

**STRATEGIES ADOPTED BY KENYA AIRWAYS LIMITED TO
COPE WITH CHALLENGES OF INTERNATIONAL STRATEGIC
ALLIANCES**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD
OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI**

NOVEMBER 2011

DECLARATION

I, the undersigned, do declare that this is my original work and has not been submitted to any other college, institution or university other than the University of Nairobi for academic credit.

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ACKNOWLEDGEMENTS

I thank the Almighty God for the opportunities He has granted me throughout my life. This course would not have been successful and possible had it not been for the valuable support, assistance and guidance from my family, friends, colleagues and classmates for the numerous discussions, insights and assistance during my MBA programme. I am grateful to all of them for their support, encouragement and understanding. I am obliged to mention a few of them to acknowledge their special contribution.

First I would like to thank my supervisor, Dr. Martin Ogutu for sharing his valuable time, contributions and guidance during my entire period of the study and perfecting my skills in research. Secondly, special thanks to my parents, Awiti and Berlin Osendo, my brother Omore, sister Rachel, my sister-in-law Nyawira and my invaluable friends Ruwaida, Donna, Jane and Caroline for their understanding and support during the entire period of my MBA course. Thirdly, my appreciation to Mr. Godfrey Odinga, Ms. Halima Sakali and Mr. Musyoki for enabling me attend lectures despite the hectic work schedules. Finally, to Mr. Edward Wachira, Partnerships and Alliances Manager at Kenya Airways Limited and his colleagues who agreed to provide the crucial information sought by this study. God Bless you all.

DEDICATION

This research study is dedicated to my father, Awiti Osendo and my mother, Berlin Osendo who have been my great source of inspiration and guidance and to my lovely niece, Hawi.

ABSTRACT

In many organisations, many promising ideas fail due to lack of knowledge about the local environment including social, cultural, political, and human resource related issues. Good preparation is necessary before setting up business ventures in any region. It is further required that proper networks of relationships are established and competence in dealing with the local people, authorities and markets are further developed. Collaborations are seen as a clear step to reduce the risk of investment by foreign firms and to gradually get accepted by the foreign governments and the people. This research project regards strategic alliances or strategic networks as purposeful and binding cooperative agreements between autonomous firms, for the objective of improving competitive advantage and long-term profitable value creation for all cooperating parties (Borch, 1994).

The basic strategic choices of airlines are limited to three: growth strategy, focus strategy and lowest cost strategy. According to Kleymann and Seristo (2004) growth can be sought either internally or externally. As internal growth is often slow, it is attractive for many airlines to seek growth externally through mergers, acquisitions or alliances. As there are regulatory limitations on airline mergers and acquisitions, alliances often provide a less complicated route for growth. Alliances provide more flexibility, require less capital, and may carry fewer risks than mergers and acquisitions. If an airline chooses focus as its basic strategy, there are still pressures in the competitive environment that supports the use of alliances. Whether the airline bases its strategy on different customer groups or a certain geographic area, it is nevertheless likely to benefit from some form of partnership with suitable airlines.

The purpose of this study was to shed some light on the challenges encountered in international strategic alliances. The research study through a case study of Kenya Airways Limited (KQ) also sought to know the strategies adopted to be able to cope with the challenges. It also set out to establish the strategies adopted to cope with the challenges. The research methodology used was a case study. The study sought to have a thorough understanding of the phenomenon from the perspective of KQ. An in-depth case study was used. Data was gathered through interviews with three respondents who were involved in the formation and management of the alliances. Content analysis was used to analyse the information gathered.

The study qualified the relationship between KQ and other international airlines to be a 'Network' of 15 airlines of both loose and tightly coupled relationships within which each partner is embedded and caters for diversity in all aspects of the union. The study also established that successful management of an alliance requires a wider range of skills than is required in managing a single airline to accommodate different cultures and management styles, balance the needs of all the alliance members, and nurture the relationship itself while at the same time coping with the internal and external challenges faced.

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LIST OF ACRONYMS AND ABBREVIATIONS

KQ	Kenya Airways Limited
R&D	Research and Development
FDI	Foreign Direct Investment
IT	Information Technology
IATA	International Air Transport Association
EAA	East African Airways
KLM	The Royal Dutch Airlines
IPO	Initial Public Offering
JKIA	Jomo Kenyatta International Airport
IOSA	IATA Operational Safety Audit
NGO	Non - Governmental Organization
MOU	Memorandum of Understanding
DCS	Departure Control System
ARS	Airline Reservation System

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Any company that aspires to industry leadership must think in terms of global, not domestic market leadership. The world economy is globalizing at an accelerating pace as countries previously closed to foreign companies open up their markets, and ambitious, growth – minded companies race to build stronger competitive positions in the markets of more countries. Companies in industries that are already globally competitive or are in the process of becoming so, are challenged to come up with strategies for competing successfully in foreign markets (Thompson, Strickland and Gamble, 2007). They further add that a company may opt to expand outside its domestic market to gain access to new customers, to achieve lower costs and enhance its competitiveness, to capitalize on its core competencies, and to spread its business risk across a wider market base. Strategic alliances, joint ventures, and other co-operative agreements with foreign companies are a favourite and potentially fruitful means for entering a foreign market or strengthening a firm's competitiveness in world markets. The growing service industry is slowly taking shape in international business by having its activities carried out across national borders. Some of these areas include transportation, tourism, advertising, construction, and mass communication.

1.1.1 Concept of strategy

When managers evaluate their firm's they are prompted to identify their current situation by identifying industry conditions, competitive pressures, and their current performance. They also need to know where they are heading by looking at new or

different customer groups, their needs, the market positions they should stake out, and changes in their business makeup. In addition, they need to know how they will get to where they want thus challenging them to craft and execute a strategy to move the firm in the intended direction, grow its business, and improve its financial and market performance (Flouris and Oswald, 2006). Furthermore, Johnson, Scholes and Whittington (2008) associate strategic decisions with characteristics that are embedded in their definition of strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. They are therefore likely to be complex, be made in situations of uncertainty, affect operational decisions, require an integrated approach within and without the organization, and involve considerable change and innovation.

