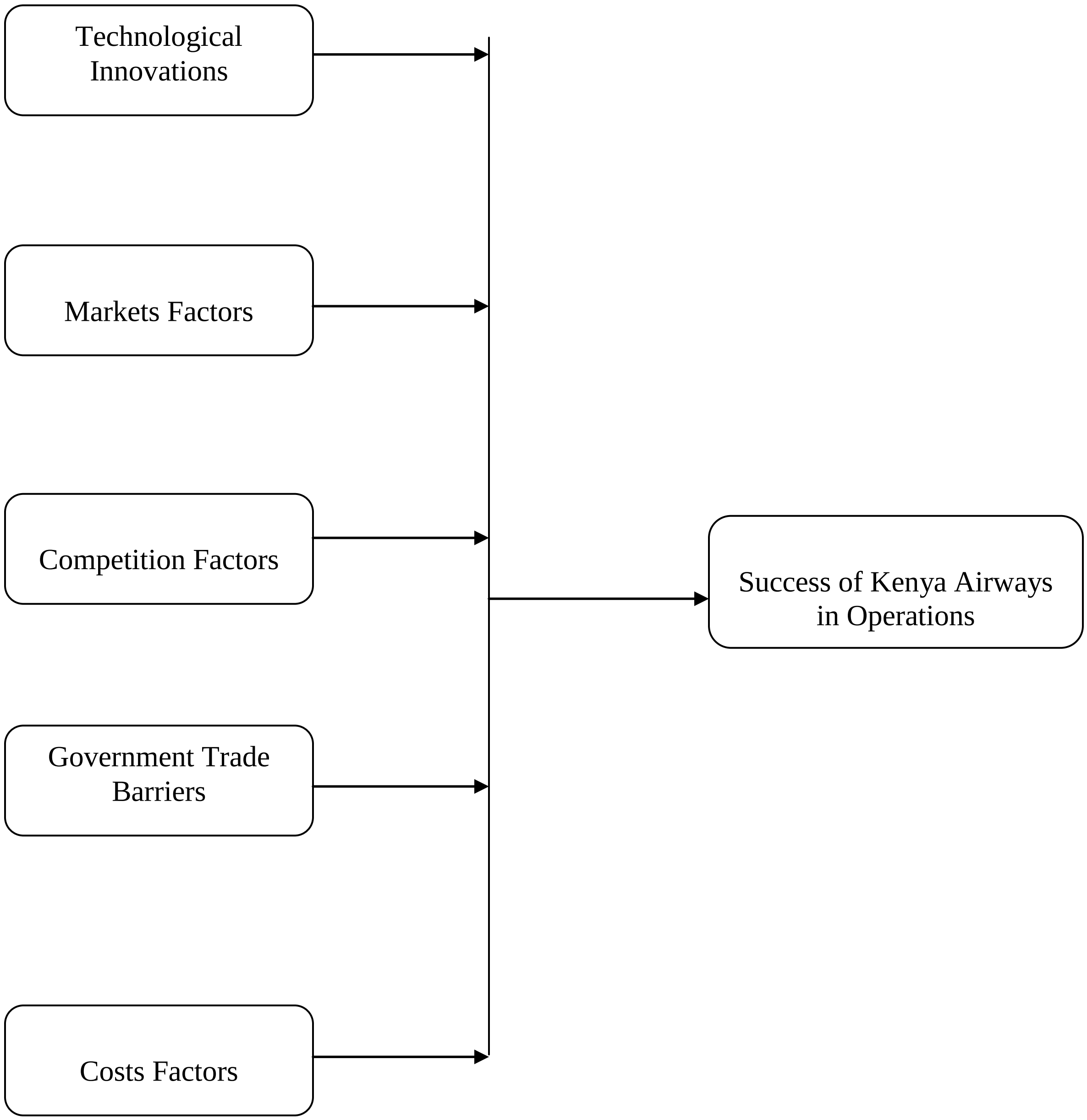
The level of air services development in the various African countries has led to the adoption of a gradual liberalization aimed at achieving total liberalization under a very specific timetable workable at the global level.

