

**TURNAROUND STRATEGY AND COMPETITIVE
ADVANTAGE OF KENYA AIRWAYS**

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

DECEMBER, 2017

DECLARATION

This research project is my original work and has not been presented for award of a degree in any institution of higher learning/University.

Signature

Date:

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D61/81439/2015

The research project has been submitted for examination with my approval as a university supervisor.

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DEDICATION

This project is dedicated to my lovely children Jackline Ajak who was named after my grandmother and Rehan Athuai who was named after my grandfather Paramount chief Rehan Nuer, may you people grow to be a woman/man of great virtues and always be the best of the best.

ACKNOWLEDGEMENT

First, I would like to Thank Almighty God, who gave me the strength and wisdom to do all these work. May you always be glorified.

My special thanks go to my supervisor Prof. Zack B. Awino for his enormous patience, guidance and constant advice to make sure that this research project is complete.

Appreciations go to my late parents Ayuel Rehan Nuer and Achel Atem Barac, for their belief in education, encouragement to always strive for the best in my life. Special thanks go to my colleagues, friends and relatives for their support.

To my brother Maror Ayuel Rehan, you know how you made this project a success, thank you so much for being selfless. God bless you so much.

Lastly, special thanks go to my wife, Achieng Ring Longar for always being there for me at a time when I needed her most. And any other person who made this research project a success in one way or another.

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ABBREVIATIONS AND ACRONYMS

CA: Competitive Advantage

CEO: Chief Executive Officer

GDP: Gross Domestic Product

GOK: Government of Kenya

ICAO: International Civil Aviation Organization

KCAA: Kenya Civil Aviation Authority

KCB: Kenya Commercial Bank

KPI: Key Performance Indicators

KQ: Kenya Airways

KRA: Kenya Revenue Authority

NASC: National Air System Command

RBV: Resource-Based View

ABSTRACT

Kenya Airways has in recent years witnessed considerable headwinds in its actions from structural economic situations and geopolitical challenges which brought about low competitive advantage. The study aims at establishing the relationship between turnaround strategy and competitive advantage of Kenya Airways. The study was guided by the following theories, resource-based view theory and institutional theory. This research adopted a case study. A case study is an in-depth investigation of one single phenomenon and institution primarily determining the relationship purpose in the behavior under study. This study relied on primary data. Primary data is mostly collected using interview guide or schedule based on suggestions on questions that focused on competitive advantage. The study used a content analysis in the data analysis. From the findings, turnaround strategy is a financial revival of a firm that has been performing badly for an extended period. In order to achieve a turnaround strategy, a firm must recognize and spot its challenges, consider changes in management, adopt and apply a problem-solving strategy. From the findings, there is positive evidence connecting educational attainment to Kenya Airways' competitive advantage. Majority of productive firms have a tendency of employing highly skilled labor force than the least productive counterparts who are below the set standards. From the findings, turnaround strategy emphasizes the upgrading of operational efficiency and it is possibly the most appropriate approach when a firm's problems are pervasive but not yet critical. The roles of culture change in rejuvenating and re-adapting operational effectiveness in Kenya Airways. Culture challenges the Kenya Airways' past beliefs where it acts as an indication to staff that this behaviour is satisfactory and leads to the generation of innovative solutions that would not have otherwise been possible. From the findings, a strategy which the national carrier normally uses is stretching accounts payable that is, paying bills as late as possible without any damage to its credit rating. Stretching accounts payable strategy helps in reducing the implicit cost of giving up cash discount in Kenya Airways. It is recommended that for firms that are faced with decline there is need to pursue a turnaround strategy so as to improve its competitive advantage. The study further recommends that whenever a firm is faced by a decline and it desires to attempt turnaround it should consider replacing the current management and hire an experienced team to steer the turnaround process.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In this, all firms experience constraints that lead to a decline in performance hence making it weak to compete. In other words, firms still undergo a decline and probably fail in its day today's activities (Scholes, 2012). Day and Moorman (2002) define turnaround strategy as a change which castigates the company needs to respond to the issues on performance decline as well as market share and efficiency. A firm properly implementing a competitive advantage can sustain and outsmart its competitors in the volatile market. The turnaround strategy approach brings along positive result if only well analyzed and implemented (David, 2008). Immediately after highlighting and analyzing the loopholes, the firm then comes up with solutions and implementations. Turnaround strategy is a very complex thing in nature, so implementing it requires a management team that is committed to business objectives. When a firm experiences or reaches a decline stage, actions such as repositioning and turnaround should be implemented to bring it back to the previous level.

There are theories which have been related to turnaround strategies. Resource-based view theory explains the dynamic capabilities pertaining organization's competencies that integrate, builds, and reconfigures resource positions in rapid competitive environments. These gathering momentums consider the implementation of turnaround strategies utilized recently (Buyck, 2015). Turnaround strategy is no longer viewed as tools to increase efficiency, growth in market share, profitability.

Contingency theory further highlights that business leaders and managers are considered to have little control on turnaround strategy techniques (David, 2008). These external controls assumed by the theory which comes from conceptualizing government, firm and stakeholders policies are all in turnaround processes.

This study will survey the effects of turnaround strategy and competitive advantage in Kenya Airways. The entity has been financially distressed since the year 2013. In recent years, the firm has experienced considerable headwinds in operations by economic conditions and geopolitical constraints (Okulo, 2012). The national carrier purchased several aircraft recently due to an increase in the number of passengers. Despite the increment in passengers, the fear brought about by Ebola outbreak in a Western Africa region, threats of terrorism as well as high competition posed by Gulf airlines. The company could not translate that increment and capacity into revenues. The firm invested a good number of hedges against fluctuation in prices of crude oil that has seen airline losing about 56 million dollars because of high payment of fuel despite the recent substantial decrease in fuel prices (Kenya Airways, 2015). The national carrier has reported successive losses for the last four years. Therefore, this study focuses on turnaround strategies that can be implemented by Kenya Airways to regain its competitiveness in the market.

In the aviation sector, competition is stiff and dynamic. It is essential for a researcher to investigate the effects and roles of turnaround strategy and competitive advantage. For Kenya Airways to achieve an edge competition regarding acceptable levels of financial position, profitability, regaining stakeholder support, overcoming internal constraints and unfavorable industrial characterization is absolutely what this study aims to establish.

1.1.1 Turnaround Strategy

David (2008) described a turnaround strategy as a re-surfacing phenomenon from a declining entity regarding its financial position and growth level. Shah (2009), notes that turnaround strategy is the ultimate tool used in helping the underperforming company. An organization is said to be in a declining stage when it is experiencing a profit loss that is enough to compromise the firm's variability. Turnaround is considered to have occurred when an organization recovers enough to continue with its normal activities. These are well-defined as threats to survive and to regain sustainable profitability (Prasad, 2006). When an organization faces a downturn, the management team must act swiftly to ensure that the organization goes back to its initial position.

Turnaround encourages enhancement of operational effectiveness which is the most suitable strategy when a firm's troubles are prevalent and yet critical (Peteraf & Bergen, 2013). Turnaround strategy stands on the belief that the market cycle does not describe an inevitable course of action followed by a decline. Boyne, (2010), indicates limitations in turnaround strategy which fails to focus on a long-term vision without exiting out of the decline in the first place. Therefore, by dying in the process, a turnaround strategy focuses on short-time financial survivability or tends to be short-lived.