The management process of strategy is evident all through its formulation, implementation, control and innovation stages. During formulation, the top-management identifies their scope of operations in line with the organizational purposes namely: their values, mission, vision and objectives, and the means through which they will be accomplished by adopting a grand strategy. More emphasis is placed on the unknown, combining a future-oriented perspective with concern to the firm's internal and external environments. Decisions made have implications in most areas of the firm based on the allocations or reallocations of responsibilities and resources so as to make the strategy successful. Managers begin implementation of the chosen corporate and business-level strategies through action plans and functional tactics that are translated into guidelines for the daily activities of the employees and is reflected in the way activities are organised. Downsizing, restructuring and reengineering may apply to the critical stages of this process wherein managers

attempt to recast the organization. The company's structure, leadership, culture, and reward systems may all be changed to ensure cost competitiveness and quality demanded by unique requirements of its strategies. The managers must then put into place controls to be able to adjust strategies, commitments, and objectives in response to ever-changing future conditions. Organisations must also make a serious commitment to be innovative and consider bringing the entrepreneurship process into their company to survive, grow, and prosper in a vastly more competitive and rapidly changing global business arena (Pearce, Robinson and Mital, 2008).

When a company starts to compete internationally, a dilemma arises on what possible generic strategies it should adopt as the primary vehicle for entering foreign markets aimed at maintaining and strengthening its competitiveness. Numerous entry modes are being applied by organizations willing to exploit foreign markets and are classified as follows: non-equity modes which include exports (direct and indirect) and contractual agreements (franchising, Research and Development (R&D) contracts and co-marketing) and equity Foreign Direct Investment (FDI) modes which include joint ventures with foreign companies and partially owned subsidiaries through acquisitions and Greenfield operations (Peng, 2009).

1.1.2 Strategic Alliances

A strategic alliance has been variously defined as a particular mode of inter-organisational relationship in which the partners make substantial investments in developing a long-term collaborative effort and common orientation (Mattsson, 1995); organizational arrangements and operating policies through which separate organisations share administrative authority and form social links through more open-ended contractual arrangements as opposed to very specific arm's length contracts

(Go and Hedge, 1994); and a partnership or long-term, non-equity relationship that permits partners to meet strategic goals (Lau, 1994). Lau (1994) differentiates a strategic alliance from an equity investment joint venture on the basis that the former does not require large capital resources.

Alliances are formed through a three – stage model (Peng, 2009) involving having to make a decision whether to form partnerships as opposed to relying on pure market transactions or acquisitions which forces them to independently confront competitive challenges. The second stage is making a crucial choice on whether to apply equity (joint ventures and partially owned subsidiaries) or non-equity entry modes (exports and contractual agreements); and finally positioning the relationship given that each firm is likely to have multiple inter-firm relationships that need to be managed as a corporate portfolio.

There are four types of strategic alliances namely: a joint venture where two or more firms create a legally independent company to share some of their resources and capabilities to develop a competitive advantage; equity strategic alliances in which two or more firms own different percentages of the company they have formed by combining some of their resources and capabilities to create a competitive advantage; non-equity strategic alliance in which two or more firms develop a contractual relationship to share some of their unique resources and capabilities to create a competitive advantage and finally global strategic alliances which are working partnerships between companies (often more than two) across national boundaries and increasingly across industries, sometimes formed between a company and a foreign government, or among companies and governments (Wikipedia, 2011).

1.1.3 Aviation Industry

An industry is a market in which similar or closely related products are sold to buyers (Porter, 2004). The early years of the twenty-first century have not been easy for the world airlines. To many, the airline industry appears exciting, dynamic and forward-looking, operating at the frontiers of technological innovation. Apart from the glamour associated with it, it is an industry whose long-term profitability is both marginal and very cyclical. It is also unstable because it is constantly buffeted by new developments and constraints – both internal and external. Liberalisation and relaxation of bilateral and international regulations, emergence of low cost carriers penetrating short-to medium-haul markets, speed to respond to e-commerce and Information Technology (IT) challenges, interference in management decisions by those that are majority owned by their governments, and developing and managing an alliance and partnership strategy to achieve the benefits of large scale and scope are just some of the crucial developments that have been impacting on the airline business (Doganis, 2006).

The International Air Transport Association (IATA) has more than halved its profit forecasts for airlines this year as a result of weather disruptions like the volcanic ash in Europe and tsunami in Japan, political unrest in the Middle East, and soaring fuel prices (The Wall Street Journal, 2011). As the drive towards a free and global network gathers momentum, competition within the airline industry is expected to be intense thus likely to have an impact on yields. To survive in the industry depends on whether the airline is able to anticipate patterns of change, forces driving these changes and the ability to align strategies to respond to challenges in the internal, immediate and remote external environments (Flouris and Oswald, 2006).

1.1.4 Kenya Airways Limited

Kenya Airways (KQ) can be traced back to 1946 with the formation of East Africa Airways (EAA). EAA operations came to an end on January 31, 1977 and the airline was placed under liquidation. In February 1977, KQ was incorporated as a wholly owned government corporation and national carrier. The airline continued to make losses relying heavily on government subsidies and bailouts. Efforts to turn it around failed since it lacked a vision, clearly defined strategies and objectives, was not business driven, and condoned nepotism and patronage (www.kenya-airways.com).

In 1986, the Kenyan government decided to privatise the airline with a view to ensuring its continued growth and profitability. This resulted in a strategic partnership with The Royal Dutch Airlines (KLM) in 1995 and culminated in a successful Initial Public Offering (IPO) in 1996 that saw 49 per cent of its shareholding taken up by members of the public and institutional investors (Business Daily, 2011). The group's principal activity is providing international, regional and domestic carriage of passengers, provides ground handling services to other airlines and handles import and export of cargo. The airline currently has a fleet of 34 aircrafts to 56 destinations and aims to achieve its goals of meeting world class standards in service delivery, product quality and operational performance; be the airline of choice in Africa; develop Jomo Kenyatta International Airport (JKIA) as a premier hub in Africa and pursue a business model that will deliver consistent level of profitability. In 2005, KQ achieved IOSA (IATA Operational Safety Audit) certification becoming the first carrier in sub-Saharan Africa to get the rigorous safety certification and has also received numerous awards (www.kenya-airways.com).

During the financial year 2010 – 2011, the airline posted a 73% increase in profit after tax to Kshs. 3.538 billion driven by an expanded route network and increased frequencies and surpassed the 3 million passenger mark in the month of March 2011 (Daily Nation, 2011). To achieve one of its goals on profitability, KQ continues to focus on growth and expansion of its network by gaining direct access to new markets by forging strong partnerships and is a respected member of a global airline community. In the longer term, the airline hopes to dominate the African continent, modernize, increase and invest in its fleet development, continue opening new routes on a selective basis, training staff and improving its systems and improve on yields by placing greater emphasis on productivity, enforce stringent cost management and reduction in wastage (www.kenya-airways.com).