Indeed, the African markets are not solidified, organized, and mature enough and have not attained the same level of development comparable to that of the European, American, Asian and other markets. The introduction of total liberalization between Africa and the other regions of the World will also necessitate a better planning. Africa will need to ensure that some provisions have been taken into account before accepting all the liberalization principles. Africa must also study the possibility of forming a grouping in the face of the new policies, because African countries cannot, individually, cope with the effects of liberalization and as a result the principle of equal operation, such as stipulated in the Chicago Convention, will be compromised. The European countries have already taken a step in this direction through the European Union. The European Union Decision on the "Open Skies" policies is significant in this regard. European liberalization and American deregulation led to groupings within both airlines and institutional bodies. Liberalization and deregulation facilitated the creation of alliances and franchising operations. These policies also created major competition on international markets. African airlines are in a disadvantaged position on these competitive markets owing to their financial and technological constraints and high operating costs. It is estimated that over 70% of the African traffic is transported by foreign airlines as the African markets are currently dominated by foreign airlines (Doganis, 2006).

Today, liberalization and globalization are overtaking the airline industry in this sub-region and Africa in general. Foreign mega carriers such as British Airways, KLM, Air France, Emirates, Qatar Airways and Lufthansa have invaded the African continent and now carry about 75% of international traffic, leaving the numerous and small-size

African airlines with the remaining 25% of African traffic. With this invasion, it is becoming increasingly doubtful if most African airlines will survive such stiff competition, which has intensified since the September 11 terrorist bombing in the United States. (Irandu, 2008)

2.5 Conceptual Framework



Independent Variable **Dependent Variable**

Source: Author 2010

To achieve the full benefits of globalization, the African airlines recognize and understand the when industry globalization drivers provide the opportunity to apply the global strategy levers (Ball, 2004). Industry globalization drivers are grouped into five major categories: market factors; cost factors; competition factors; technology factors; and barriers to entry factors. Each industry globalization driver affects the use and success of global business strategy (Bartlett and Ghoshal, 2000).

2.5.1 Market Factors

A market orientation is often thought to lead to improved performance. The business unit which tracks customer needs and preferences and reacts to competitors' strategic moves can better respond to the global market conditions, satisfy customers, and neutralize the attacks of rivals. Hence, market-oriented organizations are more capable of conceiving appropriate strategies and performing at higher levels in the global market. When customer needs from different countries are homogeneous and essentially want the same type of product or service provides airlines with an opportunity to market a standardized product (Bartlett and Ghoshal, 2000). The products to be standardized and to which markets should be well understood for it to be customized more effectively. Common customer needs makes it easier for airlines to participation in larger market coverage because fewer product offerings need to be developed and supported. The existence of global customers both allows and requires a uniform marketing program. Analogous to global customers is a centralized distribution channel that global customers can access an airlines product in a more centralized and convenient manner. Through the global distribution systems and airline distribution systems have made it easier for the airlines to achieve this goal. Airlines ability to develop a robust relationship with their global customers has been increasing with the advent on information technology. Customers can book direct with the airline through an airlines website, by telephone, by mail or even the airlines online or offline sales offices (Doganis, 2006).

2.5.2 Competition Factors

An important consistent trend about commercial aviation is that it is a fiercely competitive and highly volatile industry, in which fortunes shift continuously. Competition in the industry is at all-time high, challenging providers to reduce costs while improving quality. In this environment, attracting new customers and retaining existing ones through superior customer service is not only a key competitive differentiator but a necessity. As the drive towards a free, converging and global market gathers momentum, competition within the airline industry is expected to intensify. Increasingly, open skies are therefore likely to impact on yields, and extraordinary profits will increasingly be an exception (Hanlon, 2007). With competition becoming globalized in many industries, business units have to respond to the competitive pressure by leveraging their competitive position across markets, and by seeking integrated operations (Hooley et al, 2004).

Given this potentially turbulent environment, the key to survival in the industry lies in whether an airline is able to clearly anticipate the patterns of global changes coming, the underlying forces driving these changes, and above all the ability to align its strategies to respond to a changing business and aero-political environment. Expansion to less competitive markets will increase yields through effective pricing. This will also give a lifeline to African airlines to compensate on the more competitive low yielding routes. Globalized competitors also fight to pre-empt each other competitors' global strategies in a move to kill competition and defend or increase an airlines market share. With competition becoming globalized in many industries, business units have to respond to the competitive pressure by leveraging their competitive position across markets, and by seeking integrated operations (Hooley et al., 2004).

