

**STRATEGIES PURSUED BY KENYA AIRWAYS CORPORATION
DURING COVID 19 PANDEMIC PERIOD**

BY

GEORGE SANKALE NYAMOH

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS
AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI**

2022

DECLARATION

I declare that this Research Project is my original work and has not been submitted for an award at any university or institution of higher learning.

Signature



Date: 21.5.2022

NAME: GEORGE SANKALE NYAMOH

Registration No. D61/83759/2016

This Research Project has been submitted for examination with my approval as the University appointed supervisor.

Signature



Date: 01.07.2022

NAME: PROF. FRANCIS N. KIBERA

Faculty of Business and Management Sciences

University of Nairobi

ACKNOWLEDGEMENT

I take this opportunity to thank the Almighty God for the gift of life.

I acknowledge my supervisor Professor Francis Kibera, for his professional guidance and advice during the whole period of research, which helped me produce this research document.

I also acknowledge the Kenya Airways staff for allowing me to collect data from their institution for the research.

I finally acknowledge the entire staff of University of Nairobi for their services during the whole period in the University. Thank you all and may the Almighty God bless you.

DEDICATION

I dedicate this work to my family who stood with me throughout the research period.

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
ABSTRACT	vii
ABREVIATIONS AND ACRONYMS	viii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Concept of Strategy	3
1.1.2 Organizational response to environmental change	4
1.1.3 Aviation industry in Kenya	5
1.1.4 Kenya Airways	7
1.2 Research Problem	9
1.3 Research Objective	12
1.4 Value of the Study	12
CHAPTER TWO: LITERATURE REVIEW	14
2.1 Introduction	14
2.2 Theoretical Foundation	14
2.2.1 Enviromental Dependency theory	14
2.2.2 Resource Based View Theory	16
2.3 Strategy and Organizations	17
2.4 Kenya Airways and covid-19 pandemic environment	19
2.5 Empirical Studies and Knowledge Gaps	21
CHAPTER THREE: RESEARCH METHODOLOGY	23
3.1 Introduction	23
3.2 Research Design	23
3.3 Data Collection	24
3.4 Data Analysis	25
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	26

4.1 Introduction	26
4.2 General information.....	26
4.3 Strategies adopted by Kenya airways during covid-19 pandemic.....	28
4.4 Discussion of findings.....	35
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	39
5.1 Introduction	39
5.2 Summary of the findings	39
5.3 Conclusion.....	41
5.4 Recommendations	43
5.5 Limitations of the study	44
5.6 Suggestions for further research.....	44
REFERENCES	Error! Bookmark not defined.
APPENDICES	1
Appendix I: INTERVIEW GUIDE.....	48
Appendix 2: SUPERVISOR ALLOCATION FORM	51
Appendix 3: UNIVERSITY OF NAIROBI INTRODUCTORY LETTER	52

ABSTRACT

The business environment is unprecedented, unpredictable and uncertain and it is ever changing. Organizations need to scan the environment in order to understand what goes beyond its walls. The environment is dynamic and for a firm to be competitive in its environment, it needs to develop strategy that matches the changing environment. Because today's strategies might be rendered obsolete tomorrow. The aviation industry has endured most of the devastation of the corona virus pandemic due to border closures, ban and other restrictions around the world to curb the spread of the disease. The research analyzed the strategies that Kenya Airways Corporation pursued during the Covid-19 pandemic. The objective of the study was to determine the strategies that Kenya Airways Corporation pursued during the covid-19 pandemic. The study was anchored on environmental dependency and resource-based view theories. The researcher used the case study research design. Both primary and secondary data were used. The primary data was gathered using the face-to-face interview guide while data was analyzed using the content analysis. The study concludes that the airline experienced a turbulent environment due to the pandemic and measures such as border closures and restrictions to movement together with virus variants further made air transportation worsen. The study established that to survive the pandemic, Kenya Airways formulated several strategies to match this environment. These strategies included; formation of partnerships with other airlines, grounding, sale and leasing out some of its aircrafts. The research established that the airline also reduced its workforce from above 4300 to below 3200. The carrier stopped taking its fleet abroad for maintenance after it built the capacity to do the maintenance at its hangars. All these undertakings saved the airline on costs during the pandemic crisis. The study recommends the company to embrace all the strategies it had formulated into the future until the environment stabilizes. The government should continue protecting the company against stiff competition from Ethiopia, British and gulf carriers (emirates, Etihad and Qatar airways). The management of the company should be looked into as it has been blamed on the woes the company had faced for many years. Kenya government should re-nationalize the company so that it can be competitive and profit making like other state-owned carriers. Kenya airways should also embrace new aviation industry technologies to boost on its operation. The company business should be diversified in order to spread the risk in future.

ABBREVIATIONS AND ACRONYMS

COVID-19	:	Corona Virus
KQ	:	Kenya Airways
C.E.O	:	Chief Executive Officer
IATA	:	International Air Transport Association
KLM	:	Koninklijke Luchtvaartmaatschappij
GDP	:	Gross Domestic Product
RBV	:	Resource-Based View
Five Ps	:	Plan, Ploy, Pattern, Position, Perspective
MD	:	Managing Director
FY	:	Financial Year
USD	:	The United States Dollar
SARS	:	Severe Acute Respiratory Syndrome
CSR	:	Corporate Social Responsibility
WHO	:	World Health Organization

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Every successful business worldwide must have had well laid down strategies for it to survive in ever changing business environment. Firms must formulate an effective strategy for the achievement of set mission and vision. Strategies therefore, act as a guide of the firms in achieving the goals and objectives. Despite the corporation or a firm having formulated the best strategies, the implementation and evaluation of these strategies is key. Today, every organization undertakes its business in an environment that is unprecedented and uncertain. Therefore, the management should always be aware of the business environment in which the corporation or a firm is operating in and should keep scanning it. For the last nineteen months, from March 2020, the sudden uncertain business environment brought about by the covid-19 pandemic has hard hit many corporations and firms.

According to Mhalla (2020), the virus has spread to all countries of the world and territories, is growing every day, and has become a threat not only to governments but also to almost all businesses around the world. The aviation industry has endured the most of the devastation of the virus. Most of the airlines have been forced to minimize their flight operations for survival purposes. Others have done massive retrenchments on their workforce and frozen any recruitment of additional workforce. Other measures taken by airlines include sale and grounding of some of the aircraft, restructuring of the assets, diversification, exit, others have requested their government to bail them-out.

Two theories were used to explain the interrelationship of the business environment, resources and strategy. The first theory is environmental dependency theory that assume

that organisation depend on the immediate environment for purposes of obtaining resources. These resources are perceived to influence how organizations operate and behave. Thus, organizations are perceived as open systems, which cannot sustain themselves. Organizations, thus, are not self-sufficient; this is because they all extract the resources they require for operations, growth and survival from the environment. There exists interdependence and interrelationships among the many players in the outside environment. According to Kariuki et al., (2011), the environment in which firms and other organizations transact their businesses is not constant. It keeps changing and is unpredictable. Moreover, organizations and firms don't operate in isolation; they interact with each other as they are dependent on each other. According to Scott and Davis (2006), organizations don't operate independently, that is, as closed systems with everything in their disposal. They interact with other organizations in the environment in which they operate.

“A resource-based view of organizational strategy has two key assertions: resource heterogeneity and resource immobility. An organization is said to have sustained competitive advantages if it possesses unique resources (resource heterogeneity), and places competitors at a significant cost disadvantage when they attempt to obtain, develop, and use the same resources (resource immobility). Thus, an organization has sustained competitive advantage when it executes a (set of) strategies that require unique resources and capabilities which add value and make competitors face significant disadvantages in acquiring them” (Lee et al.,2008, p.394).

According to Liu (2020), corona virus disease has overrun many countries. To salvage and contain the situation many measures have been set by almost all nations across the globe.

However, the set measures have not favored the airline industry hence making it suffer the most.

1.1.1 Concept of Strategy

Lynch (2006) argues that a strategy is a plan of action that is designed with the aim of obtaining a particular goal or objective. This is because a strategy entails the organization identifying its purpose through its management, which engages in formulating actions and plans for purposes of meeting and achieving this purpose. Corporations and organizations need to embrace the concept of strategy for purposes of achieving the set goals and objectives. Porter (1996) argued that a strategy involves undertaking organization's business in a manner that is different from the organization's rivals. He further states that Strategy is the formulation of actions that are valuable and unique in nature. Strategy involves determining organizational goals and objective and efficient allocation of organizational resources for purposes of achieving sustainable competitive advantage over the competitors.

Henry Mintzberg (1987) defined the term strategy using five Ps. The five PS are the plan, ploy, pattern, position and perspective. According to Mugondo (2012), strategies are formulated and implemented from three levels in an organisation. The highest level being the corporate level and the lowest being the operational/functional level.