1.2 Research Problem

International strategic alliances are a means of enhancing competitiveness and growth. Although these relationships have enormous benefits, they are not without challenges that need to be addressed to be able to realise the intended benefits. KQ like any other organisation is engaged in these relationships that serve as a cornerstone of corporate strategy and is not prone to challenges in sustaining them. It is important for KQ to be able to fully understand these challenges, how they come about and be able to identify appropriate strategies to cope with them.

KQ has been performing extremely well since it adopted the grand strategy of forming international partnerships with other organisations and is a member of a major global airline alliance. Its successful growth and profitability is a true reflection of its ability to manage and deal with the challenges and obstacles encountered. This

study therefore makes it important to look at the strategies and coping mechanisms KQ has been adopting so that other organisations can learn and possibly emulate.

Studies that were carried out by Kavale (2007) on strategic alliances in Kenya looked at the factors firms consider when entering into strategic alliances and the factors leading to success and failure of strategic alliances. Results indicated that firms consider prospect for growth, partner match, strength of competency, level of risk, and benefits expected to be derived as important factors before signing an alliance pact. Kaloki (2010) studied managing strategic alliances between NGOs in Kenya. The findings were that though alliances are popular, empirical knowledge reveals that organizations involved in these relationships rarely reap the benefits of such alliances. Kinyua (2010) studied strategic alliances between universities and middle level colleges in Kenya. The study found that these relationships are qualified as a 'Network' which satisfies a conventional definition of strategic alliance. Although the scholars highlight the value, rationale and challenges as a result of strategic collaboration and their level of effectiveness, there is limited literature available on how to cope with the challenges. This study therefore sets to analyse the challenges and the strategies KQ adopts to cope with the same. The study therefore seeks to address the following research questions: What are the challenges KQ is facing as a result of international strategic alliances? What strategies is KQ adopting to cope with challenges of international strategic alliances?

1.3 Research Objectives

The two research objectives for this study are given as follows:

- i. To determine the challenges faced by KQ in international strategic alliances.

- ii. To establish the strategies adopted by KQ to cope with challenges of international strategic alliances.

1.4 Value of the study

The results of the study will be important to airlines that plan to engage in international strategic alliances. Airline executives can derive key lessons for future use on how to cope with the challenges they face on their current relationships with other organisations as they arise and will also serve as a useful source of information for those interested in the governance of airline alliances.

Strategic alliances are not limited to a few industries but occur broadly in transportation, manufacturing, telecommunications, electronics, pharmaceuticals, finance and even professional services. This study will be of significance to those in other industries who can gain information on how to deal with the challenges that result from these relationships.

Lastly, current and potential scholars may use these findings for further research in the existing body of knowledge not limited to the area surrounding international strategic alliances but also in airline management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The goal of this chapter is to review previous studies relating to the topic under study. This begins with literature on the concept of international strategic alliances, followed by reasons for these relationships, the benefits, challenges, and strategies for coping with these challenges. According to Hanlon (1996), many alliances struck between firms involve no investments in equity at all and are mainly limited to marketing agreements and technical co-operation. The potential for sustainable advantage to be achieved via inter-firm collaboration will depend on the nature and strength of the underlying forces motivating alliances, and this may vary from industry to industry and from case to case.

2.2 Concept of International Strategic Alliances

Partnerships vary in the form that they take and as such they have been variously defined as networks, joint ventures, and strategic alliances (Porter and Fuller, 1986; Lorange and Roos, 1992). They further add that, an organization can embrace two types of partnership which can be categorised as tactical (informal) and strategic (formal). Tactical partnerships are loose forms of collaboration which exist to gain marketing benefits. They do not usually involve major resource commitments and, as a result, are not high risk in nature as the partners continue to operate and use their assets independently, each pursuing their own objectives. The collaborative forms and activities include supplier – buyer partnerships, outsourcing agreements, technical collaboration, joint research projects, shared new product development, shared manufacturing arrangements, cross-selling arrangements and franchising. On the other hand, strategic partnerships are those where the partners co-mingle their assets in

order to pursue a single or joint set of business objectives. They may involve contractual agreements such as franchising and cross-licensing agreements and ownership links that include cross equity holding and joint ventures.

The success of any single alliance depends on some key factors that are relevant at each stage of alliance evolution which include the formation, design, and post-formation phases respectively (Gulati, 1998). In the formation stage, a firm deciding to initiate an alliance selects an appropriate partner. According to Shah and Swaminathan (2008), the following partner traits have a positive influence on alliance performance: partner complementarity where partners contribute non-overlapping resources to the relationship; partner commitment involving the willingness of a partner to make resource contributions required and making short-term sacrifices to realize the desired longer term benefits and partner compatibility and fit between partners' working styles and cultures. In the design phase, a firm (and its partner) set up appropriate governance to oversee the alliance. Three primary mechanisms have been highlighted to address governance issues in an alliance. They include transaction costs theory that proposes equity ownership as an effective mechanism to govern alliances (Williamson, 1985). Contractual provisions in the alliance agreement represent the second mechanism of effective governance that clearly sets forth mutual rights and obligations of partners (Reuer and Arino, 2007). Self-enforcing governance, relying on goodwill, trust, and reputation is the third mechanism (Gulati, 1995). In the post-formation phase, a firm manages the alliance on an ongoing basis to realize value. Two factors are especially important during this phase of the alliance life cycle: managing coordination between partners and developing trust between them (Gulati, 1998).

International strategic alliances are agreements between two or more organisations to cooperate in a specific business activity, so that each benefits from the strength of the other, and gains competitive advantage. Their formation has been seen as a response to globalisation and increasing uncertainty and complexity in the business environment (Doz and Hamel, 1998).

2.3 Reasons for International Strategic Alliances

Alliances are generally a strategy that companies use when the acquisition of another company or internal development as a means of growing is not possible. They are preferable as they provide quicker access to new markets. According to Johnson et al. (2008), organisations form alliances when they cannot cope with the ever increasingly complex environments. The globalisation trend and the need for organisations to compete in a global economy require a much larger scale and scope of operations. In addition, in many national markets, the presence of well entrenched local firms, different cost structures, restrictive national laws, and local customer preferences make it difficult for foreign firms to compete successfully.

