

**STRATEGIES DEPLOYED BY FLY 540 AVIATION COMPANY TO  
SUSTAIN COMPETITIVE ADVANTAGE**

**BY**

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## DECLARATION

This research project is my original work and it has not been presented and submitted to any in university or college for examination.

Signed.....

Date.....

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This research project has been submitted for examination with the authority and approval as the university supervisor.

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## **DEDICATION**

This project is dedicated to my Parents, Mr and Mrs Guandaru for all the support and encouragement. To my Daughter Stacy, family and friends for extending their love, encouragement and support throughout this programme.

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## **LIST OF ABBREVIATIONS/ACRONYMS**

**R&D** - Resource and Development

**RBV** - Resource Based View

## ABSTRACT

Barney (1991) puts it that an organization is perceived to possess a competitive advantage when it is applying an up-to-date or prospective market activities, not concurrently being employed by any known rival and when the competitor are incapable of duplicating the approach of these strategies hence a competitive edge. The key objective of this study was to determine the effect of competitive strategies on competitive advantage of Five Forty Aviation Limited Kenya. This study was guided by Porters Generic Strategies, Resource Based View and Institutional theories. This study was accomplished through a case study and descriptive research design because the focus is on one organization. The research design was used due to its deeper understanding of the inside organization and keen illustration of the competitive strategies adopted by the flight 540. Primary data was collected by use of interview guides. Content analysis was used in analyzing qualitative data collected from open ended questions. For quantitative data on competitive advantage, the study employed descriptive statistics including means and standard deviations. The study established Fly 540 had adopted the following cost cutting measures; their firm had adopted a long-term mindset in pursuing sustainable cost optimization, fly 540 made a clear and realistic target, they leveraged their existing client base and ensured that their staffs were productive and worked efficiently. The study established that Fly 540 had increased the life cycle of its customers by focusing on its market segment. The study pointed out that Fly540 embraced wide variety of mechanisms for seeking and learning customers' needs. Fly 540 products and services designs were based on meeting the needs of the customers. The airline has focused on offering cheap and accessible airlines that are easily accessible and affordable. The study concludes that Fly 540 had earned economies of scale and it provided cheap and affordable flight prices as compared to the other airlines. The study further concludes that Fly 540 products and services design were based on meeting the needs of the customers. Fly 540 offered many local destinations that other airlines did not offer. Fly 540 introduced new routes as compared to the competitors and they were effective in their service delivery. Fly 540 embraced wide varieties of mechanisms for seeking and learning customers' needs and expectation. The effect of the strategies cost leadership, differentiation, and focus on competitive advantage had a mean of 3.975, 3.850, and 4.000 respectively. This implies that the strategies affect competitive advantage to a great and very great extent. Study also concludes that focus strategy client satisfaction is a key strategy being implemented, cost leadership and differentiation plans influenced to a great extent competitive advantage, and that focus strategy influences to a great degree competitive advantage. Limitations of the study were that due to time and cost constraints, other companies were also incorporated in the study. Also, there were major challenges like delayed responsiveness of respondents or misunderstanding of the interview guide. The study recommends that Fly 540 ought to find strategies in order to earn economies of scale. Fly 540 ought to embrace technology to minimize costs and partner with suppliers to reduce cost of inputs while maximizing output. Fly 540 ought to offer and improves it services by offering many local destinations that other airlines do not offer. Fly 540 ought to use and formulate unique advertisements techniques that for improved market edge. Fly 540 product and services design ought to be based on meeting the needs of the customers. Fly 540 ought to embrace wide variety of mechanisms for seeking and learning customers' needs and expectation.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Johnson *et. Al.*, (2002) elucidates that strategy is the bedrock on which a business establishment achieves competitive advantage in the respective industry. Conferred by Porter (1985) competitive advantage is the pursuit for advantageous competitive spot in the market aiming at generating revenue and viable position against forces that determines industry competition. Thompson and Strickland (2007) postulate that a firm's competitive strategy concern entirely with the specifics of administration's game plan to challenge other market rival in attaining competitive advantage in the industry. Competitive advantage is all that firms that plying in similar market segment yearns to accomplish. The execution of strategies increase chances of achieving competitive advantage.

Porter (1985) denotes that the conception of competitive advantage is core to the strategic approach, and to realize competitive advantage, companies must choices of which type of competitive advantage they are eager to realize and the possibility of accomplishing accomplish it. Thompson (1997) stresses that when considering the appropriateness of current strategies and the need for change, managers must take account of the passage of time if their decisions are to be effective. The old competitive strategies of developing products in mass quantity does not thrive in the ever progressing and challenging business set up. Profitable businesses are always applying the new competitive strategies for continued enhancement and mass targeted production of which is defined as an active flow of product offerings via a reliable set of process (Hill and Jones, 2002).

Barney (1991) puts it that an organization is perceived to possess a competitive advantage when it is applying a up-to-date or prospective market activities not concurrently being employed by any known rival and when the competitor are incapable of duplicating the approach of these strategies hence a competitive edge. The competitive advantage is attained when actual value is added for client. This often involves corporations to utilize their funds to accomplish higher revenues (Hamel and Prahalad, 1993).

Thompson (1997) contends that competitive advantage entails the business will behave in a collective, collaborative way, incorporating functions within the business and creating the value addition through networking so as to function in an effective, integrated system for better return. Competitive advantage is also enabled by robust or seamless internal and external communication processes. This is done corporate as one of the paramount practices as information is an essential characteristic of managerial control and an avenue through which businesses can acquire insight from other rivals (Thompson, 1997).

The study will use porters generic strategy (Porter, 1985), Resource-Based View (RBV) theory (Penrose 1959) and Institutional Theory (Meyer and Rowan, 1977). Porters (1985) generic strategies majorly entails; cost leadership, differentiation and focus that embody the constituents of strategic positioning in a market segment. Penrose (1959), put forward the capitals gains, possessed and used by the business are acutely more significant than industry configuration or design.

Meyer and Rowan (1977) & DiMaggio (1988), concur that Institutional theory defines how both thoughtful and unplanned choices may lead organizations to reflect the norms, values, and ideologies of the firm in a given scope of operations and industry.

Institutional theory explains the normative influence of the environmental circumstances on firm's action.