The strategies help the management align the resources with the goals and objectives of the organizations (Irungu, 2010). The environment in which organizations are operating in is fast changing, unpredictable and uncertain. Yesterday strategies are getting irrelevant very fast because of factors that are outside the organizations and which the organizations

can't control. The top management of the organizations ought to keep scanning the environment in order to keep pace with the competitors and for purposes of maintaining the market share or gaining more. Strategies help organization determine its position in terms of performance, its capabilities and whether the capacities it poses are capable of triggering new growth. The direction and vision of the organization is also created through the strategy formulation and implementation. A strategy helps an organization plan for the future undertakings of the organization.

1.1.2 Organizational response to environmental change

Auziar (2018) defines business environment using two broad categories of factors; external and internal factors. He argues that both internal and external factors constitute the business environment.

All businesses undertake their businesses in an environment whereby they interact with each other. This environment is never constant and therefore it keeps changing. This environment brings with it challenges (threats) and opportunities to businesses at different instances.

The management should understand and analyze environment so that it can take the opportunities under the uncertainty (Hans, 2018). Many changes take place around an organisation and the management should always be alert as these changes have a magnitude effect on how the business will operate. Hans (2018) further adds that it is very important for an organisation to perform Environmental analysis. This will help the organisation to understand both the factors inside the organisation and factors outside it hence better formulation and implementation of strategies that match the environment. Through

analysis of the environment the organisation is capable of understanding its position in terms of strengths, weaknesses, threats and opportunities.

According to Auziar (2011), business environment can take several dimensions, that is, environmental complexity, environmental change and environmental uncertainty. According to Neely (2003), different strategies are required as the business environment is ever dynamic, unpredictable, and competitive. The strategies should be dynamic for purposes of reflecting the dynamic business environment. Aviation industry has faced a new phenomenon that has greatly affected its growth and development. The new phenomenon is as a result of corona virus disease. The pandemic has crippled the air transportation and many airlines have incurred huge losses in tune of billions of dollars. Kenya airways in the financial year 2019/20 reported the biggest loss since its inception in the year 1977 at 36.2 billion. This almost tripled the previous financial year 2018/19 loss, which was 12.98 billion (Kenya Airways financial statement, 2019/20). The new environment has caught many industries unaware therefore bringing a lot of damage to the performances of businesses and the only and the best response has been formulation of new strategies that reflect the new environment.

1.1.3 Aviation industry in Kenya

According to Sheikh (2017), the aviation industry in Kenya started at the turn of the 19th century. The only available aircrafts at the time were used for transportation of wealthy individual and British government officials that came to Kenya for tour. He adds that Wilson airport was the first aerodrome to be established in Kenya in 1920s.

“Airline industry remains a large and growing industry. It facilitates economic growth, world trade, international investment and tourism and is therefore central to globalization, taking place in many other industries. In order to appeal to prospective shareholders, the airlines have to become more efficient and competitive. Airlines profitability is closely tied to economic growth and trade. Airlines have had to recognize the need for radical change to ensure their survival and prosperity in globally competitive environment” (Ochieng’, 2015).

The aviation industry in Kenya is composed of so many airlines that operate local, regional and international routes. Kenya Airways operate all these routes while the small airlines mostly operating from Wilson airport operates either local or regional routes. The aviation industry is very competitive because of the many airlines that are being established in Kenya and because of the many regional and international carriers that compete for the market share. The regional carriers that give stiff competition to the Kenya Airways include Ethiopia airways and RwandAir. On the other hand, the British and the gulf carriers are the main competitors to the Kenya Airways on long routes due to low airfares, capacity and technology. All these carriers are wholly owned, operated and supported by their governments unlike the Kenya Airways that is owned by the private as well as the government. The aviation industry has had a big change due to this competition from the international carriers. These changes include increased number of destinations, the flights frequencies and improved services to the travelling passengers.

Kenya Civil Aviation Authority is the main body in Kenya that regulates the licensing and operation of airlines in Kenya airspace. This body was formed in the year 2002 from the civil aviation amendment act of the Kenyan constitution. The body has other functions,

which include provision of air navigation services, regulation of aviation safety and airdrome security. Kenya Civil Aviation Authority does not operate in isolation but it operates under other regional and international regulations (IATA, ICAO).

The Kenya aviation industry is dependent on a number of airports and airstrips where traffic is handled. The major airport is Jomo Kenyatta International Airport while Mombasa, Kisumu and wajir airports serve as other smaller airports where international, local and regional carriers land and takeoff.

The aviation industry has had its up and downs since its inception. The aviation industry is vulnerable to the environmental changes like any other business. Over the years factors such as oil crises in the Middle East, global depression, outbreak of viruses and natural calamities, have had an impact on aviation industry. Over the years, aviation industry has seen a sharp decrease in passenger and cargo transportation due to factors such as the gulf crises, terrorism and conflicts in Middle East. In the year 2003, aviation industry was hit by the outbreak of a disease by the name, severe acute respiratory syndrome (SARS). It is the most recent virus outbreak in the world to affect the aviation industry before corona virus which is the worst ever in aviation industry.

1.1.4 Kenya Airways

The biggest and the most popular airline in Kenya is Kenya Airways. The airline was assigned its international code KQ instead of KA by international air transport association (IATA) after the latter had been assigned to Korean airline. East Africa Airways Corporation was disbanded and in 1977 Kenya Airways Corporation was born. The East Africa Airways corporation was co-owned by Uganda, Kenya and Tanzania but due to

weak relations among the members, it was dissolved. The airline is headquartered at Embakasi, Nairobi. Passengers and cargo transportation happens at Jomo Kenyatta International Airport. The airline privatization took place in 1996 after the government owned it until April 1995 making it the very first carrier in Africa to undertake this successfully. Kenya Airways has been an associate of the sky team since the year, 2007.

Currently both the government and the private own the airline. Kenya Airways shares are owned as follows; government of Kenya 48.9%, Lenders Corporation to Kenya Airways, 38.1% while KLM corporation owns 7.8%. Private owners own the remaining shares. Shares are transacted on three markets, NSE, DSE (Musyoki, 2018). The national carrier operates local, regional and international routes making a total of 54 destinations. The airline operates a low-cost carrier called Jambo jet, which mostly operates domestic routes and was established in the year 2013. It also owns several subsidiaries which are; cargo handling and Kenya airfreight handling limited. The airline is led by chief executive officer (C.E.O) who doubles up as the managing director (MD) who reports to the board of directors. The airline has seven departments all headed by directors.

Since the year 2012, the airline has been struggling in the business. The airline woes have been brought about by factor internal and external to the corporation. These factors have seen the airline suffer huge losses over the past ten years. Accumulatively, Kenya Airways have suffered more than 128.76 billion shillings. The last time the airline made profit was in the year 2012, the net profit was 1.67 billion shillings a drop from the previous financial year (FY) 2011 at 3.54 billion shillings.

1.2 Research Problem

By setting clear organizational strategy, important goals and objectives can be achieved. A better strategy contributes to the success of the organization. According to Njoroge (2014), regardless of whether the organization is public or private it adopts strategies. The strategies formulated ensure growth of the organizations. Some organization depends on strategies for survival purposes. “Every organization needs to constantly do an analysis of the environment that it exists in. The environment rapidly changes due to several factors among them political, social, economic, cultural and technological changes. There are changes globally like political or social crises, pandemics, increased competition, changes in customer needs and new advanced technology requirements” (Njoroge, 2014)

There are a number of global, regional and local studies that have been done on the topic but they might have failed to capture the context, concept or different methodologies had been used. Globally the following research studies have been done touching on the topic under the study. Wenzel et al., (2010), undertook a research study on Strategic responses towards crisis. The study focused on the crisis that has been caused by Covid-19 pandemic. The target on this study took a broad perspective of the context and failed to focus on the aviation industry. The study generalized the strategies that firms can adopt or pursue during the time of uncertainty in the business environment hence leaving a gap in the study on how aviation industry has applied different strategies for their survival during the period of corona virus pandemic. Budd et al., (2020) undertook a research study on strategic responses that airlines from European countries had adopted through Covid-19 pandemic. The study was done from a different context and therefore not applicable to the current Kenyan context. The study used both qualitative and quantitative techniques to

analyze the data whereas the case under study used a case study where content analysis of the data was used. Aidoo et al., (2021) took a study on the ‘performance implications of strategic responses of SMEs to the Covid-19 pandemic’ where the research was based on evidence from an African economy. The study has both conceptual and contextual gaps, which needed to be researched on.

Locally, different researchers have undertaken several research studies regarding the aviation industry in Kenya. Kubai (2010) did a research study on strategic responses that Kenya Airways adopted to respond to changing environment. He pointed that companies can respond to the challenges using porter’s generic strategies; cost, differentiation and focus. The study was done before Covid-19 crisis and might not be applicable to the current case of Kenya Airways. Orawo (2010) also undertook a study to establish strategies Kenya Airways had adopted in responding to competitive environment as it executed a global expansion idea. The study did not focus on Covid-19 period strategies rather it focused on strategies Kenya Airways had employed to deal with competition in the changing environment therefore creating a conceptual gap that required further research.