Doz and Hamel (1998) observe that in the intensely competitive global arena in any given industry, companies must identify their skills and competency gaps and fill them rapidly. Very often they find that the fastest way to fill them is with the capabilities of strategic allies. This requires the development of insight, capabilities, and infrastructure at an even faster pace than few companies can master, and yet they must be swifter if strategic advantage is to be gained. Well chosen alliances make it possible to bypass slow and costly efforts to build one's capabilities and to access new opportunities. Most strategic partnerships serve one or several strategic imperatives. If a company is attempting to make the best of global opportunities, it will form an alliance to do what it cannot do alone. Firms attempting to make the best of global

opportunities often need local partners to gain market access and global partners to complement their skills. Partners with specific skills likewise find value in combining forces to create and exploit new opportunities that call for a broader range of skills than either partner has on its own. In addition, it limits capital investment whereby one party does not have to have all the resources necessary to do the work of the alliance and allows the firm to be involved yet continue to pursue its other business opportunities. Globalisation makes local companies vulnerable to competitors that have developed and polished skills in distant and more demanding markets. Unless unplugged rapidly, skills gaps can kill or debilitate weaker competitors, particularly as their rivals continue to build new skills and use them for competitive advantage.

Doz and Hamel (1998) further offer three distinct purposes of alliances which include the following: To co-option whereby firms considered to be potential competitors and those with complimentary goods and services are wooed as allies in favour of the coalition since many of the skills and resources acquired may not be available to them individually or may be too expensive to retain in-house. Secondly, they are able to co-specialize by bundling previously separate resources, assets, expertise, knowledge, and brands to become more valuable and competitive in seeking more opportunities as opposed to when kept separate. Finally, it serves as an avenue for learning and internalising valuable skills resulting to networking and relationship building whereby they learn more about each others' capabilities and gain benefit from referrals. As companies compete in global markets, skill deficits are soon apparent and quickly debilitating.

Doganis (2006) further adds other factors that appear to be behind the push towards trans-national industry concentration and possible consolidation. This includes bypassing regulatory barriers which make cross-border acquisitions and mergers virtually impossible and is a fruitful means of gaining better access to attractive country markets. Firms desiring to enter a new foreign market conclude that alliances with local companies are an effective way to tap into a partner's local market knowledge and help it establish working relationships with key officials in the host-country government.

2.4 Benefits of International Strategic Alliances

Strategic alliances are becoming an important form of business activity in many industries, particularly in view of the realisation that companies are competing on a global field. Through strategic alliances, companies can improve their competitive positioning by sharing the risks and costs of major development projects. Hussey (1998) states that alliances spread the risks especially in the R&D field as well as returns from developing, validating and introducing new technology. Pearce et al. (2008) share that by engaging in alliances, each participant takes advantage of fleeting opportunities quickly, usually without tying up vast amount of capital. Strategic alliances allow companies with world-class capabilities to partner together in a way that combines different core competencies so that within the alliance each can focus on what they do best, but the alliance can pull together what is necessary to quickly provide superior value to the customer.

Strategic alliances tend to lower the transaction costs through the use of complimentary assets and competences thus promoting productivity growth among the partners. They also improve access to capital since technological breakthroughs

often require resources to develop and commercialise that are beyond the scope of a single firm. By aligning itself with other firms that possess resources needed for expansion, small firms can capitalise on their strengths to a much greater extent (Johnson et al. 2008). They also reveal that alliances tend to bind partners more closely together since they are likely to be mutually dependent on shared tacit knowledge in the development of such products and purposes. Hussey (1998) adds that they can improve your management processes since it brings you and your partner (s) organisations closer together and you come to understand each other's way of doing things. Your partner can also exert pressure on your organisation forcing you to alter your management procedures.

According to Thompson et al. (2007) allies learn much from one another in performing joint research, sharing technological know-how, studying one another's manufacturing methods, how to tailor sales and marketing approaches to fit local cultures and traditions, share distribution facilities and dealer networks thus mutually strengthening their access to buyers. They are also able to direct their competitive energies more towards mutual rivals and less toward one another. Firms desirous of entering a new foreign market conclude that alliances with local companies are an effective way to tap into a partner's local market knowledge (such as buying habits, product preferences of consumers, and local customs). Furthermore, entering into strategic alliances to gain market access and/or expertise of one kind or another allows a company to preserve its independence, retain veto power on how the alliance operates, and offers the flexibility to readily disengage once its purpose has been served or if the benefits prove elusive.

According to Porter (2004) firms form coalitions to raise entry barriers or co-opt challengers such as foreclosing alternative technologies by forming coalitions with other firms with expertise in alternative technologies. At the same time, coalitions with likely challengers may be a way to convert a threat into an opportunity by blocking stiff competitors or retaliatory resources a firm itself does not have. Coalitions also bring together skills and resources of firms in ways that allow reconfiguration, redefinition, or pure spending. For example, Japanese TV set producers licensed RCA's colour TV technology, providing an important starting point for their own product and process innovations.

Doz and Hamel (1998) observe that whoever is first with a strong network solution enjoys lasting first-mover advantages, as there is room only for a few successful competitors. Furthermore, they not only serve the purpose of bringing together complementary strengths but also that of combining insight and understanding to reduce uncertainties and accelerate learning.

2.5 Challenges of International Strategic Alliances

For industry giants and ambitious start-ups alike, these strategic relationships have become central to competitive success in fast changing global markets. To fully exploit the opportunities open to it, a company today must have an ability to conceive, shape, and sustain a wide variety of these relationships. Irrespective of the benefits, it still remains a major area of uncertainty testing the ability of firms to manage complex relationships thus becoming both strategically critical and harder to manage (Doz and Hamel, 1998).

Although alliances help firms strengthen their competitive positioning by enhancing market power, increasing efficiencies, accessing new or critical resources or capabilities, and entering new markets, certain challenges are experienced that inhibit the realisation of these benefits. Studies have shown that between 30% to 70% of alliances fail; in other words, they neither meet the goals of their parent companies nor deliver on the operational or strategic benefits they purport to provide (Gomes – Casseres, 2003). Partnering firms are usually independent firms with their own agendas and may therefore enter into a partnership with different motives. The differences of opinion on how to proceed in the management of this relationship may contribute to the breaking up of such partnership (Lockwood et al, 2000). In addition, the biggest challenge in any strategic endeavour is the people aspect in that people in the partnering organisation neither have the ability to adequately manage the strategic relationships nor the skills to implement such arrangements to fully realise the benefits (Gomes – Casseres, 2003). Yoshino and Rangan (1995) further explore managerial mind-sets as a challenge in their operations. A lack of faith in the efficacy of partnership is hardly a recipe for successful management.