The aviation industry in Kenya is confronted with excess capacity, increasing costs, competition and worsening economic environment, therefore airlines must think beyond their creative thinking to guarantee a continued existence and growth. For many airlines, persistence hangs on the ability to improve on new business models to allow them acclimatize to the ever changing industry surroundings. The globalization of the international economy, merged with airline deregulation and trade growth, has triggered a prosperous in the air travel. These changes in the industry have resulted in a shift whereby airfare pricing, once dominated by legacy or traditional carriers, has become dominated by low-cost vendors who have achieved competitive advantage by implementing pocket friendly fares to affect customers' choices of that airlines to ply (Brueckner, Lee, & Singer, 2013).

Traditional airlines provide more service coverage, flexible departure time or calendars, and destinations than the competitors, which offer restricted schedules and lower fares (Pearson & Merkert, 2014).The recent past has seen airline industry seen an upsurge in competition. Investors across industry have taken advantage of a liberalized environment to move the competitive scales higher thereby increasing the number of business participants in the market arena. Ochieng (2006) denotes that aviation industry in Kenya which has enjoyed a near monopoly especially by Kenya Airways has not been spared. Many players have entered the industry including FLY Five Forty Aviation Limited, Silverstone, Jambo Jet, Safari link and many others. Five Forty Aviation has employed varied competitive strategies not only to defend its survival but also create a sustainable competitive advantage for itself. This research

study intend to investigate the competitive strategies used by Five Forty Aviation in its quest to remain competitive and the challenges experienced in adoption of these strategies.

### **1.1.1 Concept of Strategy**

According to Waggoner (2016), a number of organizations initiate strategies with enthusiasm to attain competitive advantage and it is on record that not so many of such organizations comprehend competitive advantage and how it works achieve as well as how to maintain. The robust competitive advantage emanate from strategies which are rarely replicated by other firms and is seen as an action that generates greater value above the competition (Bani-Han & AlHawary, 2009). Brandt (2013) adds that to gain competitive advantage, businesses want the difference that lies amid the cost of the production of a given product or service and the perceived value derived by the client should to be greater than the competition.

Johnson and Scholes (2005) defines strategy as the path and competence of the firm over the long run over its alignment of financial mobilizations in a fluctuating business surroundings, to fulfill the requirements of the markets and to achieve shareholder's anticipations. Kangaroo (1998) posits that strategy is the principal conception in strategic management. It's about winning and it functions as a uniting factor that provides consistency and bearing or direction to the action or engagements of the decision by an individual or a business.

Thompson *et al* (2007) agrees that a firm's strategy signifies the administrative action plan for managing the organization and carrying out operational issues. Ansoff (1965) opines strategy as a set of management processes and guideline for aiding the business operations. In the end, the strategy through which justifiable competitive

advantage is attained is identified as organizational level strategy of the firm (Hill and Jones, 2001).

Grant (1998) opines that the principle of strategy is to build the future competitive advantage more rapidly than the rivals could impersonate even those owned today. The objective of competitive strategy is to find a niche within the market where the business can best protect itself in contrast to the forces from the rival or use them in own benefit (Porter, 1998). Organizational management assess and select strategies that they consider to contribute to their corporate success. Firms become prosperous for the reason that they enjoy some advantage comparative to their rivals (Pearce & Robinson, 2007).

### **1.1.2 Competitive Advantage**

Simister (2011), coins that competitive advantage is an upper hand possessed by a firm over rivals through giving clients greater value, either by way of reducing prices or by giving superior product offering and service that substantiates higher prices. Porter and Collins (2006) indicates that competitive advantage strategy comprises of all approaches an organization has taken to appeal to customers to endure competitive pressures and enhance the market position.

An organization is said to possess competitive advantage when it is capable of withstanding the profits that exceeds the industry's average (Porter, 1985). Thompson (1997) postulates that outstanding companies usually obtain their competitive advantage from more than one source. Porter (1985) affirms that promptness and fast response to opportunities and threats can offer an upper hand, fundamentally by eliminating costs and distinguishing the firms from the competition. The most profitable companies transform and persistently pursue new kind of advantage so as to

lodge a competitive pressure and then retain their market advantage as few other forms of advantage are profitable in the long-run.

Sustaining competitive advantage entails kinds of specified resources and competences for the business. A prosperous competitive advantage indicates a similarity between client's discernments of the comparative superiority or value of a product or service in contrast to that offered by rivals on price gain in relative to the unit prices of closely competing products or services. Ohmae (1982) gives a divergent views openly on his related views over competitive advantage by emphasizing the three C's- of customers, competitors and the corporation. Clients will eventually choose whether or not the firm is profitable by purchasing the product offering.

Companies are structured around specific purpose and the way they are designed and directed depicts the cost of value of the product or service whereas other players in the market will equally distinguish their products offerings to sustain competitive edge and avoid incur costs that come along with it.

### **1.1.3 Aviation Industry in Kenya**

The aviation industry in Kenya is full of competition and seriously conquered by both global and regional airline. It encompasses national courier KQ, fifteen (15) foreign commercial airlines with twenty-seven (27) other foreign airlines which operate in the country through strategic partnerships while some without established offices. The top contenders among the international airlines serving the Kenya's market include; British Airways, Air France, KLM, Swissair, Alitalia and South African Airways. This is an outright indication that Kenya in the hub within East Africa with the most responsive market in terms of air travel and related consumption given amount of air



travel services growing year after year. A number of the airlines are owned by locals while some operate through partnership with foreign stakeholders (Gitau, 2011).

The competition within Eastern Africa bring: Ethiopian Airline, RwandAir, Precision Air, Jubba Airways and the Ugandan Airways, Fly540, Silverstone, Fly Sax, Mombasa Air Safari and Safari link Aviation, and Silverstone Airline. While African regional airline include: South Africa Airline, LinhasAéreas de Moçambique (LAM), Air Madagascar, Air Mauritius and EgyptAir.

There is a growing market in Asia coupled with strategic partnerships that has seen such Airline enters Kenyan Market; Korean Airlines, Air China, Air India, United Arab Emirates and Qatar Airways. While considering at the market volume and probable viewpoint, the African airline's performance in terms of capacity currently stands at 36.4% compared with 63.6% of international airlines. It is time the local airlines device market-lead strategies to guide their organizations to more precise and competitive strategies to sustain competitive advantage.