Ng’ang’a (2012) undertook a research study on how Kenya Airways had been able to respond to issues of globalization using different strategies. The focus was on the global business arena challenges to Kenya Airways while the study under the research looked at the strategies the corporations adopted in the turbulent period of corona virus. Here there is a conceptual gap hence a need for further research. Kamau (2014) carried a research study in Eastleigh business district where his focus was on strategies that SMES were employing in order to survive in the dynamic environment. This study was carried in a

different context and hence not applicable in the airline industry and thus creating a contextual gap that needed to be researched on.

Gikonyo (2009) conducted a research study on competitive strategies that small airlines adopted in East Africa. His study wanted to establish the strategies that small airlines in East Africa had pursued in order to be competitive. The study used cross-sectional survey research design while the research under study used a case study research method therefore creating a methodological gap. Again, the research study lacked conceptual gaps that need to be researched on. In addition, Rono (2012) and Kamau (2008) carried a research study on response strategies by Kenya Airways to challenges of globalization. The study by the two was to establish the strategies that Kenya Airways had employed for purposes of reacting to the issues brought about by globalization. The topic under the study sought to fill the conceptual gap that existed by looking at the strategies that Kenya Airways had pursued during the period of Covid-19 pandemic and divert from globalization issue.

Following the review of the above previously done studies, the few researches done under the topic were done in a different context or had methodology gaps and most of them were carried out before corona virus pandemic. Many other studies were done but no similar study had been done on the topic under current study. Therefore, the study sought to close these gaps by examining strategies that Kenya Airways had adopted during the period of corona virus pandemic. The study therefore sought to close these knowledge gaps identified in the above previously done researches by investigating strategies pursued by Kenya Airways during the Covid-19 pandemic period. What are the strategies that Kenya Airways have pursued during Covid-19 pandemic period?

1.3 Research Objective

The objective of the study was to determine strategies pursued by Kenya Airways (KQ) during the Covid-19 pandemic period.

1.4 Value of the Study

The research study would benefit many stakeholders. These stakeholders are; Kenya airways management, Kenya airways shareholders, Kenya government, potential investors, academicians and scholars and the Kenyan citizens who might seek employment at Kenya Airways in future.

The research findings would benefit the Kenya Airways top management and the corporation in general. This is because the information will help them in future planning in case other crises emerge. They will be able to come up with strategies that will help the corporation forge its way out of the crises. The information would further assist in a great way the management in sustaining the corporation not to exit the market in future in case of a similar phenomenon of Covid-19.

The information from the research will also help the government in formulating policies that will help the corporation in its future undertakings. For instance, bailing out or financial assistance. This will boost Kenya Airways Corporation, as the government will come to rescue at the much-needed time and this will reduce the struggle by the corporation and its operation will not be jeopardized. The policy makers will therefore benefit from the research as they will have more insight into the concept of strategies and would want to see the corporation back to profit making path by adopting effective business policies to guide the corporation.

Kenya Airways shareholders will also benefit from this research too. Every investor aim is to get profit after transactions are done. The shareholders will be able to know where the corporation position and the stride is striving to make to remain afloat. Hence, this will bring confidence to the shareholders who will give the necessary support to the corporation to see it through the turbulences and rebound back to profit making position.

Potential Investors will only invest where they feel their finances are safe. They will look at viable projects and businesses to invest in only. The research study will give Kenya Airways a marketing strategy that will attract more investors to the corporation and this will bring more finances that will stimulate more growth. The research study will be of major benefit to the potential employees from the public. Reduction of workforce is one of the strategies to employ for purposes of reducing wage bill. The public will get clear that the corporation will not be malicious by just retrenching people but they will understand it as the corporation strategy for survival purpose. Through this, potential employees will have future hopes with the corporation and the corporation will have created a good name where their future skilled employees will be recruited from.

The study will also benefit future scholars since they will use the research study findings and results as a reference point in their future studies. Researchers often build on what have already been done. Therefore, other researchers, academicians and scholars will use this research as a reference to build on their future studies related to the topic under study. Therefore, the study will help the researchers obtain important skills and knowledge that will assist them in future researches. In general, the research study findings will add more insights to the field of strategic management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is set to look at theoretical foundation, strategies and organization, Airlines and Covid-19 pandemic environment, empirical studies and knowledge gaps.

2.2 Theoretical Foundation

This research is pinned on two theories established in 1970s, and 1980s. These two theories are, environmental dependency and resource-based theories.

2.2.1 Environmental Dependency Theory

This theory was developed by professor Ansoff and Sullivan in the year 1993. They advocate that great firm performance is assured when the responsiveness of its strategy matches the turbulence in the environment. The firms' capabilities should match aggressiveness of its strategy. Mutua (2010) pointed out that strategies are crucial as they link organizations with the external environment.

Corlett (2011) argue that an organization's growth and development is dependent on the organization ability to positively respond to the environmental dynamics. Organization depends on the immediate environment for purposes of obtaining resources. These resources are perceived to influence how organizations operate and behave. Thus, organizations are perceived as open systems which cannot sustain themselves. Organizations are said not to be self-sufficient nor self-reliant; this is because they all extract the resources they require for operations, growth and survival from the environment. There exists interdependence and interrelationships among the many players in the external environment. Resources acquisition might not be the biggest problem of the

organisation however, the uncertainty in the external environment poses the greatest threat. The access to the critical resources is hindered by the emerging competition from the unpredictable and uncertain environments

Mungai et al., (2018) points out that the procurement of external resources is essential for both strategic and tactical levels of management in an organization as they depend wholly on resources, which originate from the environment. Possession of strategic resources provides an organization with brilliant opportunity to develop competitive advantages over its rivals. These competitive advantages in turn help the organization enjoy strong profits over time.

This theory is important to the research study as it clearly shows how important the immediate environment is to the organization. It is here that the resources are obtained that are very key to the operation of the organizations and therefore the management should be ready at all times to study these environments. Resources are important to the organisation in terms of competitive aspect and success. Organizations should come up with strategies that can assist in faster gathering and exploitation of the resources, as they are scarce. The source of resources is the external environment hence the organizations should formulate appropriate strategy to obtain them in time. These resources in turn help the organizations to develop capacity and competences that would help achieve competitive advantage. Organizations need to interact with the environment as they are neither self-sufficient nor self-reliant and would never operate in isolation.

2.2.2 Resource Based View

Several people came up with this theory in the years 1990s and 1980s. These theorists are Prahalad and Hamel, Birger Wernerfelt, Spender and Grant. This theory looked at the organisation competitiveness from the point of having resources enough and unique from that of the competitor. Many scholars nevertheless consider Barney 1991, as the father of this theory.

According to Edwards (2014) is that there has been growth to this theory in recent years where better and more elaborate explanation of how unique resources and capability can lead to superior performance if held for a period of time by an organisation over its competitors. He equates performance to greater capabilities and strategic resources. Resources are difficult to imitate, they are not substitutable but they are valuable and rare. An organisation having such resources is strategically positioned to achieve success over long period of time.

The firm capabilities can be developed through the efficient use of strategic resources and this can lead to superior performance (Edwards, 2014).

Resources and capabilities held by firms bring the big differences among many firms; this is according to the point of view of strategic management from resource base theory. It also suggests that organisation competitive advantage can be analyzed from the point of skilled and competent human resource, intangible and tangible resources held by the organisation. These resources that a firm or an organisation possess can be used in development of competences which will give this firm or the organisation competitive advantage over the rivals. Once an organization's bundle of resources is identified, an

organisation is able to determine which of these resources represents the strengths of the organization and which one represents the weaknesses.

Berney and Clark (2007) suggests that creation of more economic value from resources helps an organisation achieve competitive advantage that is key when it comes to market share competition.

According to Lee et al., (2008), resources that a firm or an organizational possesses are viewed from different perspectives. An organisation needs both the resources and strategies in order to achieve organizational efficiency and effectiveness. These resources are viewed in terms of processes of the organisation, capabilities and competencies of the human resource. This theory is important to the research study. This is because it has created a clear picture of how important the resources held by a firm are important to that firm when it comes to dealing with the competitors. The resources can give a competitive advantage over other firms and that's what all firms strive to achieve.

2.3 Strategy and Organizations

According to Porter (1996), a strategy is choosing to perform activities differently from the competitors. He further states that Strategy is the creation of a unique and valuable position, involving a different set of activities.

Strategy involves determining organizational goals and objective and efficient allocation of organizational resources for purposes of achieving sustainable competitive advantage over the competitors (porter, 1996). "The essence of strategy formulation is coping with competition. Yet it is easy to view competition too narrowly and too pessimistically. According to Kariuki et al., (2011), an effective formulation and implementation of

organization strategies determines the performance of that organisation. Great performances are indicators of proper implementation of strategies.