Doz and Hamel (1998) further state that today's alliances often involve melding differentiated skill sets from vastly different and often very distant partners. In many instances, each partner's skill set is not only foreign to the other partners but may also be relatively new. The challenge of skill co-specialization is not simply one of geographic distance but is bound up with strategic, organizational, and cultural differences between partners (differences in company origins, histories and core skills). The static view of alliances inherited from traditional joint venture also encourages managers to pay too much attention to the initial crafting of the alliance

design and too little attention to the likely impact of that design on the subsequent process of collaboration between partners. According to Child and Faulkner (1998) managers may be hindered by their organization's managerial systems and processes if their systems are not instituted with partnerships or alliances in mind, but with hierarchical (wholly owned) operations in consideration. These differences in management styles and organizational culture may result in poor integration and cooperation.

Thompson et al. (2007) observe that allies have to overcome language and cultural barriers and figure out how to deal with diverse or conflicting operating practices. There is a natural tendency for allies to struggle to collaborate effectively in competitively sensitive areas, thus creating suspicions on both sides about forthright exchanges of information and expertise. Egos of corporate executives can clash and the thorny problem of getting alliance partners to sort through issues and reach decisions fast enough to stay abreast of rapid advances in technology or fast-changing market conditions could arise. The danger of becoming overly dependent on foreign partners for essential expertise and competitive capabilities is another predicament.

Peng (2009) observes that alliances involve partners from different backgrounds, with divergent goals and interests therefore conflicts are bound to occur. Secondly, firms have limited equity and operational control since everything has to be negotiated, and lastly, a multi-national enterprise may experience difficulties coordinating their activities globally since it does not have the tight control over its foreign subsidiaries. He also adds that firms ought to choose a prospective partner with caution. This is so because there is always a possibility of being stuck with the wrong partner (s). Many

firms find it difficult to evaluate the true intention and capabilities of their respective partner until it is too late. Difficulties in implementing decisions in the firm that has co-operative ties in several, perhaps culturally different countries may also pose a challenge.

Doz and Hamel (1998) note that the partner relationship evolves in ways that are hard to predict. Since partnering together gives each the opportunity to learn much more about the other, their contacts, capabilities, and unique skills or trade secrets, today's ally may be tomorrow's rival – or may be a current rival in some other market. Competitors may respond in diverse ways with the intention of challenging dominance by the firms forming the alliance. The actions of competitors are a source of alliance instability and hence big challenges. Competitors may for instance accelerate their own programs of innovation, product development or come up with new strategies aimed at undermining the assumptions on which the alliance(s) was formed (Doz and Hamel 1998).

These are challenges that are unique to strategic relationships that cut across several countries. Cross-border strategic relationships have to overcome language and cultural barriers, communication barriers apart from trust building which is common to even local strategic relationships. They also come to realise that coordination cost are high in terms of management time (Thompson et al. 2007).

2.6 Strategies for coping with challenges of International Strategic Alliances

In an environment where alliances are an important part of a firm's strategy, having a firm – level alliance capability to manage alliances would indeed be a source of

competitive advantage (Gulati, 1998). Senior management support for an alliance is important since alliances require a wider range of relationships to be built and sustained. This can create cultural and political hurdles that senior managers must help to overcome. In turn, strong interpersonal relationships to achieve compatibility at the operational level are also needed. In cross-country partnerships this includes the need to transcend national cultural differences (Johnson et al. 2008).

Doz and Hamel (1998) point out that the initial architecture of the alliance such as contracts and/or legal and organizational entities, governance mechanisms, interface formats should be reassessed and even revised as the partners learn more about the structures and relationships needed for value creation and capture. In addition, managers of enduring alliances should master the difficult trade-off the alliance faces between too much rigidity – where design becomes a straightjacket – and too much flexibility – which may cause loss of direction and balance by developing a process for tracking moving targets; periodically negotiating the “bargain” between partners, and reassessing the value of the options created by the alliance. Alliance managers must continually sense and respond to what is happening within the alliance and within its larger environment. This requires a managerial mindset very different from the one that negotiates and implements one-time contracts with fixed objectives. Alliance managers must understand the sources of instability and anticipate and react to the events and forces that undermine cohesion and purpose.

Thompson et al. (2007) suggest that both parties have to deliver on their commitments for the alliance to produce the intended benefits. The division of work has to be perceived as fairly apportioned, and the calibre of the benefits received on both side has to be perceived as adequate. They further emphasize that one of the keys to long –

lasting success is adapting the nature and structure of the alliance to be responsive to the shifting market conditions, emerging technologies, and changing customer requirements. Wise allies are quick to recognize the merit of an evolving collaborative arrangement, where adjustments are made to accommodate changing market conditions and to overcome whatever problems arise in establishing an effective working relationship.

A firm can develop its alliance capability by adopting higher – order organizing principles, such as creating a separate structure or entity that is responsible for coordinating and managing a firm's overall alliance activity (Kale and Singh, 2007). This function serves the following purposes: It acts as a focal point for capturing and storing alliance management lessons and best practices from the firm's own prior and current experiences as well as leveraging that knowledge throughout the organization; enhances the visibility and awareness of a firm's alliances among external stakeholders (investors, customers and government); provides legitimacy and support for a firm's alliances and helps garner internal resources necessary for success and acts as a mechanism to monitor the performance of the firm's alliances in order to identify potential trouble spots before they become an issue (Dyer et al., 2001 and Kale and Singh, 2007). Child and Faulkner (1998) note that alliance management involves consideration of complex systematic issues associated with interrelationships in strategy, structure, systems, and staff in the participating organizations. Inter-organizational, inter-functional coordination is possible with the right mix of systems and policies.

Grant (1996) suggests that by building on the knowledge – based view of the firm, organizations improve their skills to manage a given task by accumulating and applying knowledge relevant to the task by adopting the following: Implement deliberate processes to learn, accumulate, and leverage alliance management knowledge either from their own experience or from that of others; codify accumulated alliance management know-how in the form of usable knowledge objects such as alliance management guidelines, checklists and manuals that incorporate best practices to manage the different phases and decisions in the alliance life cycle and creating communities of personal interaction through cross company alliance committees, task forces, or other forums to exchange alliance experience and best practices among alliance managers (Seely and Duguid, 1991).