#### **1.1.4 Fly 540 Limited**

Fly 540 airline was established as a low-cost carrier in October 2006, where Lonrho owned 49% of the shares. The airline begun operations in the routes touching Nairobi and Mombasa on November 24, 2006. Its name originated from its affordable price of KSh. 5,540 return fare between the highlighted markets alongside offering freight services, Fly 540 has been established to meet the rising demand for options of domestic and regional air travel focusing on Africa market. It operates flights to Mombasa, Malindi, Lamu, Kisumu, Kitale, Lodwar, Nairobi, Eldoret, Maasai Mara, Entebbe in Uganda, Dar-es-salaam, Zanzibar, Serengeti, Seronera, Kilimanjaro and Manyara in Tanzania and Khartoum in Sudan.

The airline projects to fly to Angola, with plans to make it act as a hub for South African region, Congo DRC, Tanzania and west-wards as far as Accra in Ghana to act as a hub for West Africa region in the future. When all these are attained, it stands be the first Pan-African affordable carrier airline with branches in three cities within Africa that provide services which clients can access termed as low costs and affordable for travel as well as suitable to their budgets. It uplifts a surplus of 20,000 travelers a month in peak months, representing the high demand for low budget air travel in East Africa and the capability the market can offers. The swiftly growing demand for such service provisions present this as a high potential area of business bring into line with Fly540's reviewed strategic direction. Given the growing rivalry presented by the international players, there is requisite for airlines such as Fly540 to design market-lead strategies to attain competitive advantage (Gitau, 2011).

## **1.2 Research Problem**

Porter (1985), detailed competitive Strategy as the bottom line through which an organizational strategic business unit achieves competitive advantage in the market. He further adds that, a competitive strategy is the pursuit for sustainable competitive position in the market and purposes to forming a profitably sustainable position comparative to the forces that controls the industry growth. Thompson and Strickland (2007) postulate that a business's competitive strategy concerns absolutely the particulars of organization's effort to acquire competitive strategy entailing all the interface and tact organizations deploy.

In other words, competitive strategy deals with what a business does to try to outdo the effort of competitors in gaining the competitive advantage. A company's strategy can be typically invasive or mostly protective, flowing from time to time as market

circumstances allows. Businesses globally have put in every possible style to outsmart market contenders in acquiring market share in the market segments. Due to these market dynamics, administrators modify strategy to suit the particulars of their own business's financial conditions and market situation, and these present innumerable differences and for this reason, there are a number of competitive strategies as there are firms lodging their competing capabilities in the market (Johnson et al., 2002).

There are researches quite that have been conducted both internationally and locally. The international researches include; Rahman, (2015) conducted a research study on Competitive study of Airline market in Bangladesh Airlines the study employed case study design. Yashodha (2012) conducted a study on Strategic investigation of a leading affordable carrier in the Asian Bloc, the study used case study as it focused on the airline firm. Cristina (2011) conducted a study on Regular Airlines Flying towards a Low Cost Strategic area in Portugal, the study used survey design to cover the entire Airline and more so regular airline in that route.

Local studies in Kenya on the other include; Omwoyo (2016) investigated the effects of strategies on the competitive advantage of companies in airline firms and found a strong relationship, the study used survey research design to inform the generalization of the findings. Wacuka (2007) studied the competitive strategies deployed by the automobile traders in Nairobi and among the finding showed trade discounts highly preferred, the study used survey design for data alignment and use.

Omondi (2006) vested his studies on the competitive strategies used by airline firms operating in Kenya's market, the study used survey design to arrive at the data generalization. Ndumbai (2003) looked at the competitive strategies preferred by the retailers of the medical institution in Nairobi region, the study used survey design and

it focused on the medical institution. Thiga (2002) looked at the strategic responses of airline firms operating in Kenya's market. Nafula (2009) conducted a study on competitive advantage emanating from market oriented strategies embraced by low-cost airlines in Kenya and through the study delved on Fly 540, the study used case study as it focused on Fly 540. As studies have shown different companies employ strategies to sustain competitive advantage in different context using different methodologies. Given the time lapse the proposed study will bridge the gap by determining the competitive strategies deployed by the Five Forty Aviation Limited (Fly 540) airline company in Kenya, using case study approach. The study will respond to the proposed research questions; what are the Strategies deployed by Fly540 limited to sustain competitive advantage?

### **1.3 Research Objective**

The objective of the study was to determine the strategies deployed by Fly540 limited to gain competitive advantage.

### **1.4 Value of the Study**

The study findings are expected to be used by the Aviation market players, the findings of the study will help in conception the challenges faced by the market. Emanating from these, the domestic firms and International Airline Companies are expected to advance theory market oriented competitive strategies in the stormy business environment by identifying theory competences and market capabilities driven from the identified competitive strategies in the study.

The policy makers especially the government is expected to benefit as the study is anticipated to be useful in emphasizing areas of policy breaches and areas that would

need enhancement within the airline industry as well as how to deal with the industry players, this would touch in cost effectiveness in the policy decisions making concerning the influence of government regime's guidelines in the airline industry.

The research study is anticipated to be of abundant benefit to the future researchers and academicians as it poised to provide insight on the study gap; the reference is expected to add in to the knowledge creation and theory development. Academicians and practitioners are anticipated to gain more knowledge in the application of competitive strategies adopted by airlines in Kenya as well as the turbulent environment within the industry.

The study findings, recommendations and conclusions will add insights in to the strategic management as a subject area and contribute in to the theories relating the porter, institutional theories the finding will demystify the applicability of the theories that aids in the study and how the concept usage interrelate for the better understating of the subject area.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This section presents the literature review by considering the theoretical foundation that provides the anchorage of the study. It elucidates the clear subjects with elaborate discussions and argument of various authors that concerns typically the strategies and competitive advantage in a broader perspective. Secondly, the empirical review of the studies carried out in relation to the competitive strategies and gaining competitive advantage.

The study covered in detail theoretical foundation in which Porters Generic Strategies are casted, followed by Resource Based View and Institutional Theory. This is followed by an elaborate discussion on the concept of strategies and competitive advantage. It looked at the strategic management in organizations, the interaction between strategies and competitive advantage and the researches that have so far been done in the same area of the study and focusing on the research gaps.