According to Mintzberg et al., (2003) “The principal sub-activities of strategy formulation as a logical activity include identifying opportunities and threats in the corporation ’s environment and attaching some estimate or risk to the discernible alternatives. Muge (2010) points out that “the role of strategy is to match external environment with the firm’s internal capabilities. Organizations exist in the context of complex commercial, economic, technological, cultural and social world. An understanding of the historical and environmental effects, as well as opportunities and other well exact threats to the organization is critical” (p.33)

There exists interdependence between the environment and organizations. Environment provides input to the organizations. Organizations on the other hand processes this input and discharges the output later for consumption by the same environment. Organizations do not perform its business activities in isolation rather it exists in an environment that is full of competitors. Therefore, for the organisation to survive in a competitive and a dynamic environment it has to formulate and implement strategies that would counter these changes in the external environment (Kariuki et al., 2011)

“To achieve its objective the organization chooses strategies that align them properly with environment. This is aimed at avoiding any mismatch between the organization and the environment. This in turn leads to effect on the performance of the organization. The choice of strategies to employ at a given time is informed by different factors within and without the organization. Different firm’s strategies differ from organization to another which is influenced by the external and internal factors” (Kariuki et al., 2011, p.1).

“Strategy may be deliberate or emergent. Deliberate strategy is more applicable in large organization. This is because such organizations have the strategic planning process involving strategy formulation, implementation, evaluation and control. They have formal strategic planning as opposed to small-scale business organization which to a great extent employs informal strategic planning process. These small businesses’ strategy is therefore more of emergent than deliberate” (Kariuki et al., 2011, p.1).

2.4 Kenya Airways and Covid-19 pandemic environment

The aviation industry is vulnerable to the environmental changes like any other business. Over the years factors such as oil crises in the Middle East, global depression, outbreak of viruses and natural calamities, have had an impact on aviation industry. Nations remain with no other option but to come up with measures to mitigate such situations before they go out of hand. Many airlines have to cancel scheduled flights while others ended up selling or grounding their fleets. However, Nations have a role to play when such threats happen. In case of disease and pandemic outbreaks, governments restrict or ban movements across their borders either by air or by ground. Consequently, such measures influence negatively the aviation industry as transportation of cargo and people is their core business.

Over the years, aviation industry has seen a sharp decrease in passenger and cargo transportation due to factors such as the gulf crises, terrorism and conflicts in Middle East. In the year 2003, aviation industry was hit by the outbreak of a disease by the name, severe acute respiratory syndrome (SARS). It is the most recent virus outbreak in the world to affect the aviation industry before corona virus.

According to Sobieralski (2020), corona virus disease is the worst ever disease to hit the world in such a huge way. It has brought a very huge damage to the aviation industry in history.

Corona virus pandemic outbreak happened in China in a city called Wuhan on December 2019. According to Vinod B (2020), corona virus disease has affected in a big way the aviation industry. Passengers' bookings for travel have gone sharply down with many flight cancellations happening. Airlines have resolved to reduce their operations due to this new phenomenon. Airlines are no longer making profit rather they are making losses, as there is no business to rake in cash. They need cash to run their few operations and pay workers, which is not easy (Vinod B, 2020). Munawar et al., (2021) observes that the worst outbreak of all the pandemic in the 21st century is corona virus and that the many restrictions imposed by nations have greatly affected the revenues of many aviation players.

Olaganathan (2021) observes that since the outbreak of corona virus in the year 2019, many disruptions have occurred globally destabilizing both the aviation industry and economies of many nations. He further adds that aviation industry contributes in a major way to the growth of economy of nations and governments. Aviation industry creates so many jobs around the world both direct and indirect. Direct jobs include flight attendants, aircrew air, navigation providers and operators of the airport. Indirect jobs include security, suppliers and construction companies.

2.5 Empirical Studies and Knowledge Gaps

Wenzel et al., (2010) undertook a research study on Strategies that can be pursued in the event of crisis emergence. The study focused on the crises that have been caused by Covid-19 pandemic. The target of this study took a broad perspective of the context and failed to concentrate on the aviation industry. The study generalized the strategies that firms can adopt or pursue during the time of uncertainty in the business environment hence leaving a gap in the study on how aviation industry has applied different strategies for their survival during the period of corona virus pandemic.

Budd et al (2020) undertook a research study on how European airlines have responded to the corona virus pandemic. The study was done in Europe and the researchers used content analysis to analyze the collected data. The results show that due to environmental changes, the airlines formulated a raft of strategies to respond to these changes. The study was done from a different context (Europe) and therefore might not be applicable to Kenyan setting.

Orawo (2010), undertook a research study to establish strategies Kenya Airways had adopted in responding to competitive environment as it executed a global expansion idea. The research shows that Kenya Airways pursued several and fruitful strategies in navigating through the competitive business environment. The study did not focus on Covid-19 period crisis and response strategies rather it focused on strategies Kenya Airways had employed to deal with competition in the changing environment therefore creating a conceptual gap that required further research. The study was also done before the corona virus pandemic period and the strategic responses applied might not be applicable to the current situation.

Kamau (2014) carried a research study in Eastleigh business district where the focus was on strategies that SMES were employing in order to survive in the dynamic business environment. This study was carried in a different context hence may not be applicable in the airline industry and therefore there is a contextual gap that need to be researched on.

Ng'ang'a (2012) undertook a research study on how Kenya Airways corporation has employed response strategies in dealing with challenges facing global airline business. The researcher adopted a case study in his research. From the research study there is a conceptual gap that need further research. The findings were that the airline was circumventing various solutions in order to face the arising challenges. These include modernization of its fleet, establishment of low-cost carrier Jambo jets to serve local and regional routes, cost restructuring and establishment of new routes. The focus was on the global business arena challenges to Kenya Airways. However, the research study did not look at the strategies the corporations had adopted in the turbulent period of corona virus.

Gikonyo (2009) conducted a research study on competitive strategies that small airlines adopted in East Africa. Cross-sectional survey was used as the research design in this research study. The research study looked at the competitive strategies by airlines in general, and failed to cover abrupt, turbulent and unprecedented environmental challenges of Covid-19 on Kenya airways and strategies the corporation has adopted to match with the new environment. This study also does not narrow down to Kenya Airways rather it takes a general point of view of many airlines in East Africa hence creating a conceptual gap. The study used cross-sectional survey research design while the research under study will use a case study research design.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section carries the methodology that the researcher used in undertaking the research. Sileyew (2019) defined research methodology as the path through which researchers need to conduct their research. Research methodology is the path through which these researchers formulate their problem and objective and present their result from the data obtained during the study period

This chapter elaborates on the research design that the researcher used and its importance. The chapter captures the data collection method and type of data, that were used in the research study. Finally, data analysis technique (content analysis) that was used to analyze the primary and secondary data is comprehensively explained.

3.2 Research Design

Research design is the basic plan that indicates an overview of the activities that are necessary to execute the research project. “A research design represents the main strategy that the study utilizes in order to address the question (Abdirahman 2017, p.23). The research problem was undertaken using a case study research design. “A case study approach is particularly useful to employ when there is a need to obtain an in-depth appreciation of an issue, event or phenomenon of interest, in its natural real-life context to fulfill the objective of the study (Crowe, 2011, p.115)”.

The objective was to identify the strategies that Kenya Airways had adopted during the Covid-19 pandemic hence the case study design was the best methodology to use, as it was

appropriate to fulfill the desired objective. The study targeted only one particular organization; Kenya airways. Hence, a case study was the most suitable research design to apply since the research was targeting senior management of a single organization.

3.3 Data Collection

The research used primary data as well as secondary data. Interview guide with open-ended questions were administered to the senior management of Kenya airways for purposes of collection of primary data. This is because they take big key roles in strategic decision-making processes.

Strategy formulation and implementation in an organization happen at the top management level. Therefore, collection of primary data from the senior managers was the most appropriate and useful to the research.

The interview guide was administered through face- to -face method. The primary data was obtained from senior management in these departments; Human resource, Finance, Operations, marketing, IT, commercial and technical departments. The primary data is more accurate and reliable. Secondary data was also important, as it added more information that supplemented the primary data hence a complete and a comprehensive data collection. Secondary data was extracted from the Kenya airways website, published financial reports, press releases, journal articles and other relevant corporation's publications. During data collection, the researcher interviewed all the seven senior managers within different departments at Kenya airways.

3.4 Data Analysis

The data collected either from primary source or from the secondary source need to be worked on for purposes of making sense to the researcher. Analysis of this data was the next step and the researcher adopted content analysis method in analyzing the data. After data collection using the interview guide, the researcher edited the data for purposes of uniformity and comprehensiveness.