In a business scenario, turnaround strategies are defined as firm's actions that are being performed in dealing with a firm experiencing financial deficits that are seriously affecting its financial growth in the value of its shares and lower returns on capital employed. According to Wheleen and Hunger (2014), a turnaround is a situation which returns and repositions an absolute and relatively collapsing company's performances of an adequate magnitude to warrant clear turnaround operations. A firm is said to be in a decline stage when it experiences profit loss in its resources that compromise its viability.

1.1.2 Competitive Advantage

Competitive advantage is defined as a distinguishing factor which propels the buyers to purchase goods and products from a certain business entity rather than from its rivals. A key to a business's success in this regard is, however, to come up with a unique competitive strategy that promotes and gives a value for buyers hence complex to match (Scarborough, 2011). Competitive advantages are those specific conditions which allow a company to produce the products/services that are required in a given market. For instance, offering quality, affordable and unique products to a customer is essential. Competitive advantages are attributes that facilitate smooth and favorable operations through the provision of quality of goods, excellent distribution network, and protection of intellectual property rights. The above situations allow the more creative entity to produce more sales or superior margins than its competition.

The success of a relatively large or small business entity relies on numerous factors that seem to be the most important. They are as follows: remaining relevant and innovative, identifying a competitive advantage, cultivating a close relationship with customers as well as striving for quality and flexibility (Hatten, 2012). Competitive strategy helps a business entity of knowing how it will compete putting in mind the objectives, goals and how to achieve those desired goals matters a lot. Porter (1990), talked about competitive strategies that help a firm to achieve its desired objectives through these important generic strategies such as cost leadership, differentiation, and focus which give support to one another.

Competitive advantage aids entities to strengthen their competitive situations by adopting suitable strategies. As long as the firm has a strong competitive situation, which will eventually enlarge a firm's market share. A firm must continuously monitor the environment it operates to manage any threat. It can also counter responses to its competitors. Analyzing competition will provide all the necessary information that will be relevant for the firm to be able to identify the competitors' strategy (Hatten, 2012). A firm has a competitive advantage whenever it edges out competition by winning over the customer (Boyne, 2010).

1.1.3 Turnaround Strategy and Competitive Advantage

According to Boyne (2010), a firm's competitive strategy involves a business method and initiative that a firm uses to position itself in better ways which leverages its market shares and profits over that of competitors. Each business organization needs to develop a strategy it can use for defending itself against any threat a competitor may pose to bring it down. Organizations will develop ways of attracting customers to adopt their products by gaining customer loyalty through repeated sales. They try to beat their rivals who offer similar products.

Wong and Karia (2010) noted that organizations compete with their rivals by consciously seeking a competitive edge. The major feature of that kind in competition is to adopt a competitive emulation. Poorly performing firms need to improve their products through redesigning and customizing them to suit the customers' preferences hence minimizing competitive pressures and imitations from the rivals. (Lee & Johns, 2008). Competitive advantage ranking is in other words does not only stimulates approval; but as well encourages imitation and rivalry with the intention of eroding a good position. Organisations try to find out the good performances and successes of other competitors by emulating their organisational forms and practices.

Firms with strategy and efficient orientation are vital for them to realize a turnaround through redeveloping process so, they can run effectively. Operational efficiency minimizes costs and increases profits. Barney (2009), argues that efficiency oriented firms may not move entrepreneurial creativities connected with the successful aspect of the turnaround strategies. The highlighted point is that for a turnaround to be successful; it needs efficiency orientation for a firm to achieve its desired objective optimally through a recovery strategy. On the contrary, it is believed that a firm's size does play a major role in how it performs with a strong association to retrenchments. Small firms do better than their big counterparts sometimes, but it depends on the management of the said firms.

1.1.4 Aviation Industry in Kenya

The aviation industry in Kenya has continued to expand with 8.89 million passengers and 264,314.5tonnes of cargo being handled at Kenya's major airports as at June 2015. The frequency of services and the number of international and domestic destinations served by Kenyan air carriers have increased tremendously over the last one year (KCAA, 2015). The number of passenger arrivals and departure were 4.47 million and 3.072 million respectively, while those in transit stood at 1.35 million in June 2015. Despite the expansion, the aviation industry in Kenya has experienced several challenges in their operations which have seen some close down (Muthee, 2011). For instance, Jet Link closed down due to the absence of hard currencies in the markets it operated. Other airlines like Kenya Airways have experienced numerous strikes as employees seek better pay while other airlines face security challenges.

According to this public body called Kenya Transport Sector Support Project (P124109), the aviation sector in Kenya has experienced major improvements regarding profits generated by industry in the recent past. For instance, in the year 2004, more than 5.5 million passengers were handled at Kenyan airports, and that was tremendous. These figures rose to 6.9 million in 2009 and 8.6 million in 2012 respectively. To keep pace with these growths and the increasing importance of the aviation industry in Kenya, the governing body Kenya Civil Aviation Authority has to only oversight and regulates the functions which can strengthen quality service delivery (ICAO, 2015). KCAA is implementing various projects with the aim of delivering its goal in Kenya's Vision 2030 which looks at turning Kenya into a middle-income nation by the year 2030.

The Kenyan aviation industry has particular consequential aspects such as; encouraging tourism, heightening job creation and boosting investment opportunities within the country. This process brings in a general increase in the GDP (ICAO, 2015). The management of Aviation Industry in Kenya needs to safeguard on factors that may hinder smooth operations, for example, air safety which is the most fundamental item when dealing with flight operation in any aviation industry across the world and regulatory mechanisms.

1.1.5 Kenya Airways Limited

The national carrier, commonly known as Kenya Airways, is the largest airline not only in Kenya but the region. The national carrier was established in 1977; in subsequent termination of East African Airways. The Kenyan Government initially owned this airline until 1996 when most of KQ's shares were sold to private ownership thus becoming the first successful national carrier on the continent. Kenya Airways is now a public-private partnership entity with the Kenya government owning the more shares than others at (29.8%), followed by KLM with 26.73%.

In the year 2013, Kenya Airways ranked among the best airlines in Sub-Saharan African countries with national carrier taking position four after its rivals South African Airways, Ethiopian Airlines, and Egypt Air. The airline also registered as a Sky Team member in June 2010; the airline did register with the African Airlines Association since 1977. Kenya Airways' shares continued with upward increment trends after closing at an early stage in 2016 at a rate of 3.8% or 6.85 per share higher compared to its shares in the previous year. Again Kenya Airways was a downfall in profit from ticketing fraud with most of its top 10 travel agents reporting losses of about sh.3 billion in 2016 financial year. Some ticketing agents inflated prices for their gains charging the airline's customers higher, but either with or without the airline's top management knowledge about highly inflated tickets sold to corporate entities creating a perception in the market that KQ is the most expensive airline probably in Africa.

Last year Kenya Airways' staff also contributed to the problems facing the national carrier because they had a hand in the jar where those with access to the airline's reservations system, were re-opening closed fares enabling overbooking of tickets (Kenya Airways, 2016). These staff would also change, cancel, reissue tickets and finally refund the clients. Siphoning the airline's revenues from many cargo stations around the world attributed to possible negligence, fraud, corruption, and collusion by airline's top management by then. Despite that, Kenya Airways' resilience amidst challenges and the uncertainties associated with competition in the market makes the company an interesting case to study (Kenya Airways, 2015).