### **2.2 Theoretical Foundation**

This section covers a review of the theories supporting the study. These covers porter's generic strategies of cost leadership, differentiation strategies and focus strategy. The study was informed by three theories namely Porters Generic Strategy (Porter 1985), Resource Based View (Wernerfelt (1984), and Institutional Theory (Meyer, J. and Rowan, (1977)).

### **2.2.1 Porter's Generic Strategy Model**

A firm can implement strategies at the strategic business unit level to generate a competitive advantage; Cost advantage, differentiation advantage and focus strategy (Porter 1985). Porter and Collins (2006) indicates that competitive advantage strategy entails all approaches a business has taken to entice customers notwithstanding the competitive forces to expand the market share. A business is understood to possess a competitive advantage being that it is sustainable in terms of revenues generation raring above the performance in the industry (Porter, 1985). This occurs if a company conveys or provide same products as their competitors at a lower cost alluded to the cost advantage and occasionally could provide revenues that exceed their rivals.

### **2.2.2 Resource-Based View**

The resource-based view (RBV) of the organization pulls attraction to the business's internal environment as an element for competitive advantage and emphasizes the resources that businesses have established to strive in the competitive business environment. Penrose (1959), proposed that the resources controlled, positioned and utilized by the business are categorically more significant than industry structure. Wernerfelt (1984), observed the business as a package of possessions or resources which are tangled semi-permanently to the organization (Wernerfelt 1984). Prahalad and Hamel (1990), conventionally find the concept of core capabilities, which centers responsiveness on acute set of resource on a business's competences to enable it overwhelmingly compete. Barney (1991) also contends that the wealth of an organization are its crucial basis of competitive advantage.

### **2.2.3 Institutional Theory**

Meyer and Rowan (1977), pronounced that institutional theory supports the concept of the pressures faced institutions as it yearn to become more familiar with the environment as well as adapting to the business environment. Institutional theory defines how both planned and unplanned choices may make institutions to reflect on its purpose and ideologies of the strategic fit as it vex to muscle the competitors while delivering values to the customers. When an institution changes beyond the past, its view on environment pose certain characteristics on how it will adjust its strategies as to which area will most likely receive resources and those that can be differed to that optimum level can be achieve with the available resources and at the same time be cognizant of the competitiveness.

The business environment in which an institutional theory is structured and practiced confines the engagement of the institutions in carry out given strategic or make decision to combat market forces. The institutional theory maintains that the environmental circumstances controls the firm's ability to make choices and limits its preference in adopting the available resources in the implementation of strategic courses to attain competitive advantage (DiMaggio, 1988).

The outcome of these strategic actions made within a given institution connects to the environmental pressures which holds holistic role of an organizational leadership's options to increase viable strategic advantages to do business (Greenwood et. al. 2011).



### **2.3 Strategy and Organizations**

Strategy conception give guidelines to the managers in understanding their organizations situation, the bottom line it seeks to meet, and the ways it will adopt to achieve these bottom lines. The concept of strategy generation is an enhancement above that of indigenous long-range formation (Pearce & Robinson, 2007). The spirit of articulating strategic approach is linking a business to the operative environment (Porter, 1998). Grant (1998), the core of strategy is meant to build future competitive advantage quicker as compared with rivals and also to look at the possibility of imitating those that are possessed today. The aim of competitive strategy is to find the best-fit in the market where the business can best protect itself from the competitive or utilize them toward achieving competitive edge (Porter, 1998). Business leaders assess and take strategies that they consider will make firm profitable. Companies become prosperous as they hold some advantage comparative to their rivals (Pearce & Robinson, 2007).

Business rivalry signifies the understanding that firms has to try to sell indistinguishable products offerings to the same set of clients. A company's rivalry may perhaps transform over a given period in the form of features, plans and strategic focus due to environmental dynamics that influence the configuration of the market (Guiltinan and Paul, 1994). With the ever fluctuating commercial environment companies are discovering the cumulative challenges in finding the business environments which is good enough with situations that can tolerate a rate of return beyond the competitiveness. Competitive strategies offer a structure for the business to react to the various variations inside the businesses working environment (Grant and Macmillan, 1998).

## **2.4 Competitive Advantage in Organizations**

Competitive advantage entails of all the consideration or methodologies that a company adopt in taking center stage to attract clients taking cognizant of the competitive pressure and increase its market share (Thompson and Strickland, 2002). A firm has competitive advantage each and every time it has an advantage over its business adversaries in safeguarding clients in its territory in protecting against competitive pressure. Porter (1998) expresses a fundamental competency as an area of specified know-how that is the product of agreeing with the intricate torrents of technology and work action.

They additionally enlighten that a core capabilities has three features. First; it offers an entrance to a wider diversity of markets. Secondly, it grows and develops the customer value and lastly, it is rigid for rivals to replicate. Competitive strategy deals with what a business is adopting in order to attain a justifiable competitive advantage. Porter (1980) summaries the three concepts of competitive strategy responsible determining competitive advantage to include; cost leadership strategy, differentiation and strategic focus or niche strategy.

Differentiation strategy is dented as a designed that sets activities or actions to produce products that clients require and also to be diverse in techniques produce significant outcomes (Bani-Han & AlHawary, 2009). In the differentiation strategic approach, companies improves merchandise designed which are market oriented and are diverse from the market players and are attractive to clients in terms of usefulness, client support or aftersales and item superiority or quality (Ramayah, Samat & Lo, 2011). Bansal (2008), adds that the strategic focus is based on the premise of lean competitive possibilities a given the target market. The benefit of this technique for

organizations serving the mass market tend to leverage on the strategic focus therefore to build robust brand loyalty to lure the customers (Ramayah, *et. al.*, 2011).

## **2.5 Strategy and Competitive Advantage**

Coyne and Kevin (1998), stated that a strategy is not all around planning, but nearly thoughtful ideas and action that come along with it. It is not a method, but means of handling the firm basing on a strategic perspective and conceptions. Firm's strategy is all nearly competitive advantage and overall, strategy is dealing with long term development. It concerns the long term resources development, not short term revenue. Thus, companies basically require strategy so as to guarantee that funds are assigned in the utmost operational use. This is predominantly significant when it arises from main resource provision choices. The Mintzberg's firm strategy might trail one of three approaches: planning, entrepreneurial, and adaptive. He maintains that the accurate choice is determined by on contingency variables such as the scope and time of life of the business and the control of key decision makers.