2.5.3 Government Trade Barriers

Host government regulations/incentives, as well as other environmental forces, can drive globalization (Johansson, 2003). Similarity of tariff barriers, product standards, marketing regulations, and incentives for foreign direct investment can serve as stimuli for globalization. Conscious changes in government policies is generally in the direction of reducing or eliminating trade barriers to cross-border movements of goods, services and capital. Unrestrictive trade and investment policies that make an economy open to trade and investment with the rest of the world are needed for sustained economic growth. No country in recent decades has achieved economic success, in terms of substantial increases in living standards for its people, without being open to the rest of the world (Bartlett and Ghoshal, 2000). Opening up their economies to the global economy has been essential in enabling many developing countries to develop competitive advantages in the manufacture of certain products. Compatible technical standards, common marketing regulations are slowly being accepted across many countries in the world to promote trade and investment relations. There are pressures to move from a bilateral system to a multilateral system with some countries advocating for 'open skies' with complete freedom of operations (Senguttuvan, 2006).

2.5.4 Cost Factors

Cost benefits are argued to be a major benefit of globalization (Zou, 1995). Key benefits include economies of scale in marketing and production, economies of scope, efficiencies in sourcing and transportation, and synergies in other value-adding activities. Economies of scale to reduce unit costs are always a managerial goal. One means of achieving them is to globalize product offering to reduce development, production, maintenance, and inventory costs. The continued reduction in average yields coupled with the increasing jet fuel prices has made cost reduction a vital priority in all airlines.

A single country market may not be large enough for the local business to achieve all possible economies of scale and scope. The scale at a given location can be increased through multiple markets combined with product standardization of selected value activities. The costs of factor of production vary across countries. Concentration of activities in low costs and high skilled countries can increase productivity while reducing costs hence proving a synergy advantages to operate in more than one country so has to share operation costs (Higgins & Vincze, 1993). Greater internet use especially for business to business deals has drastically reduced costs. For instance, online monitoring and ordering of supplies such as aircraft spares, stationery, in-flight catering or products for in-flight sales can save labour costs, reduce stock holding and improve efficiency.

2.5.5 Technological Innovations

Technological advances are also considered major drivers of globalization (Levitt, 1983). Communication and transportation technology makes integrated global operations feasible and desirable. Industries with high technology intensity are particularly conducive to standardized marketing approaches (Zou, 1995). Development in information technology including the internet together with wider availability ownership of cheaper personal computers have been driving the penetration of electronic e-commerce of many sectors in the service industries of which airlines is only one.

Newer and cheaper technology in addition to the changes in attitude of customers towards information technology has been a great facilitator for changes in consumer purchase habits. As globalization enables open trade among foreign countries, media had also been enhanced by technological innovations and this in turn, resulted to the people's increased accessibility to several forms of media including the radio, newspaper, telephones, televisions, computers via the internet. This access on the other hand was beneficial not only in making communication easier but also in increasing public awareness over several important issues like gender inequality, discrimination, democracy and human rights. New airline distribution systems has critically changed the way in which airline distribute their products through varied global distribution systems enabling airline to save enormous distribution costs (Doganis, 2006).

2.6 Managerial Implications

Airline competing in the current global business environment must evaluate both external environment and internal organizational factors before subscribing to a global strategy. Global performance can be maximized if the business units can develop and nurture key internal organizational resources, and respond to external challenges with appropriate global strategy (Johansson, 2003). Specifically, business units must develop an organization-wide market orientation, be committed to the global markets, nurture a kind of organization culture that is conducive to global strategy conception and implementation, create organizational capabilities, and accumulate international experience.

In addition, business units competing in global industries must realize that successful global strategy is not a single formula of standardization but a multidimensional and coherent set of actions (Moon, 1993). These include participating in all major markets in the world, standardizing product and marketing programs wherever feasible, taking integrated competitive moves across the global markets, concentrating value-adding activities at strategic locations across the world, and coordinating the value-chain activities to exploit the synergies of multinational operations. Superior global performance will result if all dimensions of a global strategy are aligned with external industry globalization forces and internal organizational resources (Zou, 1995). Because external globalization drivers, internal organization resources, global strategy, and global performance are all multidimensional, businesses must set clear performance goals before formulating their global strategy. It is also important that businesses constantly monitor the external environmental changes and adjust their global strategy accordingly to ensure that the performance goals are being achieved (Etemad and Wright, 2003)).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was studied through the use of a case study. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). It excelled at bringing us to an understanding of the complex issue or object and can extend experience or add strength to what is already known. A case study emphasizes on detailed contextual analysis of a limited number of events or conditions and their relationships hence will best suit this study. The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study. The context of the study focused on Kenya Airways.