1.2 Research Problem

The entire objective of a turnaround strategy in this case is to return a poorly performing or low competitive advantage investment firm to the previous stage a firm used to be, when it was performing better profitably and with enough cash flows (Scholes, 2012). Turnaround strategy is a vital tool when a firm wants to achieve its strategic objectives which reverse any distress experienced from a financial crisis. Through turnaround strategy, a firm achieves a rapidly improved competitive advantage, regaining shareholder supports, and overcoming both the internal-external constraints and unfavorable industry characteristics are positive signs of a turnaround strategy. Turnaround failures present harsh realities of liquidating company's assets trying to offset external obligations in a drastic manner and sad enough to face up to the hard reality of liquidation problems (Khabdwalla, 2011).

Kenya Airways has in recent years witnessed considerable headwinds in its actions from structural economic situations and geopolitical challenges which brought about low competitive advantage. The national carrier has recently lost millions of dollars due to fluctuations in the prices of crude oil in paying high fuel costs even after substantial drops. On that point, Kenya Airways experienced losses of \$107.2 million on its revenues in 2015, in a similar scenario; Kenya Airways enjoyed a huge number of results like the ticket selling business pumped in many incomes in its previous financial year. Therefore, Kenya Airways should look at more sustainable profit value model as well as turnaround strategy looking into the future and considering the changes in market prices in this competitive environment.

The concept of a turnaround strategy is to sustain an organisation's terms of gaining competitive advantage in the industry at which the organisation operates in. However, in order for any company to survive in the external environment, it must adapt the necessary or required strategy which will give it a competitive advantage over its competitors (Harker & Sharma, 2000). Barker and Lohrke et al. (2004) further discussed turnaround strategy from three dimensional perspective. First, the problematic companies need to decide the actual causes of the on going decline in a company as it relate to the changing dynamic in both internal and external environments. Second, top management within organisation or a firm formulates appropriate strategy to overcome the cause resulted into the loss of profits and market share. Finally it is important for the management of a firm to do proper monitoring and evaluation process of the turnaround strategy as the means of improving performances and sales. (Pearce and Robins 1993).

The contextual point of view in regard to turnaround strategy and competitive advantage of Kenya Airways which is a global player. The airline industry worldwide is a growing market environment which experiences a changing market dynamics or competition. Keynes (2009) further pointed out the airline has gone an increasing changes from both the supply and demand angles. Moreover, the airline industry is prompt to rapid changes as relate to customer satisfaction based on efficiency and effectiveness. However, Kenya Airways is a major player in the airline industry. With respect issue of customer satisfaction, Kenya Airways has a unifying forces or instruments that bring customers and employees together as a means of achieving the firm's objectives. In conclusion, in order to remain a major player in the airline industry, Kenya Airways must adapt a continuous strategic framework aim at ensuring the company become a strong and competitive player in the aviation sector considering the fact that the sector is a strategic sector of an any country growth and development.

Tengku (2011), studied corporate turnaround strategies and business performance, the study discovered that assistance from the government of the day and company size play major roles in moderating the relationships between business performance and strategy related factors in a competitive market. Berdahl (2011), looked at turnaround strategy development and came up with an idea of a firm having a high proportion of losses that did not plan and implement its strategies properly which resulted to a low production and shutdown compared to data.

Similarly, Gichuki (2009) also researched turnaround strategy in the Co-operative Bank of Kenya. The study found a Co-operative Bank has adopted certain strategic techniques to confront a decline. On the other hand, Kiptugen (2008), carried out a case study on KCB regarding the Bank's strategic responses to a changing competitive environment. The study ignored critical aspects such as customer perception and satisfaction hence making it tricky to apply and determine repositioning strategy of a company. In the same scenario, Saigilu (2008), researched the Kenya Revenue Authority on the “effectiveness of a turnaround strategy.” This study discovered more efficient strategies that are more beneficial if firms can adopt and implement them to the letter. This study was motivated by high competition in the aviation industry and the desire to turnaround underperforming corporate entities into a competitive advantage.

While it is essential to note that several studies have investigated the relationship between turnaround strategy and competitive advantage, most of them did not take into account the effect of turnaround strategy and competitive advantage in a competitive environment. Therefore knowledge on intervening and moderating the effects likely to influence the relationship between turnaround strategy and competitive advantage specifically in Kenyan aviation industry remain unanswered. The joint effect of turnaround strategy and competitive advantage in a competitive environment in the Kenyan airline industry is yet to be investigated. What is the effect of turnaround strategy and competitive advantage of Kenya Airways?

1.3 Research Objective

To establish the relationship between turnaround strategy and competitive advantage of Kenya Airways

1.4 Value of the Study

The study would assist Kenya Airways' decision-makers and other national or private carriers in taking into account more effective strategies to respond to international markets and cope with competition. The study would also assist Governments and decision-makers in aviation sector which is going to be a break-through for many challenges faced in formulation and liberalization processes in the air transport industry in Kenya and beyond. Scholars and academicians, it is expected that the study will form a basis for the development of turnaround strategy and competitive advantage as a discipline/ field of study. The research findings can be very instrumental to various stakeholders in the airline sector in Kenya. For the government as a shareholder who formulates and implement policy and associations such as air travel policies which standardize and endeavor management practices to ensure conduciveness in the aviation industry and take into account the performance and capital decisions of Kenya Airways in totality.

Scholars and academicians would benefit from this study through its findings which they can use for further research and support literary citations and the study also hopes to make theoretical, practical as methodological contributions in the academic field. The findings of this research can contribute to the professional extension of existing knowledge in turnaround strategies about firm's performances, by helping to understand the current challenges for adopting such strategies or practices and their effects on the long run.

The study findings will add value to strategic management theories by investigating more into joint effects of turnaround strategy and competitive advantage on the firm performance; organizational capacity focuses on firm's resources. The study demonstrates the value and application of resource-based view theory and institutional theory. This research will be useful to management practice, research on linkages of organizational capacity (efficient turnaround strategies) and competitive advantage may offer new practical contributions in improving financial performance, customer satisfaction, and increased market share and employee satisfaction. It will also serve as a reference point and a basis for other research studies and should encourage possible replication of similar studies in different context.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides the theoretical perspective of the study and reviews available scholarly, work relevant to the study objective. Gay, Mills, and Aivasian (2006) noted that literature review requires the logical identification, sorting, and analyses of documents with relevance to the stated research problem. The literature will be considered from books, articles and online sources relevant to the subjects under study.

The chapter first discusses the theories upon which the study is based. Stewt, Harte, and Sambrook (2011), state that a theory is a supposition or, a system of ideas intended to explain something. Developing theoretical framework in this scenario helps in clarifying relevant theories in a defined manner. In this section, the theory is outlined and discussed based on their assumptions and critique in line with the study outcomes.

The chapter also provides the review of literature based on the relations for the significant effects in the order of the research objectives, identifies the research gaps in contextual and methodological based on reviewed research findings.

2.2 Theoretical Foundation

This section will examine various theories which can give useful information to this study of turnaround strategy and competitive advantage. The study only concentrated on the following theories, i.e., resource-based view theory and institutional theory.