Alliances in general are fundamentally unstable forms of industrial organisation (Harrigan, 1988). This is not necessarily bad insofar as one advantage alliances have over mergers and acquisitions is that they can be reversed if the parties discover they have made a mistake or if circumstances change (Dussauge and Garrette, 1999). To be a market leader (and perhaps even a serious market contender), a company must ultimately develop its own capabilities in areas where internal strategic control is pivotal to protecting its competitiveness and building competitive advantage (Thompson et al. 2007).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter intended to give details of the research design used to achieve the purpose of the study and explained the data collection and data analysis method used. In order to determine the challenges faced as a result of international strategic alliances and establish the strategies adopted to cope with the challenges, it was necessary to analyze various data available in respect to strategic alliances KQ engaged in.

3.2 Research Design

The study sought to examine the challenges faced by KQ in managing and sustaining its international strategic alliances and determined the strategies it had adopted to be able to cope with them. The research design adopted for the topic under investigation was a case study. A case study is an in-depth investigation of an individual, group, institution or phenomenon. Most case studies are based on the premise that a case can be located that is typical of many other cases. The primary purpose was to determine factors and relationships among the factors that had resulted in the behaviour of the study (Mugenda and Mugenda, 2003).

3.3 Data Collection

Primary data collection methods were used in the study through personal interviews and were reinforced by the use of an interview guide (A sample is attached under Appendix II). The procedure involved personal interactive interviews conducted by the researcher and the interviewees. A personal interview is a face-to-face, interpersonal role situation in which an interviewer asks respondents questions designed to elicit answers pertinent to the research hypotheses. They are advantageous

as they allow great flexibility in the questioning process, and the greater the flexibility, the less structured the interview; the researcher has greater control over the interviewing situation by ensuring that the respondents answer the questions in the appropriate sequence or that they answer certain questions before they are asked subsequent questions: the response rate is higher than that of the questionnaire that requires the respondent to take time to respond or some may experience difficulties in reading, writing or fully understanding the language; and lastly, an interviewer can collect supplementary information about the respondents that can aid in interpreting the results (Frankfort-Nachmias and Nachmias, 1996).

The selection of the interviewees was based on those individuals who had been instrumental in the formulation, management, and sustenance of the relationships. Three interviewees were interviewed by the researcher, and included the Chief Operations Officer, Partnerships and Alliances Manager, and Partnerships and Alliances Analyst.

3.4 Data Analysis

Content Analysis was used to analyse the primary data collected which was qualitative in nature. This is a systematic qualitative description of the composition of objects or material of study. It involves observation and detailed description of objects, items or things that compromise the study. This type of analysis is suitable in analysing information in a systematic way in order to come to some useful conclusions and recommendations. In qualitative studies, researchers' obtain detailed information about the phenomenon being studied, and then try to establish patterns, trends and relationships from the information gathered (Mugenda and Mugenda, 2003). It was used to make inferences about events related to theory.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter outlines the data analysis carried out on qualitative data collected from the interviews. The objective of the study was to establish the challenges faced by KQ in international strategic alliances and the strategies adopted to deal with the same to fully realise the benefits of these alliances. The researcher collected data through personal semi-structured interviews. The interviewees included the Chief Operations Officer, the Partnerships and Alliances Manager, and the Partnerships and Alliances Analyst. The main focus of the research was on multilateral global alliances in KQ.

4.2 Strategic alliances between KQ and international airlines

The interviewees were asked what kind of strategic alliance KQ was involved in and what necessitated the collaboration with these airlines. They responded that KQ was involved in a bilateral partnership with 9 airlines on certain routes and is also a member of a multilateral global alliance they referred to as the SkyTeam (refer Appendix I). They illustrated how the collaboration process began when a team of experts from the Network Planning and Strategy division presented an in-depth cost benefit analysis to the top-management who included the Group - Managing Director. The findings emphasised that the expansion of the KQ network and increased profitability would be necessitated through increased flight frequencies, destinations, passenger and cargo capacity and partners.

The interviewees mentioned that due to the impact of the regulatory environment under which the airline operated, competitors had joined an alliance placing the carrier at a potentially weak position. They further noted that the process served as a

means to broaden their customer base, enhanced value for 'seamless' products through coordinated and smooth connections to a maximum number of points through the globe, learned new skills to improve on systems and operations, refreshed brand value, awareness and acceptance, lowered cost of expansion, increased revenues through enhanced market power and improved international competitiveness, and ensured that they benefited from efficiency gains through joint resource utilisations and acquisitions.

The interviewees pointed out that with the support of the top management they settled on the SkyTeam after a thorough vetting process and by virtue of KQ's association with KLM Royal Dutch Airlines. The interviewees stated that they profiled the partners' by size, revenues, compatibility in systems such as Departure Control Systems (DCS) and Airline Reservation Systems (ARS), aircrafts, and synergy in schedules and connectivity. They were enrolled as associate members in 2007 and the process of incorporating SkyTeam policies and procedures at all levels of the organisation was enforced through the SkyTeam Ambassador Programme. The interviewees stated that external consultants, top management of the SkyTeam governing body, IATA officials, the Chief Operations Officer and the Head of Network Planning and Strategy were engaged to facilitate the process. They said that a sub-section referred to as, Partnerships and Alliances and International Relations was created as part of the departmental functions of the Network Planning and Strategy division. They added that a mechanism was adopted to hire staff who had had previous international work experience, were culturally sensitive, had a wide exposure and panoramic view and understanding of this area of business with strong negotiating, communication and analytical skills.

When the interviewees were further asked whether they had achieved what KQ had intended through this relationship, they acknowledged that although they had encountered various challenges integrating this relationship as part of their corporate strategy, they had experienced successes through maximised profit margins and route access, had enhanced their products and services for their customers worldwide, brought together leading airlines thus maximised benefits for the customers, employees and shareholders and helped develop JKIA as the premier hub in Africa.

4.3 Challenges faced by KQ and strategies adopted to cope

When the interviewees were asked what challenges they faced in the global alliance and what mechanisms they adopted to manage the same, they acknowledged the following which the researcher highlighted under the following sub-headings.