According to (Mugenda and Mugenda, 1999), it is important and appropriate to use data where subjects are observed in either natural set ups without manipulating the environment. It can be used when collecting information about people’s attitudes and opinions. It was also an efficient way to obtain information needed to describe the attitudes, opinions and views of Kenya Airways management on the responses by the airline to the effects of globalization.

3.2 Data Collection

The researcher used guided interview as primary data collection instrument. The researcher interviewed Kenya Airways Senior Managers including the Commercial Director, Human Resources Director, General Manager Cargo, Head of Revenue Management, Head of Network Planning and Strategy, Manager Government Affairs, Manager Strategic Planning, Area Sales Manager Kenya, Manager Country Manager Burundi, Revenue Manager Global Contracts, IS Development Manager, Manager Interline & Tariffs. This is because the above mentioned managers play key strategic roles in the organization and therefore were in a position to provide the required information to answer the research questions.

In order to gain qualitative insights into the problem, guided interviews was designed early in advance to ensure that all the research questions and objectives are covered. Guided interviews contained only open-ended questions, and the questionnaire only used as a guideline for the interview, the conversation between interviewer and interviewee did not have to follow it strictly.

3.3 Data Analysis

The researcher examined raw data using many interpretations in order to find linkages between the research object and the outcomes with reference to the original research questions. Throughout the evaluation and analysis process, the researcher remained open to new opportunities and insights. This included analysis of data to summarize the essential features and relationships of data in order to generalise from the analysis to determine patterns of behaviour and particular outcomes.

Before processing the responses, the completed questionnaires were edited for completeness and consistency. A content analysis was employed. The content analysis was used to analyze the respondents' views about the effects of globalization. Content analysis is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. Researchers quantify and analyze the presence, meanings and relationships of such words and concepts, then make inferences about the messages within the texts, the writer(s), the audience, and even the culture and time of which these are a part.

CHAPTER 4: DATA ANALYSIS AND PRESENTATION

This chapter presents the analysis and findings of the research. The study targeted to interview 18 Kenya airways senior managers out of which 14 Managers were interviewed across Kenya Airways departments. This constituted 78% response rate.

4.1 Effects of Globalization on Kenya Airways Operations

The respondents were asked to state the effects of globalization on Kenya airways business. Increased competition was the most repeated effect with 90% repeat rate. Most of the respondent expressed that globalization has melted most trade barrier among world countries allowing for free entry and exit into markets. Many European and Middle East carriers have found their way into Kenya Airways markets mainly African destinations and brought in intense competition for passengers and cargo. This has eroded KQ market share.

On a positive note, 81% of the respondents affirmed that KQ has been able to expand its network as a result of globalization. Open airspace policy by African countries and other states has enable Kenya airways to access the unexploited African markets and other European cities. Kenya airways have also been able to obtain 5th freedoms to carry passengers from across cities within its network hence leverage on cost and market opportunities.

84% of the respondents cited that globalization has help KQ join global alliances with services across all the continents enabling the airline penetrate into other markets and increasing its network coverage

64% of the respondents cited that new technological innovations have helped Kenya Airways improve its efficiency, safe costs and improve on customer satisfaction.

Globalization has played a key role in shaping Kenya airways business in the modern airline business. KQ has been able to adopt the best practices in the airline industry bettering its image globally. The researcher also noted that 42% of the respondents cited that globalization has also exposed Kenya Airways to global terrorism which is a threat to the aviation industry

4.2 How Kenya Airways have Responded to the Effects of Globalization

Respondents were asked to outline how KQ have responded to the effects of globalization. The common response with 85% repeat rate is Kenya Airways joining strategic global alliances and partnerships. Respondents cited that KQ has joined Sky team alliance so that it can remain relevant in the dynamic and changing airline industry. This way the airline gets to share technological know-how and airline management best practices from more experienced world class. Royal Dutch Airlines (KLM) for example is a strategically, global route network partner with Kenya Airways since 1996, holding 26% of the stakes. The joint venture runs regular services between Nairobi and Amsterdam, and code-shared services within the Kenya Airways-KLM network and potential services throughout the North American and European markets from Nairobi. Air France, Delta Airlines and other sky team partners**.**

85% of the respondents cited that Kenya airways have implemented a world class operations training to its entire staff. This was aimed at equipping KQ human resource with the generally accepted world class practices in the airline industry in pursuit of service excellence and exceeding customer satisfaction.