2.2.1 Resource-Based View

The resource-based view theory (RBV) of Wernerfelt (1984), suggested that firm's relevancy and competitiveness can be achieved through innovation and delivery of superior products to customers. Here the literature focuses on identification, development, and expansion of a firm's strategic resources resulting into a sustainable competitive advantage (Borg & Gall, 2009). Internationally, business theorists have explained the successes and shortcomings of a business entity across the board by giving too many considerations to firms' competitiveness in both local and subsidiaries in measuring their strengths and weaknesses, especially in emerging markets. Local knowledge is a subsidiary that gives provisions in helping local partnership becoming essential resources based on the value as per internal standards (Gupta & Govindarajan, 2011).

In a resource-based theory, resources are valuable inputs an entity should rely on during production processes and can be grouped into various categories such as; physical capital, human capital and organizational capital (Currie, 2009). A capability is, therefore, a technical capacitating method which supports a firm to perform, stretch a task by its strategic and unique resources as primary goals to an organization. In 21st-century, hyper-competitive landscape firms are the collection of capabilities that enable firms to manage and generate resources dynamically in pursuit of profitability. Therefore, different aspects of firm's operations and performances across the board are driven precisely by their unique capabilities, resources, and capacities rather than by industry's structural characteristics (Currie, 2009).

The importance of the resource-based view (RBV) in this study is that it helps in bringing out strategic management of resources which affects turnaround strategy and performance of Kenya Airways. Resources in Kenya Airways include physical, financial, human, technological, commercial, and operational assets a firm use to manufacture, develop, and eventually deliver products and services to customers. These assets are also known as tangible and intangible goods because some cannot be seen physically (Cocks, 2010). This theory is very relevant because it capacitates the dynamic capabilities in the way it deals with any threat, so it is vital to Kenya Airways' capacity to structure, reconfigure and integrate resource designs in swiftly dynamic business environments. This is the turning point considering the magnitude of turnaround strategy in Kenya Airways.

2.2.2 Institutional Theory

The institutional theory was developed by Scott (1995), in his work on institutions and organizations. The theory is a widely accepted theory which acknowledges rational isomorphism, legitimacy. Institutional Theory only focuses on these deep, resilient aspects both institutionally and socially with less consideration on processes which are more authoritative in behavior (Scott, 2004). The investigations on how these components are structured, adopted, spread and changed over time and space as well as when these can fall into disuse and decline. Despite the challenges and how complex to understand the logic behind the theory, it can still contribute a significant amount of knowledge to those students studying in an institution of higher learning such as change management, conformity to social structures.

A basic premise and concepts in the above theory provide useful principles for analyzing the entity and environmental relationships which has emphasized on structures (Mc Adam & Scott, 2009). The environment is conceptualized as the organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, public opinion, interest groups, rules, social values, and laws.

The institutional theory believes that a firm observes an environment it operates. Therefore, organization aspects in competitive environments are fundamental activities which should be fully addressed by institutional theory. This theory approaches problematic more understandable in Non-Governmental Organisations than their public counterparts in a changing business environment (Mc Adam & Scott, 2009)

This theory benefits institutional environments and strongly influence the implementation of turnaround strategies in Kenya Airways, often more profoundly than market pressures. Institutional theory deals solely with how businesses are compromised by both external and internal interest parties which operate and locate beyond its control (David, 2008). The institutional theory helps in the connection that widens business perspectives beyond market pressures through behavioral analysis when addressing institutional pressures as a dimension of home-economics.

2.3 Turnaround Strategies Applicable in the Commercial Enterprises

According to Robbins and Pearce (2012), turnaround situations arise when performance criteria are sufficiently depressed to warrant regaining responses. These turnaround strategies are consisting activities that may likely mitigate the troubles firm faces and return it to its normal stage. Mostly a firm implementing and pursuing a turnaround strategy must consider these important activities such as cost efficiencies characterizing to a firefighting and belt-tightening mechanisms that result in a quick win or to immediately improve profits (Robbins & Pearce, 2012).

In the most cases, turnaround strategies such as cost efficiencies are commonly referred to like the more prolific activities when dealing with customers in a competitive environment literary resulting into reducing accounts receivables, stretching accounts payable, eliminating pay increments, cutting inventories, reducing research and development and marketing activities. The above strategies are often accompanied by a restructuring of financial models and reworking the company's capital structures to reduce pressure from debt repayment (Sudarsanam & Lai, 2011). Interestingly successful sharp benders are concentrating on a reduction of what is called production costs relative to their industry counterparts that pursued more general overhead reductions. Readjustment of incentives and wages are interconnected with financial, stock and capacity controls when investing in new plants that enable streamlining of processes and efficiencies of a firm.

A strategy on asset retrenchment is a situation where firms performing poorly are appraised for determining their positions to whether efficiencies can be made or not to divest the property completely rather than allowing them to continue operating at a weaker level than the rest of the firms (Morrow, 2007). Asset retrenchment is normally pursued in connection with a cost-effective approach. Many studies have highlighted that asset retrenchment strategy when properly executed, it benefits in stabilizing the company's finances which indicates cost-efficiency strategy

Filatotchev and Toms (2006), highlighted the advantages of asset retrenchment as an essential integral part of a turnaround strategy that does not is largely based on the firm's ability to generate revenues from disposal assets. It is often assumed that asset specificity will be of great advantage when dealing with efficiency savings, investing in new plants/technology, disposal of aging assets is more than to cover the implementation and investment costs, yet there can be significant difficulties surrounding them (Prasad, 2006).

Similarly, asset retrenchment involving replacing the aging asset with the new one is termed as asset disposal so that a firm can purchase new state-of-the-art assets, for instance investing in new technology is a good example of retrenchment strategy. A focus on the organization's main objectives is another turnaround strategy frequently discussed in theory, and it has been enacted in a parallel asset retrenchment process. Turnaround strategies successfully implemented are done associate and focus on product lines with much interest on customer segments that are particularly loyal or less price sensitive. All areas or a department where a firm has a distinct competitive advantage is paramount. These strategies entail the determining factor in the marketplace with the products and firms that are potentially profitable (Sudarsanam & Lai, 2011). The firm may also return to activities for which it was well known in the recent past.

In conjunction with asset retrenchment, it may be necessary for the firm to undertake a restructuring approach in its operations. Self re-alignment is more effective when the purpose a retrenchment entails divestment, operations, and rationalization of assets that cannot fit with this purpose. Retrenchments in conjunction with scarce financial and marketing resources can make reinvestment of core activities and capabilities more accurate and complex to manage (Filatotchev & Toms, 2006). A turnaround strategy with no distinguishing characteristics may qualify as a piecemeal approach that will unlikely lead to a successful recovery and reinforcement of a focus on the core activities which some studies explicitly warn.

According to the leadership change, culture change facilitates rejuvenation and adaptation of a struggling firm being discussed in theory. A change in the culture can be a great challenge facing the firm through its past beliefs. It ignores the assumptions available which are now irrelevant in these environments. Historically, operating routines of behaviors employees might have been adopted (Stopford & Baden-Fuller's, 2010). They carried a research on rejuvenation in a declining UK's manufacturer company. The research results exposed the CEO's past challenges and beliefs which brought signals to the company workers that behavior of solving a problem and coming up with innovations led to a generation of possible innovative solutions.