The research was a case study, whereby only one organisation was under study and data was collected using interview method hence content analysis was the most appropriate technique for analyzing the data from open-ended interview guide. The method was the best one for analyzing qualitative data

“Content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends (Orawo 2010, p.33). Content analysis made it possible to analyze data on various thematic categories especially in relation to the determining strategies pursued by Kenya Airways (KQ) during the Covid-19 pandemic period.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

Chapter 4 presents data findings obtained from the field, data analysis and interpretations. Content analysis method was used to analyze the data that was collected from the Kenya Airways corporation. The primary data was obtained through the use of interview guides from seven departments of Kenya Airways corporation. The data findings covered the strategies that Kenya Airways have pursued during Covid-19 pandemic period.

From the data collected, only six out of the projected seven departments' heads were subjected to the interview. They were the only respondents who took part in the interview. This translates to 86 percent of the intended respondents. This response rate conformed to Mugenda and Mugenda (1999) as excellent and representative. According to Mugenda and Mugenda (1999), a response rate of 50%, and a response rate of 60% are adequate and good for analysis and reporting respectively while a response rate of 70% and above is considered excellent.

4.2 General Information

The study sought to obtain background information from the interviewees. The essence was to ascertain the conversance and competence of the interviewees on matters pertaining Kenya Airways corporation strategies. According to the data obtained from respondents, all of them were holding senior management levels in the company. About the level of education of the interviewees, it was found that they all had at least a university first degree. Others had a master's degree and had several advanced management certificates from either local or international institutions. The researcher also asked a question on the

duration the employees had worked in the institution. From the responses, the interviewees had all worked for more than three years in the company except the chief executive officer. The respondents were asked to outline how the business environment looked like since the emergence of the Covid-19 pandemic. The interviewees noted that the environment was havoc to the corporations and that the corporation had suffered massive losses. They further noted that the new business environment was the worst ever in history of Kenya aviation industry since the year 1990. The interviewees indicated that the pandemic wiped out the airline passenger traffic, which had been consolidated for over 21 years in just one year. They indicated that there was a full shut down of scheduled flights from April to August 2020 after which few resumption of flight were allowed. They also noted that the company had a revenue reduction of about 58% during the period. The interviewees further noted that the customers were more concerned about their health and safety and therefore reluctant to have their usual flights. As a result of this, the company saw a suppressed demand for air transportation.

The researcher also asked a question on the impact of the measures taken by governments such border closures, bans and travel restrictions on Kenya Airways passengers' numbers. From the response obtained from the respondents is that the operations of the airline went down by a very big margin compared to the previous years before the pandemic. The interviewees noted that many countries exercised ban on air transportation in and out of their countries leading to closure of routes and planes grounding by Kenya Airways. They also cited low demand in passengers air transportation during the period from about 5 million in 2019 to 1.8 million in 2020 and at the same time revamping of the cargo air transportation.

The researcher also asked the question on perspective passengers had towards Kenya Airways due to quarantine measures after entering the Kenyan territories and its impact. The respondents indicated that the measures put in place were well received by the passengers since prior to their flights, information about their destination was availed to them on the corporation website. Passengers understood the measures since they were for their own safety. The interviewees further noted that the quarantine measures contributed to low demand of passenger bookings.

The interviewees were also asked whether the new virus variants had further deteriorated the company's operations. The response from the respondents was that yes, the virus variants had the corporations' operations worsen. This was because of low uptake of the vaccines by Kenyans and Kenya Airways' key markets. The interviewees indicated that the new viruses had made the resumptions to Europe and United Kingdom very difficult. In addition, the interviewees indicated that a red alert was imposed by United Kingdom government barring passengers from Kenya. The interviewees also noted that American government issued travel advisories to its citizens from entering Kenya and only advised for travel to this destination for essentials services only. They also noted that Kenya Airways frequencies to China route were reduced to one flight a day due to eruption of more virus variants.

4.3 Strategies adopted by Kenya Airways during Covid-19 pandemic

The researcher requested the respondents to identify some of the strategies that the company had pursued during the period of Covid-19 pandemic since its emergent in March 2020.

The interviews cited many strategies that the company had pursued in order to survive during the pandemic period.

On the issue of underutilization of some of the company planes during the lock down period, the interviewees indicated that due to low passenger bookings and low carriage capacity the company was underutilizing the planes and resorted to grounding many of its aircraft. The aircraft grounded were two Boeing 737, one Boeing 787 Dreamliner and two Embraer E190. The grounding of the three types of the aircraft saved the company the cost of fuel since the aircrafts were carrying below normal passengers' capacity. On the contrary to benefits through grounding of the planes, the interviewees pointed that the company incurred very huge costs on the maintenance of the grounded planes since they also required maintenances while in grounded state.

The interviewees were asked a question on whether the company had sold some of its aircraft and if the company had engaged in a leasing agreement of some of the aircrafts as a strategy during the pandemic period. The response obtained was that the company leased out some two Embraer E190 to Congolese airways on April. The interviewees indicated that Kenya Airways also terminated the leasing agreement with the lessors of two Boeing 737-700 during the pandemic period. The action saved the company 3.1 million dollar. In addition to this, the interviews pointed that the company resorted to selling some seven planes and a General Electric engine in, September 2021, which helped the company rake in some multi-billion shillings. The company resolved to sell the planes and the engine for purposes of reducing its fleet and as a strategy during the pandemic.

Interviewees were also requested to indicate the strategy the company had taken to reduce the high cost of maintenance of its fleets. The response obtained from the interviewees was

that the company had embarked on building enough capacity to undertake all the maintenance of all the aircrafts and their engines. Unlike before the pandemic where the company incurred huge cost on maintenance of 787 Dreamliner planes in Dubai based company, Jaramco, the company had acquired both machinery and engineers to maintain all its fleet to international standards in its hangers. The respondents pointed that the idea was reached after the company engineers were taken for maintenance training on all the company's planes. The idea saved the company billions of shillings, which would in turn be reflected on its financial performances. The findings indicate that the company embraced the idea to save the cost during the pandemic that the company was experiencing from maintenance, which was very high and was eating on the company's revenues.

The respondents indicated that the carrier's routes were reduced or completely shut down as a result of the pandemic. This left the airline operating with a few routes with low frequencies, which amounted to about 35% of pre-covid frequencies. The interviewees pointed that route to Mumbai, India was suspended and red listing of the passengers from Kenya hindered the route to United Kingdom. Flights to China and United Arab Emirates were also denied entry. This handed the airline a big blow since the route to UK cost the airline 86% and 87% respectively of its passengers. On the other hand, the European Union suspension and restrictions also contributed to the woes of the airline in terms of route and frequencies leading to a 94% passengers' decline. The respondents in addition indicated that the direct flight from JKIA, Nairobi to JFK airport in New York City, was also suspended, as it was no longer commercially viable. The route to Tanzania, Kenya Airways neighborhood also faced some struggle during the period and at some point, suspensions ensued from both neighbors. The respondents cited that some of the destinations that Kenya

Airways stopped from reaching were informed by the fact that they were not viable and there was need to save on costs of operations during the pandemic.

The interviewees were requested to provide information on the strategy the company undertook in order to save on cost of employees who were redundant to save the company from dipping deeper into losses and for survival during the tough company's economic times. The interviewees first of all indicated that 10% of the total Kenya Airways' workforce was taken by the pilots who took home 45% of the overall payout of the employees. Which was very expensive compared to its main regional competitor's pilots who took almost a half of what Kenya Airways' pilots were earning monthly. The respondents pointed out that the company did some restructuring on its workforce, which was meant to conserve some revenues in the wake of Covid-19. They stated that the airline let go about 1000 employees. Some of the employees were not retrenched but they voluntarily left the company through early retirement and voluntary resignations. The company also took a bold step of having some of its work force take unpaid leaves and at the same time resorted to hiring and employment freeze of additional work force to the company. Other employees were also not spared from pay cuts. The interviewees response on the pay cut strategy was that even the top management took a pay cut. The cut ranged from 75% to 80% on senior managers and the chief executive officer respectively.

The respondents were also requested to provide information on whether the company was able to pay its creditors in due course and the strategy it had employed in default scenario during the pandemic period. The interviewees indicated that the company restructured a debt of 24 billion shillings it had defaulted from the government to equity during the period. The interviewees were asked to outline some of the strategy the company had used to solicit

support from the government and the assistance the company had managed to acquire from the same government. The findings from the respondents show that the company solicited for government bailout during the crisis but their request was not honored in the financial year 2020/21. The government however, committed itself to bailout the company in July 2022. The interviewees indicated that the government had helped the company in many other ways. They pointed that during the hard pandemic period the national treasury exempted the company from paying 1% minimum tax. The minimum tax exemption was further extended to the company's subsidiary Jambo jet that operated mostly domestic flights. They indicated that this was a great boost to the company since the relief meant that the company was only going to pay the income tax after it return to profitability in future. The findings indicated that during the period the Kenya government gave a loan amounting to 11 billion Kenya shillings. Of this amount, 5 billion shillings assisted the company do the overhaul of Embraer E190 engines.