4.3.1 Cultural, social and organisational differences challenge and strategies

According to the interviewees the main challenge encountered was them having to experience difficulties of working across national and corporate cultures. They noted that the partners had different attitudes, beliefs, and way of thinking. One of the interviewees admitted to a difference in the way of working with the French and Americans. They also brought to the researcher's that the competencies of individual airlines were embedded in the beliefs of individuals and in shared beliefs about what needed to be done and how it should be done. They stated that all these beliefs were not consistent with those of all members.

The interviewees illustrated how they managed international diversity by involving selected staff who acted as ambassadors in multicultural teams to visit their counterparts in other countries where they shared ideas on work-related, cultural and

recreational topics. They added that the Human Resource department applied international recruitment strategies that modified the constitution of the senior decision-makers who had been ethnocentric in the past. They noted that employees entrusted to manage and facilitate these relationships were required to display cultural self-awareness and cross-cultural sensitivity.

4.3.2 Language barrier challenge and strategies

The interviewees elaborated how with the large number of member countries represented in the alliance, they sometimes experienced difficulties in communication and comprehending what the other party was trying to put across thereby provoking tension, conflict and confusion. The SkyTeam working rules were reviewed and new requirements enforced. It was now a requirement for all front-line reservation staff to officially speak the English language and the same applied on all KQ flights as well as language of origin and destination on long-haul flights via the in-flight staff and pre-recorded audio and visual aids. They added that the airline had recruited Chinese and Thailand nationals as in-flight crew for the same purpose.

4.3.3 Complicated decision making challenge and strategies

Another challenge mentioned by the interviewees was inefficient decision making processes. The members perceived alliance level coordination mechanisms and meetings as tedious and inefficient. They noted that due to the large number of partners, decision making proved to be difficult. The airline members' management seemed to be reluctant to give up independence and regulate decision making to some external entity. The interviewees stated that KQ middle-level managers and members of the alliance task force group made part of the business expert work committees that go towards decision making and striking a balance on delicate issues. They had also

invested in modern communication channels such as the internet and telephone and video conferencing facilities to facilitate timely decision making and real time communication.

4.3.4 Dominant partners challenge and strategies

The interviewees acknowledged that at certain instances they felt that they were playing second fiddle by cooperating with giants like KLM and Air France who were well established and dominated one of the largest and busiest airport hubs in the world. One of the interviewees expressed the issue of buffering the carrier from the overwhelming influence by any partner.

To accommodate the interests of all airlines, they said that the SkyTeam had established a governing body selected by the members to ensure adherence to the memorandum of understanding (MOU). They noted that all airlines had to adhere to the alliance membership requirements when joining to ensure equality of all partners. They added that joint management committees had been set up as a way for airlines to gain more clout. In addition, the interviewees illustrated how KQ was pushing for the strong leadership of the steering body as opposed to having a dominant partner smoothen and facilitate cooperation.

4.3.5 Competing interests challenge and strategies

The interviewees acknowledged that each airline was concerned with its own results, and wished to meet the expectations of their shareholders. They emphasised that due to the loose partnership between airlines, members were not entirely bound to the alliance and enjoyed some form of independence to compete on routes operated by co-members. Furthermore, they said that, although competition was healthy, the

dilemma faced by KQ was how to create a healthy balance between managing their independency on one hand, and interdependency with their allies on the other.

The interviewees explained how KQ had adopted several independent strategies to achieve their goals on growth and profitability. This was in accordance with the SkyTeam contract templates that ensured that all parties adhered to the rules, regulations and requirements of the team. They emphasised how KQ was engaged in bilateral agreements with airlines that were not part of the global alliance to increase their presence in Asia and Africa. Furthermore, they illustrated how the carrier had planned to penetrate the African market and establish routes to all the African cities by the end of 2012 thus act as a 'feeder' or 'contributor' to international airlines.

4.3.6 Resource implications challenges and strategies

One of the interviewees pointed out that resources and funds towards the alliances sub-section were inadequate to run the day to day operations. In addition to that, the interviewee stated that the funds allocated were in most cases insufficient to accommodate the increased responsibilities and there had been a shortage of competent staff thus overwhelming the existing ones. They mentioned that the top management had to re-strategise and review budgetary allocations and in consultations with the senior manager, restructured the sub-section's structure to include more positions and modified the authority and reporting relationship structure.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines the summary of the study findings where the objectives were to determine the challenges KQ faces in managing and sustaining international strategic alliances and to establish the strategies adopted to cope with the challenges. Conclusions of the study, limitations of the study, recommendations for further study, policy and practice are also discussed in this chapter.

5.2 Summary of the Findings

The purpose of the study was to determine the challenges faced by KQ in international strategic alliances and the strategies they adopted in coping with the challenges. The research design used for the study was a case study. The researcher interviewed three key people involved in the strategic alliances. These included the Chief Operations Officer, the Partnerships and Alliances Manager and the Partnerships and Alliances Analyst.

The findings of the research showed that KQ management identified a motive for establishing an alliance and examined the benefits that draw alliance partners together. Potential partners were judged based on synergies and compatibility. This included whether an alliance with the other party held a reasonable chance of success in achieving stated objectives such as increased market presence, meaningful cost savings, deterrence of competitors and competing alliances and the approach towards managing the potential deal-breakers such as incompatible cultures. Personnel were selected based on knowledge of business sense, analytical and communication skills.

wide exposure in-terms of international work experience and adaptation to and acceptance of varied nationalities and cultures.

According to the interviewees, there were challenges encountered by the organisation in the strategic alliance. These challenges include cultural, social and organisational differences which were overcome by involving staff in multicultural teams and adopting international recruitment practices. Language barriers were also experienced and this was solved by enforcing the SkyTeam Work Rules promoting use of an official language understood by all. Dominant behaviour amongst partners was also experienced and was toned down by existence of the MOU that all members are required to adhere to, involvement in joint management committees and pioneering strong leadership at the SkyTeam governing body.

Another challenge experienced was complicated decision making due to the large numbers of airlines in the 'Network'. This was resolved by empowering the middle-level staff to engage in business expert work committees and use of modern communication channels to ensure timely feedback, decision making and real-time communication. The challenge on how to deal with competing interests was captured in the SkyTeam contract templates to aid in balancing independency of the airline and interdependency with other partners to avoid conflict of interest. Lastly, the challenge on resource implications was resolved through reviewed budgetary allocations and working structure.