Signaling was found to be part of the culture change of a turnaround strategy because it transited a firm from the old way to a new way of doing things and moving forward is a point to note. The collection and interpretation of the current market information reflect so much on new realities in the marketplace and even look at the challenges facing the historical beliefs (Filatotchev & Toms, 2006). Others may do swiftly change with the cognition found in the turnaround that uses symbols to facilitate essential behaviors which can lead to achieving quick results.

2.4 Competitive Advantage in Organizations

Several investment companies undergo or face turbulent, uncertain, dynamic business environments and increased level of competition. This type or sort of environment is called hyper-competitive. In slow-moving settings, the competitive strategy may primarily concern with building sustainable competitive advantages that are difficult to imitate. Competitive advantage will relate to organization's ability to change flexibility, speed, innovation, and disruption of markets.

This section highlights the kind of moves that competitors are likely to make and how these can realize. One strategy to cope with these competitive pressures is that repositioning as a strategy where an organization attempts to edge out competitors through establishing some degree of differentiation without any increase in price (Johnson, Scholes & Whittington, 2005).

It is important for a firm to recognize competition in its day today's activities which can help to put itself in a better position regarding service delivery and product design before it can get a response to any threat from the competitors. So many companies nowadays learn on a daily basis how to achieve competitive advantage over their rivals. Competitors may seek to achieve a competitive advantage by developing new products or entering into a new market. Such a move may be relatively easily get imitated, and that competitor which imitated his/her rival may then be faced with the same problems of sustaining a competitive advantage as it would in its original product or market area (Johnson, Scholes & Whittington, 2005).

Competition is at the core of the success or failure of an investing company which determines the firm's competitive position in this volatile environment which is full of substitute products or services with the appropriate activities that can contribute to its performance on that perspective which includes innovations, cohesive culture or proper implementation. Competitive advantage cannot be understood by easily looking at a firm as a whole or a cost benefits or advantages. It must be a sustainable advantage which may support disparate sources as physical distributing systems, low-cost, highly efficient assembly of superior sales force utilization and processes (Porter, 1998)

2.5 Empirical Studies and Research Gaps

The literature review has identified and summarised research gaps that the study sought to investigate. The discussion is geared toward focusing on the holistic concept of turnaround strategy. Therefore, other incidents of competitive advantage and implementation of a turnaround strategy principles of the study. The concept of turnaround strategy and competitive advantage have not been critically looked at by other researchers in respect of Kenya Airways.

In a similar context, many researchers have postulated that efficiency and effectiveness flow of a firm's operations attract customer satisfaction (Frank and Enkawa, 2008). To the extend, the customer satisfaction level is affected by the available disposable income and that could cause the marketing department to be misled by assuming a certain level of customer satisfaction has been brought about by activities in the company while the reality is that the economic performance has affected the customer satisfaction score.

Many research studies in global arena talked about turnaround strategy as having been in different areas. Mukherjee (2010), did a study on the implementation of turnaround strategy at Air India, the study found that availability of financial resources is a requirement for a high-tech turnaround attempt, specifically since many technology firms have significant cash demands. On the other hand, (Kazou 2012), concentrated on the turnaround strategy at the Sony company in Japan investing in electrical equipment. He came up with the following findings that showed the results such as vertical integration and Panasonic's management style as well as diversification of this Sony company. Moreover, it also involves analysis of social network.

On the other hand, (James, 2008) investigated the turnaround strategies of more than a hundred organizations being selected randomly from both external and locally operating community hospitals including the major US health centers from 2002 all the way to 2005. These findings were very significant generally that can divide successful and unsuccessful turnaround strategies employed to facilitate establishments and then eliminate any amenities that may involve.

Similarly, Murphy (2008) theoretically filtered critical insights of the leadership of a turnaround strategy in both public and private organizations in the United States of America. The findings were crucial and relevant to all types of management in a turnaround equation Gichuki (2009) carried a research on a turnaround strategy at the Co-operative Bank of Kenya. The research findings had indicated that Co-operative Bank adopted certain techniques to tackle the downfall. In maneuvering the turnaround processes, a bank introduced and executed some changes at the top management level which saw the exit of a Bank's CEO and others including the board of directors.

Kiptugen (2013) researched the Kenya Commercial Bank regarding the Bank's strategic responses to a changing competitive environment. This research could not concentrate precisely on perception, consumer satisfaction and repositioning strategy adopted by the bank Matundura (2008), researched implementation of a turnaround strategy at Kenya Revenue Authority (KRA). The results were very interesting since it discovered the proper steps a management took; implemented through the recruitment of skilled personnel into the firm which did bear fruits at the end Saigilu (2008) thoroughly investigated the effectiveness of a turnaround strategy at the Kenya revenue authority.

The key objectives this study was to examine how effective the turnaround strategies were to achieve the targeted company's objectives. The study discovered that turnaround strategies adopted and executed were effective enough to bring positive results. In the last few years, revised literature has focused on a turnaround strategy as a strategic management mechanism to make things flow more smoothly (Robbins & Pearce, 2012). As noted before, cost efficiency measures regularly are the first step in the recovery strategy as they can be implemented quickly with immediate effects and little capital resource. Kazou (2012), also concentrated on the turnaround strategy at the Sony company investing in electrical equipment and came up with the following findings that showed the results such as vertical integration and Panasonic's management style as well as diversification of this Sony company. Moreover, it also involves analysis of the social network. Similarly, Murphy (2008), theoretically filtered critical insights of the leadership of a turnaround strategy in both public and private organizations in the United States of America. The findings were crucial and relevant to all types of management in a turnaround equation.

Locally, the reviewed literature by Gichuki (2009) researched turnaround strategy in the Co-operative Bank of Kenya. The study found a Co-operative Bank has adopted certain strategic techniques to confront a decline. On the other hand, Kiptugen (2013), researched the Kenya Commercial Bank regarding the Bank's strategic responses to a changing competitive environment Matundura (2008), researched implementation of a turnaround strategy at Kenya Revenue Authority (KRA). The results were very interesting since it discovered the proper steps a management took; implemented through the recruitment of experienced personnel into the firm which did bear fruits at the end. The study established gaps in the literature review, theories and the methodology used. Mukherjee (2010) did a study on the implementation of turnaround strategy at Air India.

The study used descriptive research method; the theories used were stakeholder's theory. On the other hand, Kazou (2012), focused on a turnaround at the Sony, a Japanese electrical company, the study used descriptive statistics method of analysis and applied the resource-based view theory. Gichuki (2009) did research on turnaround strategy in the Co-operative Bank of Kenya. The study found a Co-operative Bank has adopted certain strategic techniques to confront a decline. The study used descriptive statistics method of analysis and applied the theory of reasoned action. Similarly, Kiptugen (2013), carried out a case study on KCB regarding the Bank's strategic responses to a changing competitive environment.

The study, however, did not concentrate so much on consumer satisfaction and perceptions hence its findings may not be applied to determine consumers' satisfaction and perception of repositioning strategy adopted by KCB. Saigilu (2008) thoroughly investigated the effectiveness of a turnaround strategy at the Kenya revenue authority. The key objectives this study was to examine how effective the turnaround strategies were to achieve the targeted company's objectives. The study discovered that turnaround strategies adopted and executed were effective enough to bring positive results. The current study will use a case study method, the theories applied are resource-based view theory and institutional theory.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The purposes of this chapter are to provide an overview of the research methodology which a researcher used in the study. It describes the research philosophy, research design, data collection techniques, data analysis methods or techniques which were utilized in the study. This chapter also discusses how the instruments were validated and reliably establish how to determine the content and consistency of tools in measuring the intended objectives and explain key strategies. The chapter further explains the key analytical models to be used during analysis stage and summarized it according to the objective of the study.