On the issue of regional and international competitors and government, protection of the airline was also asked. The interviewees indicated that the airline was facing stiff competition from the state-owned carries from Middle East (emirates, Etihad and Qatar) and regional airlines (Ethiopia and AirRwanda) during the pandemic. From Europe, British Airways was another threat to the Kenya airways' market share. The interviewees indicated the management sought for government protection from the competitors. The respondents indicated that Kenya government was very much concerned about the unfair competition the airline was facing from other airlines and had come up with policies to save and protect the company. For example, the government had cut the number of frequencies the airlines were making to the country hence protecting the company's market share in the region.

The interviewees also pointed that the government was in the process of renationalizing the airline and the idea the respondents were optimistic that it would save the company the woes it had faced over the years during the pandemic.

The researcher also asked the interviewees whether the company had engaged in any partnership and the importance of the same to the Kenya Airways corporations since the start of the pandemic. The responses were that the company did form partnerships with other carriers regionally and internationally. The airline signed a code share agreement with British Airways, Congo Airways and South Africa Airways respectively. The Congo Airways partnership was to assist Kenya Airways carry out direct cargo flights from Johannesburg, South Africa to Lubumbashi, Congo while the code share with the British Airways was to assist the British Airways and Kenya Airways connect to 20 destinations across Africa and 26 destinations in UK and Europe respectively. The interviewees pointed that the partnerships would help Kenya Airways increase its market share regionally and internationally. In addition to this, the airline would be able to achieve more smooth connectivity and significant new destinations, which in turn will boost the revenue of Kenya Airways.

The interviewees were requested to provide information about the Kenya Airways diversification during the pandemic period. The finding was that the airline ramped up its cargo transportation during the period. The respondent indicated that the airline converted or modified two Boeing 737-300 for air cargo transportation. The conversion of the planes was to take the advantage of the air cargo in form of medical supplies, personal protective equipment and other Covid-19 related essentials like vaccines that was in surge.

Consequently, the boom in air cargo, the respondent pointed out that it boosted the revenue of Kenya Airways by 60% during the period.

“Despite the challenges in the first half of the year in review, KQ continued to reunite families mounting over 30 special repatriation flights to more than 16 destinations across the world. KQ cargo also played a vital role in delivering critical supplies such as medical equipment, personal protective equipment, and food supplies. In addition, Kenya Airways stepped in to support the Kenyan exporters flying on average 6 flights to Europe to carry flowers, fruits, herbs, and vegetables weekly, accounting for over 800 metric tons of cargo a week and a total of 22,451 metric tons through the period” (Kenya Airways press release, 2020).

The respondents were requested to provide information on any technology that the company embraced as Strategy during the Covid-19 period. The responses from the respondents were that the company had adopted the drone technology during the pandemic period as a diversification strategy and the company was optimistic about it. The interviewees indicated that the company also launched the Fahari innovation hub in July 2021. The respondents pointed out that the hub was part of the company’s’ strategy in contributing to the sustainable development of Africa by empowering partnering and co-creating innovative ideas and strategies with local startups and the SMEs ecosystem.

On the question of management changes in the company, the interviewees indicated that the company undertook management changes starting with the chief executive and the senior management levels. The airline’s group managing director and the chief executive officer was appointed on April 1, 2020 by the Kenya Airways’ board of directors at the time when there was total shutdown of the Kenya airspace due to corona virus. The new

management changes were guided by the fact that the company needed to pursue new strategies during the pandemic period hence fresh minds were necessary for the company throughout the Covid-19 pandemic period.

4.4 Discussion of findings

The study established that most of the respondents who were senior managers had served in the organisation for more than three years. Only the chief executive officer was new to the organization. This means that they had adequate information about what was going on in the company. The idea of taking another chief executive officer in April 2020 was to bring in new minds in the organisation during the period of Covid-19 pandemic that would spear head the company during the crisis and thereafter. The findings concur with Schaefer, (2008) who argued that the successful change of management is importance to any firm in order to survive and succeed in the contemporary uncertainty, unpredictable and highly competitive and continuously developing business setting.

The findings indicate that the company resorted to grounding some of its aircraft during the pandemic period. This is because of the low passengers' bookings and most of them were being under-utilized. The idea was good as it saved the company on operation cost considering that the business was down and it was unpredictable as to when it would resume.

Further, to save on cost of operations and to scoop some cash for minimum operation during the pandemic period, it was established that the company restructured some of its assets. The company sold several aircrafts and an engine to other companies in, September 2021. And terminated the leasing agreement with its lessors of two Boeing 737-700 that saw the company save 3.1 million dollars from the strategy. The findings were supported

by Mungai (2014) who noted that Corporations around the world have been building capabilities and competencies through aggressiveness in order to stay competitive and grow profits. Organizations have made discoveries that by undertaking asset restructuring they can cut costs, improve their performance and maintain quality as they strive to achieve organizations' competitive positions in an increasingly global marketplace. The findings are further in line with those of Mungai (2018) who pointed that asset-reduction plans are important for an organisation that is in financial distress as it assists in improving the cash flows for failing organizations. This strategy is crucial for failing organizations as it helps that organisation in fulfilling the financial obligations and for creating more asset that are productive.

During the Covid-19 pandemic period it was established that the company was in previous years taking most of its aircraft for maintenance outside the country. This was too expensive and the management came up with a strategy of developing enough and efficient capacity to maintain all the aircrafts in Kenya Airways hangars. The idea was very important to the company as this was to save the company billions of shillings from maintenance and would boost the company's operations. These findings concur with those of Musebe (2012) who argue that it is important for an organisation to not to consider buying a resource or capability but instead consider creating these resources and capabilities through internal investment.

The findings from the interviewees indicated that the company reduced or completely shut down some of the routes it was operating. This is because of the restrictions, bans and closure of borders to control the virus. The strategy was arrived at as most of the destinations were not viable. The findings are supported by Goodstein (1991) who revealed

that outside pressure contributes to the organisation desire to make changes rather than an internal desire or need to change.

The findings established that the company engaged in workforce reduction. The company let go more than 1000 employees during the pandemic period due to redundancy. The company had minimized operations during the period and therefore a big workforce had little to do in the company at the time. The findings are in agreement with Ahmad (2022) who states that downsizing assists the company in streamlining its operations, concentrate on its core competences, and enables the company to be more flexible. He adds that when organization expand, the movement is hindered. “Changes in the business environment, such as during an economic downturn, force companies to take efficiency measures. Without it, their profitability could fall deep” (Ahmad, 2022, p.2).

The findings indicate that the company was struggling to pay its creditors during the pandemic period as the business had gown down. Kenya Airways management resorted to some form of asset restructuring where some debts to the creditors were settled through debt–equity conversion. The company requested to prolong the payment period from the creditors so that it could have some cash for operations during the period. It was found that the company was in dire need of cash during the period and the management solicited bail out from its main shareholder, which is the government. The government promised to bailout the company in July 2022. The company obtained 11 billion shillings from the government for maintenance of some of the aircrafts during the crisis and in addition, the government exempted the company from paying 1% minimum tax.

The study established that Kenya Airways was facing tough competition from competitors regionally and internationally. The airlines were mounting stiff competition on the airline routes. The study found that the management of Kenya Airways engaged the government to protect the company from these competitors.

The findings identified that the company engaged in new partnerships with other carriers and ended some, which seemed unfeasible. The airline formed new partnerships regionally and internationally. These partnerships were viable as they would increase connectivity and establish new destinations in both Africa and UK. The study identified the new venture that Kenya Airways had established as a way of compensating for the low passenger demand. Kenya Airways increased its air cargo transportation during the period where a larger part of the cargo constituted the critical medical supplies that boosted the airline revenue by 60%.

Technology is fast moving and Kenya Airways needed to keep pace with what is happening in the aviation industry in terms of new technologies. It was established that the airline had adopted the new technology during the pandemic. The company established drone technology which is new technology and as a way of diversifying its portfolio. The company established the Fahari innovation hub in July 2021. The findings are in line with Onojaefe, (2007) who points that the success of a business does not come automatically and that several factors have to be considered by the business for it to achieve this success. However, technology deployment is believed to be one of the many factors that positively change the way organizations or firms works.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary of the main findings from the respondents, conclusion and the recommendations of the researcher. It also captures the recommended area for further research and the limitations of the study.

5.2 Summary of the findings

The researcher had planned to interview seven senior managers from seven departments of Kenya Airways Corporation. Out of this target, the researcher managed only to collect data through the interview guide from six individuals. This represented an 86% response rate. Aviation industry was facing the worst crisis ever in the aviation history. The environment was hard for airlines across the globe and Kenya Airways being one of these airlines had endured the most of the pandemic too. The emergence of new virus variants made the company operations worsen further. The new variants made the business harder for the airline due to more destinations closure in Europe and the UK.

Kenya Airways employed several strategies during the period unlike other airlines that closed their businesses. The company grounded most of its aircrafts that were underutilized during the pandemic. The planes that were grounded included two Boeing 737, one Dreamliner and to Embraer E190. The company also sold several planes and an engine and terminated the leasing agreement with the lessors of two Boeing 737-300 that raked in 3.1 million dollars during the pandemic. In addition to this, the airline leased out two Embraer E190 to Congo airways a strategy that boosted the company's revenue during the period.