92% of the respondents cited that Kenya Airways have invested much on new systems and software's across its departments in pursuit of cost reduction and enhanced revenue generation. Examples given were that KQ was one of the first airlines in Africa to implement IATA e-ticketing policy. This has helped reduce cost of printing paper tickets by introducing electronic tickets. Other new technological systems embraced by KQ cited by the respondents include; Pros revenue management systems for revenue optimization, I –Pride, Sabre-Citrix for airline movement control, Sabre Air-price and Altea Airline distribution system.

85% of the respondents were in agreement that Kenya airways have complied with international aviation industry and safety standards. When asked how, respondents cited that the airline has been certified by international aviation bodies namely IATA operational Safety Audit (IOSA). The IOSA Program is an internationally recognized and accepted evaluation system designed to assess and maintain the operational management and control systems of an airline. Kenya Airways is the first African airline south of the Sahara to achieve the coveted certification.

85% of the respondents cited that Kenya Airways have embraced a fleet modernization strategy by replacing its old aircrafts with state of the art aircrafts that fly faster and use less fuel. This has also improved onboard passenger comfort hence a better product offering to its customers.

Respondents also noted that Kenya airways have invested heavily on safety and security both on board and on the ground. The airline has a dedicated safety and security team in charge of quality assurance and safety. Frequent audits are done in all KQ destinations to ensure that safety in uphold. This is in line with IOSA and Sky team standards.

Another response cited by respondents with 78% repeat rate was that Kenya airways have employed a fuel edging strategy to cub the rising fuel costs. Fuel hedging is a practice, often employed by airline companies, of making advance purchases of fuel at a fixed price for future delivery to protect against the shock of anticipated rises in price. Major reason given for this were that competition makes raising airfares in response to rising fuel prices quite difficult, an alternative mechanism in addressing fuel price risk for airlines is to hedge fuel prices by locking in a price for fuel in advance. An obvious advantage to such a strategy is that a hedged airline should be able to prevent huge swings in operating expenses and bottom line profitability.

64% Respondents also cited that Kenya Airways have a strategy of expanding its network into un-exploited African market. Respondent cited that KQ is attracted by the African high yield markets with little competition. This explains why over 80% of KQ network are African destination.

50% of the respondents exclaimed that Kenya airways have invested on its employees by developing a training centre . The leadership and training centre will be able to cater for most of the airline’s training needs and refresher courses from In-flight crew, technical staff as well as Management. Currently Kenya Airways has over 600 cabin and over 250 cockpit crew who undergo refresher courses on a regular basis. A flight simulator has been fitted in the training centre to cater for the airlines pilots training needs. This has reduced the cost of training pilot in overseas training facilities.

64% of the respondents cited that Kenya Airways have employed Business Process Outsourcing strategy of some non core services. Examples cited by respondents were the outsourcing of finance reporting systems, cleaning services, and ground handling services in outstations and catering services in its entire network.

4.3 Globalization and Competition

Respondents were asked whether they felt globalization was a threat to Kenya airways operations. 92% of the responded were in agreement that globalization were indeed a threat but has also brought major opportunities for airline. The same respondents cited intense competition a major threat to KQ markets though 64% agreed that competition in the current global business environment were indeed healthy. Opportunities cited by the respondents were mainly the ability to obtain traffic rights to new destinations and fifth freedoms in existing networks to uplift passengers from one country to another without passing through Nairobi, KQ hub.

Respondents were further asked how KQ has responded to competition. The commonly repeated response with 85% repeat rate was product differentiation. Respondent explained that KQ has been working on continuous product improvement through increased schedule integrity and reliability. Onboard branding has also been a key area for improvement in order to exceed the ever changing customer needs. Kenya Airways has also forged partnerships with other airlines to reduce rivalry and mutually benefit from operations.