A research philosophy can be viewed as the underlying assumption upon which research in the field of inquiry is based (Guba, 1990) Wong et al. (2011) explain that research philosophy has two main orientations namely ontology which is concerned with the overall nature of things and identifies what exists. The other orientation is epistemology which covers studies on the origin, possibility, nature, and scope of human knowledge. Scholars argue that empirical research revolves around positivism and phenomenology philosophies (Eastman and Bailey, 1996). According to Eastman and Bailey (1996), the positivism can be an epistemological location based on the assumption; an observer is always assumed independent of what is being observed. Properties observed should be measured through objective specifications rather than being inferred subjectively. Positivist holds the deterministic philosophies which may cause probably a significant

determinations that affect an outcome as well as reductionist's positions (Khin et al., 2011)

Phenomenology philosophy, this emerged following the recognition by scholars that are inside the modern world of sciences plus elementary justification of positivisms is no longer defensive (Bronowski, 1956; Popper, 1959). Hughes (1994) explains that for the phenomenologist researchers, the realities are not the hard things, but rather, it is the creations of those people involved in research. Furthermore, realities do not exist in the vacuums, its context and many constructs of reality are therefore possible. Thus phenomenology approaches which aim at the descriptions and explorations in depth phenomenon from qualitative perspectives. Kolb and Frohman (1970) describe phenomenology as a directed move towards qualitative data and with the researcher interacting with the case being investigated. Stahl (2003) states that phenomenology is concerned with theory building while critics of phenomenology approach view it as strongly subject to researcher bias, lacking in reproductive and generalizability (Mays & Pope, 1995) due to participatory and instructiveness nature of qualitative research (Parahoo, 1997). The current proposals were qualitative, based on theory aimed at objective assessment of hypothesized relationships and consequently adopted phenomenologist philosophy.

3.2 Research Design

The research design is usually structured and planned study to obtain some feedback to the research questions. It is a framework for specifying the relationships among the study outcomes. The designs used in this study guided throughout the research period, the types

of investigations and levels of research contributions, the stage of knowledge in the field, the time over which the data is to be collected and types of analysis are crucial.

This research adopted a case study. A case study is an in-depth investigation of one single phenomenon and institution primarily determining the relationship purpose in the behavior under study. A case study is a valuable tool in analyzing information systematically in a way that gives accurate conclusions and recommendations (Cooper & Schindler, 2006).

Case study method helps in enabling the researchers to investigate problems within a particular area or contextual viewpoint in a close manner. In this study, the case study method selected Kenya Airways as a single geographical area with a limited number of individuals as the subjects under study. Yin (2009), defined a case study as a true essence that explores and investigates a contemporary real-life phenomena through the contextual analyses of a limited number of events or conditions and relationships.

3.3 Data Collection

This study relied on primary data. Primary data is mostly collected using an interview guide or schedule based on suggestions on questions that focused on competitive advantage. These questions were modified to fit the needs of the study; the primary data is going to focus on data related to turnaround strategy and competitive advantage of Kenya Airways. Primary data was collected using an interview guide which was administered to managers of Kenya Airways or their equivalent. An interview guide was

the tool a researcher is going to use as it enables oral administration of a face-to-face encounter, therefore allowing collection of a well-detailed data.

The interview guide consisted of a list of 20 questions. This involved in-depth discussion through individual meetings with the senior managers in human resource, marketing, operations, procurement, and finance departments. A researcher used structured questions to interview with the said respondents, and a response from a respondent gives an insight into his/her feelings, interests, motivations and hidden background and gives as much information as possible (Copper & Schindler, 2006).

Once the appointment with the respondents is made from the customer care desk or reception, the interview took place face to face. An introduction letter from the University was identified the researcher to collect data from the organization. The researcher also used other personal networks through friends and colleagues to reach the respondents in case of any delay. Telephone calls were another option for the research if necessary.

3.4 Data Analysis

The qualitative data collected was analyzed using content analysis techniques. According to Mugenda & Mugenda (2003), the key aspects of a content analysis are to study the current information to find out factors that may give explanation on a specific phenomenon. According to Kothari (2004), the content analysis method uses some sets of categorizations for making valid and replicable inferences from data to its context. The responses from different respondents were compared and summarized according to the objective of the study. Content analysis is known as the most suitable method when

analyzing the open-ended questions due its flexibility in nature Cooper & Schindler, 2006).

Kothari (2004), defined qualitative data analysis as working with data, breaking it into manageable units, organizing it, searching, discovering and synthesizing patterns of what is important and what is to be learned. Qualitative data requires more creativity challenging and manipulating raw data into meaningful logical information and to examine them in a holistic style of safe and straightforward interpretation to others who used it. Content analysis is another technique for making replicable and legitimate deductions from information to its unique situation with the end goal of giving learning a new insight of knowledge, a representation of certainties for activity. The goal is to achieve a dense and wide depiction of the phenomenon and the result of the investigation. This method is expected to be easy and reliable enough to adapt; it is also being assumed to be taken as easy in replicating and hence may be made available for others to use in future.

The information which was obtained from the interview can be grouped into themes and categories the concepts that were define the strategies applied by the firm. Nachmias and Nacmias (1996) described a content analysis as a method of making inferences by objectively and systematically highlighting specific characteristic of the message and using similar approaches in relating the trends. The researcher will come up with the meanings from interviewee's responses through conceptualization and explanation building.

CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed data analysis and discussions within the framework of the objective of the study. Analysis and interpretation of this research project were completely based on general objective of the study which concentrated on the effects of turnaround strategy and competitive advantage of Kenya Airways.

There has been an increase in congestion of critical hubs which include huge growth of low cost carriers, intense in an industry relation and entry of Middle East carriers in the regional market has changed the game and dominance or competitive advantage which Kenya Airways has been enjoying for the last two decades is now being attacked seriously by both regional and global airlines competing with Kenya Airways.

The study objective was to establish the turnaround strategy and competitive advantage of Kenya Airways. Primary data was collected using an interview guide which was administered to managers of Kenya Airways in the various departments such as finance, marketing, human resource, procurement and operations management units. The data was thereafter analyzed based on the objective of the study and the findings are as presented as per the different classes underlined below.

4.2 Turnaround Strategy

The interviewees were asked to explain how they view turnaround strategy according to their firm's perspective. They stated that a turnaround is a strategy aimed at revitalizing

the organization to make it competitive. Interviewees further defined a turnaround strategy as a distinguishing factor which propels the buyer to purchase goods and services from a certain firm rather than its competitors.

Turnaround encourages enhancement of operational effectiveness which is the most suitable strategy when a firm's troubles are prevalent and yet critical (Peteraf & Bergen, 2013). According to marketing manager, Kenya Airways is using various methods to ensure the firm remains competitive in the eyes of their customers and competitors.

They also said turnaround is adopted in the circumstances in which a firm experiences a profit loss for an extended period of time, such that the competitiveness level is so low that the survival of a firm is threatened unless serious efforts are made to improve its competitive advantage. Other researchers view turnaround strategy as the financial revitalization of a firm that has been very competitive but now performing poorly for an extended time.