The company developed capacity to undertake all maintenance of its aircrafts. This strategy saved the airlines billions of shillings during the pandemic. The company embraced the idea of minimizing its routes that was informed by the fact the demand was low and the company needed to save on costs of operations. The airline reduced its workforce during the period from a total of 4300 employees to below 3200. Some of the employees were required to take a pay cut of 75% to 80% while others were advised to take unpaid leaves. In addition to this, the company froze hiring of additional employees. The strategy reduced the cost of employees which was too high compared to the revenue the company was accumulating in that period.

It was a difficult moment for the company as it found it hard to pay its creditors. The company opted to sit down with the creditors and convert a debt of sh.24 billion to equity. The company also made a request to its lenders to defer the payment period by 12 months during the period. Kenya Airways also solicited for financial bailout from the government which was not realized during the period but the government in turn promised to bail out the corporation in July, 2022. The airline received a loan of 11 billion shillings from the treasury where a portion of the amount was used on cost of overhauling Embraer E190 engines. The airline got some assistance too from the government through tax relief. The airline was facing stiff competition mostly from Ethiopia airline, Gulf Airlines and the British Airlines. This had made the market share of the airline shrink due to the tight competition from state-owned airlines. The company requested for government protection against these airlines.

The company embraced more partnerships with the regional and international carriers. The regional partnership came from the Congo, South Africa and the British Airways. The

interviewees also indicated that the government was in the process of renationalization the airline where it was to acquire the whole ownership of the company. During the pandemic period, the company also increased its air cargo transportation and converted two Boeing 737-300 for the role. The high demand for medical supplies boosted the air cargo demand that the airline ventured into to enhance its revenues. In terms of technology, the company embraced and implemented new technology during the pandemic period. Kenya airways engaged in drone technology and established a Fahari innovation hub. There were also management changes in the company where the company implemented some changes to its top management including that of the chief executive officer.

5.3 Conclusion

From the findings, the study concludes that Kenya Airways had a turbulent and unpredicted environment due to the covid-19 pandemic in the years 2020 and 2021. The covid-19 pandemic was the worst thing that the airline had experienced since it was established in the year 1977 after the collapse of the East Africa Airways. The virus variants brought more problems when the carrier was optimistic of the recovery. Many of the airline's routes were suspended causing the airline sink deeper into financial stress. To overcome the unpredictable of the business environment and to survive the pandemic, the airline embarked on formulation of several strategies to salvage the company. Kenya Airways grounded several planes to save the company from high operational costs and low passenger demand. The airline terminated the leasing agreement with the lessors of two Boeing 737, one Dreamliner and two Embraer E190. Consequently, the airline leased two Embraer to Congo airways. The decision by the airline saw it rake in several billions of

shillings that were crucial to the carrier financial undertakings. To save on the cost of maintenance, the airline built enough and effective capacity to maintain the whole fleets of aircraft. This saw the company save a lot of billions of shillings that it was incurring on maintenance during the pandemic period.

The carrier reduced the number of routes it was operating locally, regionally and internationally. The company also reduced its workforce in order to manage its wage bill that was very high especially that of the pilots. The findings also conclude that the airline settled with its creditors to defer the payment period of the loan that was due. The company agreed with the government to convert the loan it had defaulted into equity.

The Kenyan government advanced a loan of 11 billion shilling to Kenya airways during the pandemic. It was very important as the company used 5 billion shillings out of the 11 billion shillings for overhaul of Embraer E190. The airline engaged into partnerships with other airlines to increase its destinations and connectivity. During the pandemic period where low demand for passengers was very low, the company converted two of its Boeing aircrafts for the role of cargo transportation, which was booming. The decision helped the company boost its cargo revenue by 60%. The company also brought some changes to the top management of the company where the chief executive officer was approved to steer the company through the pandemic by Kenya Airways board of directors.

5.4 Recommendations

The airline should seek for more bailout from the government to be able to operate effectively since the resumption of passengers' demand is growing up. The Airline has a shortage of finances despite of all the strategies it has come up with during the pandemic period. Renationalization of the airline would also help the carrier in terms of competitiveness with its rival such as the Ethiopian airline.

The airline should embrace more partnerships with other airlines regionally and internationally. This would help Kenya Airways in reaching more destinations. The customers will also have smooth connectivity to all the destinations that the partners have the agreement. Investing in different portfolio assist companies diversify the risk. Kenya airways should diversify it's investment rather than over relying on passenger transportation. The company should make sure that the maintenance of its aircraft continues within its premises, as this will save on cost of maintenance. The company should resume all its suspended routes that are viable and establish others especially in Africa where it obtains 60% of its revenue when the aviation industry stabilizes in future. The company should also embrace new technologies in aviation industry for purposes of boosting productivity and competitiveness. The company should also put more effort on local market share through its subsidiary Jambo jet. It should increase the frequencies across it's destination across the country in order to take the growing demand. The company management ought to be looked into going forward and necessary changes should be made in due course.

5.5 Limitations of the study

The research did not go through without some hurdles. Some of the interviewees were reluctant to provide the information to the researcher. Despite all this, the researcher was able to obtain much needed information for the research.

It also took long time before the researcher could be allowed to gather data from the institution. From the time of availing, the introductory letter to the response day from the authority of the institution ate into the researcher's time for analysis of the data.

The results of the study cannot be generalized for all the airlines in Kenya. More studies need to be carried out about other airlines locally and regionally.

5.6 Suggestions for further research

Similar studies should be done in different airlines to determine the strategies they pursued to survive the Covid-19 phenomenon since they could have used different strategies.

Another study can be done to determine the strategies pursued by Kenya Airways and the financial performance during the Covid-19 pandemic period.

REFERENCES

- Aidoo, S. O., Agyapong, A., Acquah, M., & Akomea, S. Y. (2021). The performance implications of strategic responses of SMEs to the covid-19 pandemic: Evidence from an African economy. *Africa Journal of Management*, 7(1), 74-103.
- Auzair, S. (2011). The effect of business strategy and external environment on management control systems: a study of Malaysian hotels. *International Journal of Business and Social Science*, 2(13).
- Barney, J. B., & Clark, D. N. (2007). *Resource-based theory: Creating and sustaining competitive advantage*. Oxford University Press on Demand.
- Budd, L., Ison, S., & Adrienne, N. (2020). European airline response to the COVID-19 pandemic—Contraction, consolidation and future considerations for airline business and management. *Research in Transportation Business & Management*, 37, 100578.
- Crowe, S., Cresswell, K., Robertson, A., Huby, G., Avery, A., & Sheikh, A. (2011). The case study approach. *BMC medical research methodology*, 11(1), 1-9.
- Edwards, D. (2014). *The link between company environmental and financial performance (Routledge Revivals)*. Routledge.
- Ezekiel, R. (2012). *Strategic responses by Kenya Airways to the effects of globalization* (Doctoral dissertation).
- Gikonyo, C. M. (2009). *Competitive strategies adopted by small airlines in East Africa* (Doctoral dissertation).

- Hans, V. B. (2018). Business environment–conceptual framework and polices. *International Educational Scientific Research Journal*, 4(3), 67-74.
- Irungu, C. W. (2010). *Strategies used by Safaricom in Responding to the Competitive Environment* (Doctoral dissertation, University of Nairobi, Kenya).
- Kamau, G. W. (2008). *Strategic responses to challenges of Globalization by Kenya Airways* (Doctoral dissertation, University of Nairobi).
- Kariuki, P. M., Awino, Z. B., & Ogutu, M. (2011). Effect of firm level factors, firm strategy, business environment on firm performance.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Age International.
- Kubai, E. (2010). *Strategic responses by Kenya Airways to changing environment* (Doctoral dissertation, University of Nairobi, Kenya).
- Lee, J., Kim, B. O., & Katerattanakul, P. (2007). Virtual organization: Resource-based view. *International Journal of E-Business Research (IJEER)*, 3(1), 1-17.
- Liu, J., Qiao, P., Ding, J., Hankinson, L., Harriman, E. H., Schiller, E. M., ... & Zhang, H. (2020). Will the aviation industry have a bright future after the COVID-19 outbreak? Evidence from Chinese airport shipping sector. *Journal of Risk and Financial Management*, 13(11), 276.
- Lynch, R. L. (2006). *Corporate strategy*. FT/Prentice Hall.
- Mhalla, M. (2020). The impact of novel coronavirus (COVID-19) on the global oil and aviation markets. *Journal of Asian Scientific Research*, 10(2), 96.