5.3 Conclusions of the Study

The successful management of an alliance requires a wider range of skills than is required in managing a single airline. The reason for this is the need to accommodate different cultures and management styles, balance the needs of all the alliance

members, and nurture the relationship itself while at the same time coping with the internal and external challenges that any individual carrier might face.

Alliance management is basically management by consensus. At the operational level, employees need a willingness to cooperate, require an understanding on why this is so, what the limits of cooperation are, and how they can contribute to building a sound relationship between the partners. At the management level there is a need for broad strategic awareness and an understanding of each partner's objectives; cultural sensitivity and skills in negotiating and bringing about adaptation. Openness to learning is important at all levels, as is the ability to work in teams / groups by virtue of a strategic alliance being referred to as a 'Network' given the number of partners involved.

According to Kleymann and Seristo (2004) in no other industry have formal, multilateral alliances been built to such an extent, and with such speed, as in the airline industry. Airline managers are pioneers of a new organisational form – which means that, as pioneers, they cannot rely very much on previous experience. It is them who have to define how to build these alliances, what they should entail, and how far they should go. Indeed, the way these cooperative groups evolve and will develop is very much dependent on the wishes, views and concerns of those who are involved in building them.

5.4 Limitations of the Study

The study depended largely on the interviews and discussions with interviewees under the Network Planning and Strategy division that reports to the Chief Operations Officer. Due to time limitations experienced on carrying out the research, it would be helpful to validate the findings with information from interviews with

employees in other areas such as Flight and Ground Operations, Marketing and Commercial departments to capture their views and perspective. Whereas strategies are still being adopted, it would be important to validate if the results achieved so far are sustainable and continue yielding positive results.

5.5 Recommendations for Further Research

This study investigated the challenges KQ is facing in strategic alliances and the strategies adopted to cope with the same. A further study should be carried out to investigate how many carriers can be in an alliance before it begins to become dysfunctional by having to think in terms of the unmanageable size of an alliance. The study further recommends the investigation on reduction of potential conflicts between partners through clear alliance governance policies and organisational structures.

5.6 Recommendations for Policy and Practice

The findings of this study support previous research studies and literature on adaptation of appropriate strategies for successful management and stability of alliances. Based on the review of the interviews carried out, the researcher found out that although much will depend upon the breadth and purpose of any given collaboration and having the chance of extending and deepening an alliance, strategic symmetry; complementary competencies; shared and plausible expectations; sustained imperatives, image and reputation compatibility; strategic, operational and marketing fit; cultural compatibility; commitment throughout the organisations (particularly at the top); trust and patience are necessary features.

Few organisations are yet to be actively engaged in the international and inter-cultural development of their people for example, through training and international job

rotation with a specific view to enabling them to better handle alliance relationships. Performance appraisals and evaluation techniques to help assess and reward individual successes in assignments involving the management of alliance relationships will have to be developed.

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APPENDICES

Appendix I: Airlines Collaborating With KQ

Bilateral Partnership – Codeshares

1. Qantas Air
2. Nigerian Eagle Airlines
3. Precision Air
4. Korean Air
5. Air Mauritius
6. Air Mozambique
7. Air Botswana
8. TAAG – Angola Airlines
9. Jet Airways

Multilateral Global Alliance – The SkyTeam

1. Aeroflot
2. CSA Czech Airlines
3. Aeromexico
4. Delta Airlines
5. Air France

6. KLM – Royal Dutch Airlines

7. Alitalia

8. Korean Air

9. Continental Airlines

10. Northwestern Airlines

11. China Southern

12. Copa Airlines

13. Air Europa

14. Kenya Airways

15. China Airlines



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Nairobi, Kenya

DATE 09/09/2011.....

TO WHOM IT MAY CONCERN

The bearer of this letter... FLORA ACHIENG OSENGO.....

Registration No... D61/P/7552/2003.....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

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DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM

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TL/R.2/023

20th September, 2011

Flora Achieng Osendo
P.O. Box 47761
00100-NAIROBI

Dear Flora,

SUBJECT: REQUEST TO CARRY OUT RESEARCH AT KENYA AIRWAYS

This is in response to your request to carry out a research project at Kenya Airways on the subject below.

We understand that you would like to carry out a research on Kenya Airways and therefore you would want to administer a questionnaire/interview staff on the subject **“Strategies adopted by Kenya Airways Limited to cope with challenges of international strategic alliances”**

We further understand that this research project is a partial fulfillment of your studies.

We have considered your request and are pleased to advise that the request has been granted on the following conditions;

- a) The findings will be used purely for research purposes and therefore shall not be published in the press or other publications without prior authorization from the Kenya Airways Group Managing Director and the CEO.
- b) The responsible Director or his appointee will review the report before submission to the university.
- c) You will not disclose any matter regarded as confidential in the process of carrying out the research.
- d) You will provide one copy of the final report to the KQ library.

Yours sincerely



Dr. Mbithe Anzaya
Head of Learning and Development

Appendix II: Interview Guide

Section A: Interview Guide for the Chief Operations Officer

1. How long have you worked in your current position?
2. What kind of strategic alliance is KQ involved in with other international airlines?
3. How did the idea of collaborating with these airlines come about?
4. What strategic goals and objectives did KQ anticipate to achieve by forming the alliance?
5. Do you feel that you are meeting your stated objectives by adopting international strategic alliances as part of your corporate strategy? Please explain.
6. What qualities do you look for when selecting the staff to manage and facilitate operations of your partnerships?

Section B: Interview Guide for the Manager – Partnerships and Alliances and Partnerships and Alliances Analyst

1. How long have you worked in your current position?
2. How do you profile potential partners to expand and improve the KQ network?
3. What challenges do you experience in the strategic alliance?
4. What strategies have been taken to manage the challenges? How effective do you find your approach to coping?
5. Has any opportunistic behaviour been observed from any of your partners?

6. If the answer to question 5 is yes, how did you cope with the situation?
7. Have you experienced differences in opinion on various issues with any of your partners?
8. If the answer to number 7 is yes, how was your approach to dealing with the differences?
9. Have you in any way felt that some of your major partners dominate operations of the global alliance?
10. If the answer to number 9 is yes, how do you go about dealing with such a situation?
11. How do you balance co-operation and competition in this relationship?
12. How does KQ cope with the challenge of melding strategic, organisational and cultural differences between partners of the global alliance?
13. To what extent is KQ satisfied with the overall result of the strategic alliance?
14. What other issue/s relating to these relationships do you consider important to share?