The planning approach is a strategy style that comprises a vibrant proclamation of objectives, a logical analysis of the business environment, and a plan to accomplish to cover the set firm objectives. Leadership must track the planning approach when the company is established and well recognized, funds are sufficient to employ in business opportunities with advanced analysis, senior administration must be in agreement their leadership approaches to be in line with the firm's objectives, and whether environmental risks are at a low level. Changing market circumstances may well favor one of the other methods of attaining strategic competitive advantage. The adaptive style is a strategy tactic categorized by both the firm's intentions and the way to accomplish these are frequently adjusted means (Beal and Reginald, 2000).

Winning business strategies are built in workable competitive advantage. A business has competitive advantage at whatever time it has an edge over competitors in safeguarding its customers and protecting itself against rival forces. There are several bases of competitive advantage: producing the superior product, offering greater client package, realizing lower costs than the competitors, taking an additional suitable geographical location, making a product that accomplishes more functions better than the rival brands, creating a other consistent and everlasting powerful product, and offering customers greater worth for their money.

To prosper in constructing a competitive advantage, a business need to attempt to offer what consumers what they identify as of higher value and enhanced product that cost repaying more for (Rothschild and William, 1984).

## **2.6 Empirical Studies and Research Gap**

There are researches that have been conducted both internationally and locally. The international researches include; Khadiza, Sumi and Sabnam (2015) conducted an investigation on competitive investigation of Airline market at Biman, Bangladesh Airlines, the study not focus on the Kenya market. It used survey design as it focused on the Airline market as the main area of concertation. Rahman, (2015) conducted an investigations on competitive study of Airline market in Bangladesh Airlines t. The study employed case study design. Yashodha (2012) conducted a study on strategic investigation of a leading affordable airline firms in the Asian market. The study used case study as it focused on the airline firms.

Cristina (2011) conducted a study on Regular Airlines Flying towards A Low Cost Strategy in Portugal. The study used survey design to cover the entire Airline and more so regular airline in that route. Ozge (2010) carried out a study on competitive

strategies of Airline businesses plying in Turkish route. The study use survey design to draw a one off study on the Airline business in Turkey.

Local studies on airlines and aviation industry include; Omwoyo (2016) who studied the influence of strategies on competitive advantage of airline firms in Kenya's market found a relationship though this did not focusing on Fly540. The study used survey research design to inform the generalization of the findings. Philip (2009) studied competitive strategies used by Fly540 however, study was conducted ten years ago. The study used case study design. Wacuka (2007) studied the competitive strategy used by the automobile traders in Nairobi and the finding showed that discounts is most preferred and this did not look into Aviation Industry. The study used survey design for data alignment and use.

Omondi (2006) studied the competitive strategies used by airline firms in the Kenya's market but the study did not focus on Fly540. The study used survey design to arrive at the data generalization. Ochieng (2006) looked at the Investigation of Capacity Management Strategies at Kenya Airways. The study used case study design as it focused on one organization. Ezekiel, (2006) studied competitive strategies used by Mumias Sugar Company however it did not look at the Aviation Industry and the study used case study to deduce the finding. Obado (2005) studied competitive strategies used by the Sugar production businesses in Kenya's market and it did not look at Airline Industry. The study used survey design as it looked at the sugar sector. Ndumbai (2003) studied competitive strategies used by the retail traders in the medical institutions in Nairobi's market and it did not look at Airline Industry. The study used survey design and it focused on the medical institution.

Murage (2001) studied competitive strategies used by Members of the Kenya Independent Petroleum Dealers Association and the research study did not focus on the aviation invitation industry. The anticipated research study therefore, will to bridge the research gap by establishing the strategies deployed by the Five Forty Aviation Limited (Fly 540) to gain competitive advantage. It will also be inspired by the time lapse since some related studies delved on Fly540 are dated 10 years ago.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section discusses the research methodology that will be used during the research study. It presents the research design; data collection procedures and data analysis. It covers in details the research design which in this case touches on the case study and descriptive approach to give a true picture of the finding. The data collection covers tools used for data collection and in this case, interview guide will be used to gather data. It will use content analysis as the study will mostly focus on case of Fly540.

### **3.2 Research Design**

This study adopted a case study and descriptive research approach to observe, describe the finding of the situation as it naturally happens (Ngechu, 2004). This covered the documentation of information that would deliver description of individuals, collection of people or condition. Cooper & Schindler (2006), the case study and descriptive approach emphasized mostly on the entire population to support in answering research objectives. It also reported specifically the “what” enquiry of the study population.

The data obtained was harmonized to allow easy contrast. It explored the current status of the firm Vis a Vie the variables under study and this will cover the strategies deployed by Fly540 Limited to Sustain competitive advantage.

### **3.3 Data Collection**

The research study relied on primary data for data gathering. The primary data composed the use of interview guide with open ended questions expressed to gather insight in accordance with the study objectives. The open-ended questions facilitated the gathering of realistic recorded and observable evidences to help in exploring the data findings through content analysis. The interview guide was personally administered to the Fly540 employees from management to functional level consisting of the CEO, General Manager, Head of marketing, Head of sales and Head of Operation. Quantitative data was obtained through use of close-ended likert scale questions.

### **3.4 Data Analysis**

The study used Content Analysis approach that is widely seconded in qualitative research techniques. Weber (1981) & Linskvist (1990), opined that as opposed to a single method, current applications of content analysis demonstrate three discrete approaches: conventional or predictable, directed or intended and summative or collective. The three scenarios were utilized to appreciate the connotation commencing from the substance of the text or content data and, consequently, it hold on to the naturalistic model. Hosti (1969) adds that the foremost variation among the approaches is encoding, originality of codes, and threats to dependability. The qualitative data gathered was analyzed to establish the strategies adopted by Fly540 to sustain competitive advantage.



## **CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

### **4.1 Introduction**

The research intended to establish effect of competitive strategies on sustained competitive advantage at Fly540 Kenya. To establish the objective, an interview guide was conducted targeting senior management from management to functional level. The targeted seven managers included the CEO, head of finance, head of information systems, head of commercial services, head of technical department, head of human resources and Administration, head of flight operations, and ground handling manager. The information gathered was used for analysis.