4.4 Challenges of Dealing with Different Governments in KQ Network

The most cited challenge with 80% repeat rate is corruption. Respondent cited that most African government officials demand for bribes or contracts awards in lieu of traffic rights to fly to their countries.

Other challenges cited by respondents include, high taxes and landing rates, diplomatic barriers through visa restrictions affecting passenger flow, heavy bureaucracy with colonial policies, poor infrastructure and inadequate safety standards which is still very low in most African cities

Respondents were asked to state how Kenya airways have dealt with the government challenges. 93% of the respondents cited that KQ has established a government and industry affairs section within its Planning and strategy division to adequately negotiate on government related issues in Kenya airways entire network.

4.5 Trade Barriers in Kenya Airways Network

Respondent were asked to identify the major trade barriers affecting Kenya airways across its network. The common trade barrier with 78% repeat rate was government trade barriers. Respondent cited the difficulty in obtaining Bilateral Air Services Agreements (BASA) between respective governments. BASA limitations cited had prevented and or delayed the airline from launching new destinations. An example given was Namibia where it has been difficult for the airline to obtain traffic rights due to Namibian government bureaucracies. 60 % of the respondents cited diplomatic rows through visa restriction certain nationalities affecting passenger flow and finally the overall route profitability.

4.5 Advantages and Disadvantages of Globalization to the Airline Industry

Respondents were asked to outline the advantages and disadvantages of globalization in the airline industry. Below is a summary of the cited advantages and disadvantages of globalization.

Advantages of globalization	***Disadvantages of globalization***
• Opening up new/closed markets • Advancement in technological innovations • Increased business opportunities • Improved infrastructure • Improved economies which has resulted into mobility of people • Better product offering with seamless connectivity	• Increased competition • Lower profit margins • Higher cost eg investing in systems • Spread of global threats and frauds • Increased employees turn over • Increased strength of labor unions • Anti trust laws prohibiting fare fixture

4.6 Future of Kenya Airways

Respondents were asked to give their opinion on the future of Kenya Airways with respect to globalization. 93% of the respondents cited KQ future as bright as long as the airline remained focused on the needs of the customer. With a growing network and modern fleet, the limit of KQ is the sky. Respondents cited that the airline has the potential to make more profits as long as the management of the company remained focused on its mission which states; "To Maximize Stakeholder Value by Consistently-

Providing the Highest level of Customer Satisfaction , Upholding the Highest level of Safety and Security and Maximizing Employee Satisfaction Whilst being committed to Corporate and Social Responsibility"

Respondents cited that the airline will continue to focus on profitable network expansion of our through a combination of direct access and alliances with other carriers. Sustainable improvement in yield will be pursued through a combination of a new revenue management system and better discipline. Management should also place emphasis on greater productivity, costs restraints and reduction in wastage.

CHAPTER5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The objective of the study was to investigate the strategic responses by Kenya airways to the effects of globalization. To accomplish this, the effect of globalization to Kenya airways business was identified, and then the strategic response by the airline sought.

Respondents were drawn from Kenya Airways senior management mainly from Commercial, network planning & strategy and ground services departments. To fulfil the objective of the study, 14 Kenya Airways managers were interview. The response rate was good with 78% response rate.

The study established that globalization have directly affected Kenya Airways business. The most cited effect with 90% repeat rate was increased competition. Globalization has also enabled Kenya Airway acquire traffic rights to fly to new destinations. This has enabled the airline to expand its network into Africa, Asia and Europe.

The study also found out that globalization has broken trade barriers amongst countries, race, cultures and continents. This has increased trade across the globe hence the rising demand for air travel. The rising demand for air travel has kept Kenya airways in business. Globalization has also exposed the airline to global terrorism which a big threat to the volatile aviation industry.

This study found out that Kenya airways have responded to the effects of globalization in a number of ways. Kenya Airways have joined Sky Team alliance and partnerships with other airlines across the globe to enable the airline expand its global presence. Such alliance has helped the company reduce competition in some markets through cooperation and joint ventures with competitors. Kenya Airways is the only Sky Team representative in Africa. Kenya Airways has also consistently improved and adopted new technologies so as to improve its product offering and increase its efficiency while reducing cost. The airline has continued to acquire modern aircrafts in its fleet modernization strategy.