4.3 How Different Skills affect Competitive Advantage of Kenya Airways

Considerably, there is positive evidence connecting educational attainments to business competitive advantage in volatile markets such as Kenyan markets which enables firms to look for alternative survival mechanisms. The most productive organisations in this case have a tendency of recruiting highly skilled labor force than the least productive competitors on at the same level.

The respondents indicated in the interview that there is apparent link between high skills and high productive workforce that contributes to the success of a firm in a particular stage like that of intermediate levels. They quantified that the higher standards of

production in Kenya Airways is relatively relating to that great skills and knowledge of its workforce, particularly intermediate skills.

Skill levels being required are mostly linked through the uptake of new equipment which safeguards and maintains the firm's effective operation activities. High skills and experiences the company requires from a senior manager and junior staff member boost innovation and creativity, hence linking the company with high technology advancements and complexities that enhances provision of quality products and services.

4.4 Influence of Turnaround Strategy and Competitive Advantage of Kenya

Airways

Interviewees explained the benefits of a good competitive advantage suggesting that it may be desirable for a firm to attack some current competitors and not just any other company and it should encourage the entry of new competitors provided they meet the tests of a good competitor. Nothing in these statements implies that a firm should not aggressively seek to increase its competitive advantage.

Thus, studies fail to consider how industry context influences operational efficiency decisions and the formulation and implementation of a competitive strategy. Who a firm competes with is determined by broader determinants many of which are largely outside a firm's control.

To develop a firm's competitive position successfully needs rigorous change in leadership and efficient execution of activities. Kenya Airways has recently shaken up its top leadership by changing the chief executive officer and board chairman respectively.

The success of a relatively large business entity such as Kenya Airways relies on numerous factors that seem to be the most important.

4.4.1 Influence of Decrease in Value of Shares and Lower Return on Capital

Employed

The decrease in value of shares affects the competitive advantage of Kenya Airways from operating its activities. The interviewees revealed that when the value of shares goes down, the customers do not purchase them and hence they wait until the shares value increase. Shares and prices movements are highly being compromised by factors other than company's financial performances. There are many suggestions that show there is other information than the usual internal factors that also influence the share price's movements. Certainly there is a period the company changes in term of it shares, prices and profit margins but do not replicate the organization competitiveness.

On the question about lower return capital employed, the respondents indicated that returns on capitals employed measure the proportions of adjusted earnings of the sum of capitals and debts required for a company to performance well. They stated that lower return on capital employed on airline industry highly affects its competitiveness.

They explained that for a firm to continue in business over the longer period, its returns on investment should be a bit higher than the initial cost of capital employed; or else, long-term operation slowly reduces the income available to a shareholder. It is very common to use and contrast the effectiveness of asset usage in a business within a similar industry.

4.4.2 Influence of Retrenchment

A retrenchment strategy is the process of appraising a poorly performing business entity, it tries to investigate or determine efficiency and importance of the assets the company employed to generate revenues. This process examines whether it is the best approach for divesting the assets totally other than to allow it to keep on operating at a weaker point than the rivals. Asset retrenchments are normally executed in connection with a cost effective approach.

The interviewees indicated that retrenchment was implemented in the Kenya Airways to enhance the cost efficiency strategy. They stated that the strategy could not in any way contribute to a revival or stabilization the national carrier's financial position, although in many cases it is the subsequent approach in realizing a cost advantage. They said that retrenchment decision making process is inevitable and more complex in nature.

There are many risks which are associated with the sale of a product or services in most cases, but it compromises the future strategies and options. Although there are needs to necessitate the generation of cash-inflows and reduction of losses in the national carrier. Kenya Airways has the capabilities of generating cash flows from any disposals. Filatotchev and Toms (2006), highlighted the advantages of asset retrenchments as an essential integral part of a turnaround strategy that is not largely based on the company's abilities of generating revenues from asset disposals.

4.4.3 Influence of Culture Change

The roles of a culture change are geared in cultivating a positive change which enhances a firm's competitive advantages. The interviewees' answers to this question was that it is

now necessary for Kenya Airways to effect positive changes in culture to confront past beliefs ignored which may no longer be appropriate in this highly changing environments the airline operates in.

Culture challenges the airline past beliefs where it act as the signals to staff in a way to effect favorable behaviors suitable which can lead to adaptation of innovative solution that would bring positive results. Culture change leads to a change in operations of the organization which may lead to faster operations or slower operations that may have a bearing on competitive advantage of the firm.

Signaling is another part of a culture change in a turnaround strategy for the reason that it indicates transitions from the previous ways of doing things to the new ways of doing things and the national carrier is obligated to change its status quo. Respondents also indicated many positive signs in regard to the removal of perk and the adoptions of “medical” metaphor to communicate the severities of the situations. Generally, the literature emphasizes how important the implementation of turnaround strategies is in terms of bringing a fallen giant into its previous position. However, national carriers’ decision makers and its top management need to put in mind that it is not just the organizational system or structure that should only change, but the behaviours and attitude of the workers too.

4.4.4 Influence of Change of Leadership

The replacement of an organization’s leader should normally be undertaken in the initial stage of a turnaround strategy implementation processes which triggers a way of realizing that the company is in a serious difficulty and that actions are directly required for the

change to work. Change is more complex and require risk taking otherwise it may not bear fruits unless seriously analyzed in this case.

The respondents quantified that the mere presence of a charismatic leader in the airline company removes doubts about the survival of the Kenya Airways as well as galvanizing employees towards commitment and focusing efforts when faced with difficult circumstance. These suggest the benefits of having a charismatic leader at the top echelon of a firm during the turnaround stage. The attitudes of the management team are at least as important as having new leadership in getting a turnaround attempts underway.

The replacement of a leader in the company brought new outlook and assumption as well as different individual background and experience to the ones they replace. More significantly, new ideas on what a turnaround strategy the Kenya Airways is implementing. These have closer links in addition to new values, new visions, strong drives and enhanced motivations and communications.

4.4.5 Influence of Adjusting Wage Incentives

Pay for competitive advantage is in general gives more detailed performance outcomes rather than basically for the duration one has worked for. These interviewees stated that while incentive is not the absolute answer to all staff challenges, they can do a great deal in increasing worker performances. Incentive helps employees' efforts directly because it motives them when it comes to performance measurement.

Additional benefits includes, cost certainty and cost reductions for the Kenya Airways employee. Benefits to Kenya Airways' staff include high payments and job satisfactions. Any time employees in the Kenya Airways are rewarded for that which they have performed well, employers ask for a cynical or disillusioned workforce.

Organization managers may in other ways wish to have very smaller profit sharing bonuses as a teaching tool for the top and middle level managements. Much better than profit sharing, however, is breaking down all fundamentals under the control of employee or management that affects profits and rewarding individual workers for the achievement of results.

4.4.6 Influence of Turnaround Strategies on Competitive Advantage

The interviewees' answers to this question were by indicating that a turnaround strategy has influenced Kenya Airways positively. The account opening balances have been too high making the Kenya Airways less competitive in the eyes of its competitors. The interviewees were asked whether developing new markets was a turnaround strategy for the Kenya Airways.