### **4.2 Demographic Information**

This study aim was to establish the different competitive strategies deployed at Fly 540 airline in Kenya to sustain competitive advantage. Background and demographic information of respondents were picked for seven senior managers at Fly 540 airline for the research. Highlighted are the background and demographic characteristics derived from the Part A of this study's interview guide which included; department worked in, current role, and number of years worked at the organization. The purpose of the demographic information was for the interviewer to establish the suitability of the selected respondents in providing information for research.

**Table 4.1: Demographic Information**

<b>Classification (Department)</b>	<b>Population</b>	<b>No of Years Worked at Organization</b>
CEO	1	5
Finance	1	4
Information Systems	1	7
Commercial Services	1	12
Technical Department	1	6
Resources and Administration	1	9
Flight Operations	1	8
Ground Handling Manager	1	4

Source: Research Findings (2019)

The researcher inquired about respondent's present position at Fly540 Kenya and the departments they work in. According to the findings, respondents held senior administration posts a suggestion that they were informed about competitive strategies implemented and formulation. It reveals their suitability for this research.

The respondents were requested to give information about the number of years they have been employed at the company to determine their level of knowhow on process and implementation of competitive strategies and how they effected firm's performance. From the findings, they had served for a period of four to twelve years. It revealed the respondents having an insight on company's strategies and were in a position to give data sought by researcher.

### **4.3 Strategies Deployed to Sustain Competitive Advantage at Fly 540 Limited**

#### **4.3.1 Competitive Strategies**

Respondents were asked whether their company had adopted cost leadership as a competitive strategy. All the respondents replied yes, they had and mentioned the company had implemented a cross cutting measure in pursuing sustainable cost optimization. Secondly, they had a clear and realistic company goal and thirdly they had leveraged their customer base and the personnel to be industrious and effective. In addition, the respondents showed the organization had eliminated non-crucial company undertakings, appraised various expenditure and sought expert cost administration guidance. The above listed measures assisted the firm to increase profits and give ground to extra bonuses to stakeholders and provided additional bonuses to the staff together with providing measures that facilitated more retention of profit for development of the company.

The researcher inquired from the respondents if Fly 540 Aviation Company had earned economies of scale. According to their feedback, the company had capitalized in technology that developed stock control and that it had focused their staff to specific duties which led to better productivity. In addition, respondents said the company had implemented economies of marketing scale by increasing the budget for marketing and that Fly 540 Aviation Company was ranked by financial marketplace to acquire credit capability with satisfactory tariffs. Respondents stated effectiveness was improved as a result of; cost decrease- increased revenue effect, improved yield, provision of more income and allocation of money for labor wellbeing scheme hence enhanced people- administration association.

Respondents were asked to account how the company's promotional expenses had progressed over the last five years. It was established that advertising expenses were progressively over the years increasing and was as a result of increased use of technology and that this was estimated to continue with the same trend in impending years. The finding concurs with Peters and Zelewski (2013) study that state competitive gain entails company doings to maintain sustainable upper hand over its competitors. Respondents were required to specify if Fly 540 Kenya had low R&D expenditures. It was found that it spent heavily on R&D as a result of evolving business surroundings. Respondents indicated they carried out research and development to stay ahead in innovations and to bring up to date company's present products by carry out quality examinations. Products of high quality, superior consumer delivery and minimized costs are bases of maintaining competitive edge (Brondoni, 2014).

Respondents were questioned whether their company encompassed technology in their day to day operations to minimize costs. All of them stated that the company has installed applications that permitted workers to automate when needed, hence decreasing overhead expenses while rising efficiency. It was noted that IT infrastructure was shifted to the cloud and the organization used free apps rather than creating their own hence minimizing on expenses. Respondents indicated the company had associated with suppliers from Qatar Airways and Fly-SAX charters to reduce cost of inputs when they were asked if Fly 540 Aviation Company had with suppliers from their industry. The partnering lessened expenses and enhanced performance.

Respondents were asked whether the company provides unique market driven services for their customers. Responses showed yes, they do. It was established that firm offered cheap and affordable flights in comparison to their competitors. The responses in addition revealed that it offers local destinations that other airlines did not offer. Respondents were to indicate if their company was constantly improving the services offered to clients in relation to their rivals. From the answer, Fly 540 had introduced new flight routes to local destinations as an indication of constantly improving their service deliver. In addition, the company's customer care service is excellent because their customers review indicated their satisfaction. These findings are in agreement with Waiganjo (2014) study that stated that a firm gains competitive advantage when it beats rivals by appealing to customers.

Respondents were asked if their company had formulated unique advertisements. It was noted that the aviation company uses brochures, direct mail, E-mail messages, magazines, newsletters, newspapers, posters, televisions and web pages. Publicity assists organization in exclusion of agents, in teaching consumers and improves benevolence. The interviewer inquired if company predicted modifications in consumers' needs to better serve them. Results showed public relation team warranted clients' needs were met by communicating with customers and by ensuring air hostess satisfactory served their client and that feedback was prompted from them on how to better improve their services. Kapto and Njeru (2014) state managers choose and implement systems they believe would run business effectively.

The interviewer inquired whether the company used technology to offer differentiated services. It was established that the airline used technology in their business communications implemented by shareholders and managers to transfer info required

to make decisions. Flow of information with in or out side of a company determines its development. In addition, technology was used as mode of monetary transaction and advertisement.

Respondents were questioned if the company had concentrated on services not offered by their rivals. Response established that different processes to guarantee client expectancy and needs were met using target focus group and client reviews that led to improved thoughtful of their clients hence offering services that meet their needs which in return offer different services. Using focus strategy facilitates knowing their market and have relationship with clients to assure quality service is offered to their clients (Carré et al, 2014). Respondents were requested to specify if their services were tailored to market needs. It was established the services design was tailored to market needs and anchored to satisfying customer needs. This is an indicator the company knows their market and had done their research. It was also established that the company carried out constant review of needs of clients. According to Kungu et al, (2014) when implementing focus strategy, difference is brought about by a focuser's market segment and other sectors.

Respondents commented on if Fly540 Kenya served a specific niche in the market and senior management indicated they focused on middle-class earners. This is done by offering affordable and accessible services. The airline has also introduced flight destinations that focus on customers' needs. Focus strategy makes use of either low cost initiative or differentiation on a specific purchaser group, product offering or geographic market according to Gamble et al. (2013).