Kenya airways is also committed in employee development has human recourses is highly valued by the airline as a key product differentiator. The airline has acquired a training centre and embarked on training all its employees on world class airline operations amongst other courses relevant to specific departments.

The future of Kenya Airways is largely dependant on whether its management will remain focused and consistent with the changing and dynamic airline business environment. This way the airline can remain competitive and profitable by meeting and exceeding the needs of both internal and external customers.

5.2 Conclusions

This study concludes that globalization have had effects on Kenya airways business. The major effect established is the increased competition in the airline industry. Local and domestic carriers have emerged on Kenya Airways markets eating up the market share and diluting revenue yields.

The airline has also expanded its network to 50 destinations as a result of globalization which has reduced trade barriers and increased trade among nations.

Kenya Airways have been quick to respond to effects of globalization taking advantage of the created opportunities and taking measures to avert threats. The hub and spoke concept on Kenya airways expanded network has yielded fruits. Jomo Kenyatta International Airport being KQ hub feeding and de-feeding network has been a success.

Strategic partners and alliances has helped Kenya Airways grow irrespective the increased competition. This has also enabled the airline penetrate into new markets.

5.3 Recommendations

The study recommends that Kenya airways remains vigilant and alert to the changes in the airlines business environment most of which are as a result of globalization. The airline should respond promptly to any changes for it to remain relevant in the competitive airline industry.

Kenya airways should also evaluate the success of each adopted strategic response to ensure that the airline takes full advantage of opportunities brought about by globalization while proactively averting threats.

5.4 Limitations of the Study

The study research findings cannot be generalized as of the airline industry either in Kenya or in Africa. This is because the study was a case specific to Kenya Airways.

5.5 Areas for Further Research

The study recommends that further research can be done to investigate if the strategic responses by Kenya Airways have contributed to the success of the airline. A similar study can also be done to establish the strategic responses by African airlines to the effects of globalization.

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APPENDIX 1: INTRODUCTORY LETTER

Ezekiel Rono

School of Business

University of Nairobi

P.O Box 30197

Nairobi.

Dear respondent,

I am a post graduate student at University of Nairobi pursuing a course leading to a Masters Degree in Business Administration.

In order to fulfil the degree requirement, I am conducting a case study on ***"Strategic Responses by Kenya Airways to the effects of Globalization"***

As a senior manager in Kenya Airways, you are kindly requested to be part of this study. This is to kindly request you to accord me a few minutes of your time to conduct an interview at a time most suitable to you.

The information obtained will exclusively be used for academic purposes only and the findings of the study shall upon your request be made available to you.

Thank you in advance for your valued contribution to my academic pursuit

Yours faithfully

Ezekiel Rono

MBA Student, University of Nairobi

APPENDIX 2: GUIDED INTERVIEW QUESTIONNAIRE

Section 1: Introduction

1. What is your department?

Section 2: Concepts & Responses

2. In your view, what are the effects of globalization on KQ business?

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3. How has KQ responded to the effects of globalization?--------------------------------

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4. Do you feel that globalization is a threat to KQ? How?------------------------------

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5. KQ seems to concentrate its expansion of Africa routes. What could be the reasons?---
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6. In your view, what are the trade barriers across different countries in KQ network? ---
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7. What are the challenges in dealing with different governments in KQ network?----
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8. How is KQ dealing with the challenges in 7 above?-----------------------------------
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9. In your view, has globalization increased competition faced by KQ?-----------------
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10. How has KQ responded to such competition?--

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11. Technological innovations seem to change over time. How is KQ aligning itself to these changes?--

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12. How has KQ benefited from these technological innovations?------------------------

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13. In your view, what are some of the new systems that has impacted positively on KQ business?--

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14. The world is experiencing fluctuation in fuel prices. Is KQ operations affected by this? .How has KQ reacted?---

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15. The current wave of global terrorism seems to affect the aviation industry. How is KQ responding to this?---

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16. Safety has been an issue in the aviation industry. What are the measures taken by the airline towards sustaining its safety standards?--------------------------------------

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17. In your opinion, what are the advantages and demerits of globalization in the airline industry?---

Merits	Demerits

18. In your view, what is the future of KQ with respect to globalization?----------------

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THANK YOU FOR YOUR TIME