- Mintzberg, H. (1987). The strategy concept I: Five Ps for strategy. *California management review*, 30(1), 11-24.
- Mintzberg, H., Ghoshal, S., Lampel, J., & Quinn, J. B. (2003). *The strategy process: concepts, contexts, cases*. Pearson education.
- Muge, C. K. (2010). *Business strategies in response to competitive environment by Kenya Post Office Savings Bank* (Doctoral dissertation, University of Nairobi, Kenya).
- Mugondo, A. W. (2012). *Strategic responses to changes in the external environment by the matatu subsector within Nairobi central business district* (Doctoral dissertation).
- Munawar, H. S., Khan, S. I., Qadir, Z., Kouzani, A. Z., & Mahmud, M. A. (2021). Insight into the Impact of COVID-19 on Australian Transportation Sector: An Economic and Community-Based Perspective. *Sustainability*, 13(3), 1276.
- Mureithi, R. W. (2010). *Strategic responses by NIC bank in Kenya to changes in the external environment* (Doctoral dissertation, University of Nairobi, Kenya).
- Ng'ang'a, S. (2012). *Strategic response by Kenya Airways to challenges in the global business arena* (Doctoral dissertation, University of Nairobi).
- Njoroge, M. W. (2014). *Competitive Strategies Adopted By Large Manufacturing Firms In The Roofing Industry In Kenya* (Doctoral dissertation, University Of Nairobi).
- Olaganathan, R. (2021). Impact of COVID-19 on airline industry and strategic plan for its recovery with special reference to data analytics technology. *Global Journal of Engineering and Technology Advances*, 7(1), 33.

- Orawo, L. O. (2010). *Strategic responses by Kenya Airways to changing competitive environment in its international expansion* (Doctoral dissertation, University of Nairobi, Kenya).
- Porter, M. (1996). America's green strategy. *Business and the environment: a reader*, 33, 1072.
- Scott, W. R and Davis G.F (2016). *Organisation and organizing rational natural and open systems perspectives*. USA. Routledge
- Sobieralski, J. B. (2020). COVID-19 and airline employment: Insights from historical uncertainty shocks to the industry. *Transportation Research Interdisciplinary Perspectives*, 5, 100123.
- Vinod, B. (2020). The COVID-19 pandemic and airline cash flow. *Journal of Revenue and Pricing Management*, 19(4), 228-229.
- Wenzel, M., Stanske, S., & Lieberman, M. B. (2020). Strategic responses to crisis. *Strategic Management Journal*, 41(7/18).
- Mungai, B. W., & Bula, H. O. (2018). Turnaround strategies and performance of Kenya Airways. *The University Journal*, 1(2), 1-16.
- Mutua, K. C. (2010). *Strategic responses by deposit protection fund board to changes in the external environment* (Doctoral dissertation, University of Nairobi, Kenya).
- Sileyew, K. J. (2019). *Research design and methodology* (pp. 1-12). Rijeka: IntechOpen.
- Schaefer, S. (2008). Importance of change management in an organisation. Retrieved August, 1, 2011.
- Mungai, T. N. (2014). *Restructuring strategy and the performance of Kenya Commercial Bank LTD* (Doctoral dissertation, University of Nairobi).

- Onojafe, D. (2007). The importance of partnerships: The relationship between small businesses, ICT and local communities.
- Ndiwa, H. K. (2014). *The effect of innovation and technology management practices on business survival in the motor vehicle industry in Kenya* (Doctoral dissertation, University of Nairobi).
- Musebe, E. A. (2012). *Resources, capabilities, and competitive advantage* (Doctoral dissertation).
- Goodstein, L. D., & Burke, W. W. (1991). Creating successful organization change. *Organizational dynamics*, 19(4), 5-17.
- Mungai, B. W., & Bula, H. O. (2018). Turnaround strategies and performance of Kenya Airways. *The University Journal*, 1(2), 1-16.

APPENDICES

Appendix I: INTERVIEW GUIDE

Kindly assist in answering the following question.

SECTION A: General information

1. What is your position in the corporation?
2. What is your highest level of education?
3. In which department do you work?
4. How long have you been working in Kenya Airways?
5. How has the business environment of your organisation been since the emergence of corona virus pandemic?
6. How have the containment measures such as border closures and travel restrictions affected the operation of your corporation?
7. Quarantine measures for international travelers have been mandatory. In your own opinion, has this affected the attitude of passengers towards the corporation?
8. Have the passengers demand been affected positively or negatively by such restrictions and strict measures?
9. Corona virus has affected the aviation industry. Has the emergence of new virus variants further affected your corporation operations and revenue?

SECTION B: Strategies adopted by Kenya Airways during corona virus pandemic

10. Due to low passenger demand, many aircraft have become under-utilized. How has your corporation dealt with the issue of underutilization of some of the aircraft?

11. Has your corporation sold some of the aircraft in order to reduce maintenance and operation costs? Has KQ leased out some aircrafts?

12. Heavy maintenance of your Boeing aircraft has been happening outside the country before corona virus. Have the corporation developed its own capacity to be able to maintain the aircrafts to the international standards? What has been the implication of this in terms of cost saving?

13. as containment measures by many countries, many borders' closures and strict movements has been implemented. How has this affected your normal routes and how has Kenya Airways dealt with this?

14. Have your corporation been able to enter new markets since the emergence of corona virus phenomenon? If yes, which are they?

15. Many aviation industries have laid off many workers due to redundancy. Has this happened in your corporation? What measures has your corporation taken in order to reduce high cost of employees' salaries that are redundant.

16. Have your corporation been able to honor its debt obligations during the period of covid-19? Which strategy has your corporation used in dealing with default of its creditors?

17. Have your corporation taken a step of soliciting financial support from the government for sustainability purposes?

18. Have the Kenyan government helped the corporation in dealing with competitors giving the corporation stiff competition from Middle East and other regions? Has this helped the corporation?

19. Have your corporation committed itself to new partnerships during the corona period?

20. Air cargo transportation especially of medical equipment has been on high in the world during this crisis. Have your corporation converted the passenger aircrafts to cargo roles in order to venture into such business?

21. Have the corporation implemented any technology in any of its many departments as a strategy during corona pandemic period?

22. During crises the best managers in terms of formulation of effective strategies saves the corporation. How have you as the management helped the corporation to sustain itself during this crisis.

23. Have there been management changes since the emergence of the corona virus in your corporation?

Appendix 2: SUPERVISOR ALLOCATION FORM



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS MASTERS PROGRAMME
MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student)

Name of student: .GEORGE SANKALE NYAMOH.....

Reg. No.: ...D61/83759/2016.....

Department:

Specialization (Tick as appropriate)

- | | | |
|-------|---------------------------------------|---|
| i) | Marketing | [] |
| ii) | Human Resource Management | [] |
| iii) | Strategic Management | [<input checked="" type="checkbox"/>] |
| iv) | International Business | [] |
| v) | Insurance/Risk Management | [] |
| vi) | Entrepreneurship | [] |
| vii) | Finance | [] |
| viii) | Accounting | [] |
| ix) | Operations Management | [] |
| x) | Management Information Systems | [] |
| xi) | Procurement & Supply Chain Management | [] |

Mobile phone:0720649074.....

Email:

Proposed Title of Study:

ha

.....strategies...used...by...Kenya.airways.....in....responding.....to.....covid19.....pandemic.....

.....3...An.....assessment..of.....strategies.....used.....by...kenya..airways..in..responding..to..covid19...pandemi

C.....

Name of Preferred Supervisor(s): (i)prof.Ogutu..... (ii)prof.....Aosa..... (iii)

.....Dr.ogolla.....

Signature of student:

Date:

20/05/2016.....

SECTION B: (For Official Use only. To be completed by the Department)

i) Name of Supervisor Allocated:

Supervisor: *Prof. Kebera*..... Mobile No.: *0722 513 259*.....

Co-Supervisor (If any): Mobile No.:

Moderator: *Prof. Aduro*..... Mobile No.:

Proposal Presentation/Submission Dates:

Proposal Presentation: Oral Defence: Project Report Submission Date:

ii) Approved by Thematic Coordinator:

Name..... Signature: Date:

Approved by Chairman of Department:

Name *Dr. F. Muriuki* Signature: *[Signature]* Date: *28/5/2021*

NOTE:

1. A student shall not commence proposal writing before allocation of University supervisor.

**Appendix 3: UNIVERSITY OF NAIROBI INTRODUCTORY
LETTER**



**UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES & SOCIAL SCIENCES
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**

Telephone: 4184160-5 Ext 215
Telegrams: "Varsity" Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, KENYA

16 November 2021

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH

GEORGE SANKALE NYAMOH – REGISTRATION NO.D61/83759/2016

This is to confirm that the above named is a bona fide student in the Master of Business Administration degree program in this University, He is conducting research on ***"Strategies Pursued By Kenya Airways Corporation During Covid-19 Pandemic Period."***

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your assistance will be highly appreciated.

Thank you.

A handwritten signature in blue ink, appearing to read 'Jane Muturi'.

Jane Muturi
For: MSc. Human Resource Management Co-Ordinator,
Faculty of Business

WN/jkm