Respondents were asked how Fly 540 Kenya focused on one market segment. According to the response, the company has focused on one market segment thus

consequently increasing customer's life cycle and offered a wide variety of mechanisms for clients to contact the company easily for better communication. According to Littler (2015) sources of cost benefit vary and are ordinarily dependent on industry structure. This applies to but not limited to superior technology and access to raw resources.

Respondents were to indicate how the company had enhanced product branding. The findings product branding was done by educating the public on useful info regarding the services offered, played up its niche by ensuring product branding provided to precise people on the market and ensured that customer services offered was excellent hence leading to customer retention. The interviewees in addition said that Fly 540 had remarketed its brand and also referrals enhance product branding since it takes advantage of marketing use of personal associations.

#### **4.3.2 Sustained Competitive Advantage**

Respondents were to comment on how competitive strategies affected sustained competitive advantage of Fly 540 Kenya. Results are displayed in the section below.

Results on effect of cost leadership on sustained competitive advantage is in table 4.2.

**Table 4.2: Cost Leadership**

	<b>Mean</b>	<b>Standard Deviation</b>
Turn Over	3.375	1.407886
Profits	4.000	1.069045
Market Share	4.000	1.414214
Customer Loyalty	3.750	1.488048
Customer Satisfaction	4.75	0.46291
Average	3.975	1.168421

Source: Research Findings (2019)

The findings indicate that the cost leadership has the highest influence on customer satisfaction with value 4.75 as mean and a std deviation of 0.46291. Cost leadership has the least influence on turn over with a mean of 3.375 and a std deviation of 1.407886. Cost leadership influence on profits and market share has 4.000 mean each and std deviations of 1.069045 and 1.414214 respectively. Cost leadership influence on customer loyalty 3.750 as mean and 0.488048 as std deviation. Average influence of cost leadership on the competitive advantage of Fly 540 has a mean of 3.975 and 1.168421 as std deviation. This infers cost leadership influences competitive advantage at Fly 540 to a great extent.

The findings on influence of differentiation on sustained competitive advantage is displayed in Table 4.3.



**Table 4.3: Differentiation**

	<b>Mean</b>	<b>Standard Deviation</b>
Turn Over	4.375	0.916125
Profits	4.375	1.06066
Market Share	4.000	0.92582
Customer Loyalty	3.250	1.908627
Customer Satisfaction	3.250	1.488048
Average	3.850	1.259856

Source: Research Findings (2019)

The findings indicate that the differentiation has the highest influence on turn over and profits with 4.375 mean and a standard deviation (SD) of 0.916125 and 1.06066 respectively. Differentiation has the least influence on customer loyalty and customer satisfaction with 3.250 as mean and SD 1.908627 and 1.488048 respectively. Differentiation influence on market share has 4.000 as mean of each and 0.92582 as std deviation. Average influence of differentiation on the competitive advantage of Fly 540 has a mean of 3.850 and 1.259856 as standard deviation. It suggests differentiation influences competitive advantage at Fly 540 to a great extent.

Results effect of focus on sustained competitive advantage in Table 4.4.

**Table 4.4: Focus**

	<b>Mean</b>	<b>Standard Deviation</b>
Turn Over	4.125	0.991031
Profits	3.75	1.035098
Market Share	4.25	1.164965
Customer Loyalty	4.00	1.195229
Customer Satisfaction	3.875	0.991031
Average	4.00	1.075471

Source: Research Findings (2019)

The findings indicate that the focus has the highest influence on market share a value 4.25 as mean and a std deviation of 1.164965. Focus has the least influence on profits with 3.75 mean and a std deviation of 1.035098. Focus influence on turnover has 4.125 of each mean and value of 0.991031 as a standard deviation. Focus influence on turnover has each a value of 4.00 mean and 1.195229 as standard deviation. Focus influence on customer satisfaction has a mean of 3.875 each and value of 0.991031 as standard deviation. Average influence of focus on the competitive advantage of Fly 540 has value of 4.00 as mean and value of 1.075471 as standard deviation of. It implies differentiation influences competitive advantage at Fly 540 to a very great extent.

#### **4.4 Discussion of Findings**

This research found that Fly 540 Kenya had implemented cost cutting measures that include; adoption of a mindset in pursuing viable cost optimization, clear and attainable target, leveraging their prevailing customer base and ensured employee's productivity. The company has capitalized in technology which developed stock control, specialization in staff to certain task leading to improved output. The research also established that promotion expenses were progressively snowballing over the years.

Methods pertaining sustained competitive advantage employed in the study included; turnover, profit, market share, customer loyalty, customer satisfaction (Par & Shaw, 2013). This research established that Fly 540 offered affordable flight prices in comparison to the rival airlines. The company had established new routes in comparison to rivals which are operational for service delivery. The company's communication team guaranteed clients wants be met using communication.

According to Hilman and Kaliappen (2014) organizations struggle being the low cost provider in a market. This competitive approach is sensitive to buying prices. This research established Fly 540 Kenya implemented a variety of methods for learning clients' wants. The airline is dedicated to offer accessible and affordable flights. These results concur with Banker, Mashruwala and Tripathy (2014) studies show success in attaining objectives and aims is reliant on client fulfillment. Barin, Boehe and Ogasavara (2015) establish that a firm must structure their policies in line with effective service delivery and customer's needs.

## **CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

The section presents summary of findings on influence of the competitive strategies on sustained competitive advantage. Deductions and research recommendations were made from research finding.

### **5.2 Summary of the Findings**

Key objective of this research was to determine influence of competitive strategies on sustained competitive advantage of Fly 540 Kenya. This research was guided by effect of competitive advantage on sustained competitive advantage. The study was anchored on three theories mainly; Porters Generic Strategy, Resource Based View and Institutional theory. Conclusions are in agreement with Resource Based Theory which denotes ownership of unique and scarce resources form an essential foundation for competitive gain.

The research revealed Fly 540 Kenya had implemented cost leadership procedures that assist the company attain more returns. Results concurs with Brondoni (2014) research which established high quality goods, superior client service and lesser expenses are sustainable competitive advantage bases. Cost cutting measures gave a basis for additional dividends to stockholders. Porter (1980) established that target segments have customers with unusual needs or production and delivery system that suits target segment best which differ from other sector segments.

Commercial services manager stated Fly 540 Kenya had earned economies of scale through capitalizing in technology and implementing advertising economies of scale by diffusing marketing expenses and publicity over production. The company has capitalized on research and development as a result of evolving environs. This finding were consistent with Kapto and Njeru (2014) that stipulates administrators implement systems that make their business effective.

Findings show Fly 540 Kenya has encompassed technology to reduce expenses and had partnered with Qatar Airways and Fly-SAX is Kenya's premier safari and private charter airline. According to Par and Shaw (2013), marketing expenses were progressively rising over subsequent years, echoed this results. Results established that the airline offered affordable flight in comparison to other airlines. The study is in line with Littler (2015) research which established causes of cost gain are varied and dependent on industry arrangement and include pursuit of economies of scale, technology and raw materials access.

The airline offers flight destinations that rival airlines did not provide making them efficient in their service delivery. According to Hilman and Kaliappen (2014) industry's cost provider is a competitive strategy in varied markets as customers are price sensitive. Customer satisfaction was excellent since customers indicated their level of contentment. The airline used technology in business communication and as a mode of advertisement where the company creates awareness of its service to the public.

The research established that the airline implemented varied mechanisms to learn customers' needs leading to better understanding of customers. This guides in providing services that meet their needs hence offering differentiated services. This

finding is in line with Bankee et al, (2014) study that established success in attaining company objectives depends on client satisfaction. High-ranking administration showed they concentrated on the middle-class earners. Barin and Ogasavara (2015) denote organizations ought to organize their strategies towards service conveyance.

Further, findings revealed the airline had educated its clients on valuable info concerning services provided and that customer services offered were excellent. These results concur with Combs et al. (2005) who state business developments evaluate how well organization is aligned to its mission and vision. The result displayed client perspective entails meeting and surpassing client's expectations. Client satisfaction using market share and level of customer contentment.

### **5.3 Conclusion**

Study's main goal was to establish effect of competitive strategies on performance of Fly 540 Kenya. The study concluded from the findings that the company had economies of scale. Study concludes focus strategy client satisfaction is a key strategy being implemented. This research established that cost leadership and differentiation plans influenced to a great extent competitive advantage. Research further concluded that focus strategy influences to a great degree competitive gain. There is need for FLY 540 to carry on embracing and investing in technology, interior resources, differentiate its product and research and growth competences since they are constantly evolving to ensure better sustainable competitive advantage.

This study in addition, concludes that airline services design targeted meeting needs of clients. The airline implemented mechanism to understand customers' needs. Quality of service is vital if a company is providing a product or service at a lower cost.

#### **5.4 Recommendations**

From the findings, the study suggests the airline ought to assess its competitive strategies to fight off increased level of rivalry for survival and enhance performance. Research suggests regime agencies and the aviation limited ought to assess rules of operations as a result of rise of entrance players in the industry that cause a rise in rivalry and probable price wars. This research further recommends airline services design meet needs of clients and ensure customer satisfaction as these are their key competitive strategy that enhances competitive advantage.

#### **5.5 Limitations of the Study**

Research revolved in Fly 540 Aviation Company due to time and cost constraints, which does not give clear indication of findings if other companies were also incorporated in the study. More uncertainties would occur if similar studies were replicated in different countries. Although the research engaged primary relevant sources of data by utilizing an interview guide, major challenges like delayed responsiveness of respondents or misunderstanding of the questionnaire were encountered.

#### **5.6 Suggestions for Further Research**

Rooting from the raw data, information drawn and the comprehension of the study objectives, the researcher has pin pointed some areas for further research. This study was framed on the Fly 540 Aviation Company, similar research can be conducted in other similar companies within Kenya. This can assert more certainty or uncertainty of research results. This study was only carried in Kenya, further studies can also be

conducted out of Kenyan context or conducted by other scholars in East Africa, Africa, and globally to attest if the findings of the current study would hold.

Primary data was solely utilized in the study, alternative research can be employed using secondary sources of data. These can then approve or disapprove the current study findings. Content analysis and descriptive statistics were used in this study, further research can incorporate other analysis methods like correlation analysis, factor analysis, cluster analysis, granger causality and discriminant analysis.



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## APPENDICES

### Appendix 1: Interview Guide

This interview guide is for the purpose of collecting information on strategies deployed by Fly540 to gain competitive advantage. It will assist the research in gathering crucial information.

#### Section A. Demographic Information

1. What is the name of your department? -----
2. What is your current position in the Fly540? -----
3. How long have you been working with Fly540? -----

#### Section B: Strategies Adopted by Fly540 to gain Competitive Advantage

##### Cost Leadership

4. Has your organization adopted cost cutting measures? Please explain
5. Has your organization earned economies of scale? How have this affected costing structure for your services?
6. Has your Company introduced cost cutting measures? Explain how this has enhanced efficiency
7. How have your advertising costs moved over the last five years?
8. Company experiences low R&D costs
9. Has your company embraced technology to minimize cost? Please explain
10. Does your Company partners with suppliers to reduce cost of inputs? Please explain

### **Differentiation**

11. Has your Company been able to offer unique market driven products and services? Please explain
12. Has your Company been able to improve services delivered to customers compared to competitors? Please explain
13. Has your Company been able to formulate unique advertisements? Please explain
14. How has your Company anticipated changes in customers' needs well in advance to better serve them?
15. How has your Company been able to use technology in offering superior services?

### **Focus**

16. How has your Company been able to concentrate on products not offered by other airline companies in Kenya? Explain
17. Are your products and services tailored to the market needs? Please explain
18. Has your Company been able to serve specific niche in the market? Please explain
19. Has your Company concentrated on one market segment? Please explain
20. How has your Company been able to improve product branding? Please explain

### **Section C: Sustained Competitive Advantage**

21. To what extent has each of these competitive strategies affected the sustained competitive advantage of your organization? Use 1- To a Least Extent, 2 – To a Small Extent, 3- To a Moderate Extent, 4- To a Great Extent, 5 – To a Very Great Extent.

Strategy	Turn Over	Profits	Market Share	Customer Loyalty	Customer Satisfaction
Cost Leadership					
Differentiation					
Focus					

*Thank you very much for your time.*