They quantified that, that is always an achievement to the company because the more the expansion the more the increase of profits and the less the competition. This is because the Kenya Airways' turnaround is measured by improvement in the company's profitability. They further explained that in order to enhance a positive turnaround strategy, the new markets should be operating on profit. In case they operate on loss, it may not be an achievement to Kenya Airways but rather a negative turnaround.

The potential clients prefer opening accounts with the competition since their current terms are more attractive. This in effect has reduced the company liquidity position as it maintained very few accounts. The respondents indicated that the Kenya Airways has embarked on cost reduction measures (operational restructuring) which have helped it in improving operation efficiencies and margins through reduction of direct costs and slimming overheads in line with volumes.

4.5 Developing New Markets and Cost Efficiencies are Turnaround Strategies in Kenya Airways

On the question on whether developing new markets and cost efficiencies are turnaround strategies in Kenya Airways, the interviewees gave it thump up since it revitalizes the organization but restructuring its markets to cover a wide area to reach many customers around the world thus increasing its competitive advantage. The most prolific turnaround strategy adopted and executed by the company is the pursuit of cost efficiencies.

The most suitable cost efficiency involves a wide-range of actions, which can all be characterized as “belt-tightening” or “fire-fighting”, this actually aims to produce “quick-wins” in order to stabilize investments in the short-term period until more a complex strategy is devised, or to quickly improve cash flows. Interviewees explained that cost efficiency measures are frequently the first step in any recovery strategy as they can be quickly implemented, may have an almost immediate effect, and generally require little or no capital or resource outlay.

In the airline industry, cost efficiencies that are most frequently indicated include reduction of accounts receivable, cutting the inventory, stretching accounts payable, reduction of activities related to marketing and elimination of pay increases. They alluded that this is normally accompanied by financial restructuring such as a reworking of the Kenya Airways capital structure so as to relieve pressure from debt. The interviewees confirmed that successful “sharp benders” focused on reduction of costs associated with production, related to their industry competitors that looked to reduce more general overhead costs. This included adjustment of pay incentives, strict control of stock,

controlling finances and capacity as well as investing in new plant so as to enable better efficiencies and processes that are streamlined.

4.6 Costs related with Turnaround Strategy and Competitive Advantage of Kenya Airways

It would have been impossible for any of declining organization to turnaround with inadequate financial reform and assistance from other airline companies, financial institutions and the parent company. These changes brought down to a great extent the expenses of the organization. At the same time, it is important to strengthen finance function in the Kenya Airways. It is important to closely monitor cash flows and the implications brought by financial decisions and they need to be carefully evaluated.

Under this question, the interviewees stated that there are several costs which are associated with turnaround strategy. The upgrading of the technology requires cash that will help the company purchase advanced machines. Also, changing leadership and market expansion strategy requires cash to implement the changes. Substantial amount of money is invested to get a good IT platform to serve the entire branch network.

Heavy investment in IT systems tied the much needed cash for financing restructuring. More interestingly, successful sharp benders are concentrating on a reduction of production costs relative to their industry counterparts that pursued more general overhead reductions. Readjustments on incentives and wages are interconnected with financial, stock and capacity controls when investing in new plants that enable streamlining of firm's efficiencies and processes.

4.7 Effects of Turnaround Strategy and Competitive Advantage of Kenya Airways

The higher the competition the higher the chances of competitors outsmarting the opponents in this volatile market such as the airline industry which consists of business methods that firms use to position themselves in better way which leverage their market shares and profits over that of competitors.

Interviewees believe that every firm needs to develop a strategy it can use for defending itself against any threat a competitor may pose to bring it down. The major feature of that kind in competition is to adopt a competitive strategy. Poorly performing firms need to improve their products through redesigning and customizing them to suit the customers' preferences hence minimizing competitive pressures and imitations from its rivals.

It is evident that a good strategy will give a firm competitive advantage since firm's strategies are mainly concerned with how to grow the business, how to satisfy customers, how to compete rivals, how to manage each functional area, how to develop requisite capabilities and how to achieve firm's objectives. Regularly, a turnaround attempts are initiated subsequently due to pressure from considerable stakeholders, such as the government and shareholder group.

4.7.1 Effects of Cutting Inventory

Keeping inventory levels low can have several negative impacts on costs and profitability. The respondents stated that cutting inventory levels limits the amount of space needed for inventory, which can cut down on storage-related costs. For instance, there companies that can decide to cut their inventories level which may require a lesser amount of money for the turnaround strategies than firms that keep more stock.

Keeping low inventory levels reduces costs associated with the depreciation of inventory. Low inventory levels can potentially be costly to a Kenya Airways due to turnaround costs and other logistical and organizational costs. If a Kenya Airways is about to run out of a high-demand service or offer, for example, shares, it might have to extend it to make sure that it has enough inventory to meet demand.

Kenya Airways with a low inventory level needs to examine the level closely to ensure that there are enough finances to avoid running out of inventory. Keeping inventory level low can lead to a reduction of certain costs, but it also increases the risk of running out of a service. Companies that run out of shares and services may miss out on sales that they would have been able to make had they kept more shares on hand. They said, if Kenya Airways has too much of its money tied up in inventory, it might not have much cash left over to spend on current expenses and make investments.

4.7.2 Effects of Transaction Structures

On the question on effects of transaction structures on the Kenya Airways competitive advantage, the interviewees stated that transaction structures help the Kenya Airways avoid the creation of certain records and reports required by law. However, if much consents are required, or if the counterparties use the opportunity to try to break contracts or otherwise extract concessions, it can add delay and uncertainty to a transaction.

This suggests that there is a significance of managing interaction to efficiently access important results that influence the capital structure of the company. Government and the public contract possibly make efficient access to debt financing from both private and state-owned institutions. Kenya Airways examined the effect of tax-based transaction formations on the purchase price of corporate agents that do a lot of sales function on it's behind.

For a sample of many corporate bodies, stock acquisitions is the evidence which is weakly supported by the ending that acquisition premiums. Interviewees illustrated that the benefits of tax generated by the firm are positively correlated with acquisition premiums. In general, this study indicates that the tax structure of a company sale influences the price paid in the transaction, and the tax structure selected is a function of a divesting parent's tax basis in the firm's stock and net assets.

4.7.3 Effects of government policy on Competitive Advantage and R&D

The interviewees' response to this was by stating that reduced research and development on the competitive advantage of Kenya Airways has affected the company negatively. They stated that most of the previous studies of efficiency have focused on data from the mid-1990s and thus do not reflect the recent technological and regulatory changes that have affected Kenya Airways.

The assessments of the relative competitive advantage of the company across the network size spectrum and how other network characteristics such as geographic scope and local branch density affect competitive advantage has not been viewed by various studies. This has reduced Kenya Airways competitiveness since there are no new customers who are using Kenya Airways services.

Also, the past customers are moving to other airline companies like Fly Emirates and Ethiopian airline since they feel like the airline is not moving with technology. In today's business environment, the survivability of any organization remains a challenge therefore, it's a must that an organization must be innovative, creative and adopt the culture of research and development because it serve as a driver to market growth and development.

However, it is of a great important and fact that the above mentioned do play a cardinal role in the business reengineering process of any given company. Considering the fact that Kenya Airways KQ is a public-private partnership organization, both government and other stakeholders need to continuously leverage on research and development as a means of enhancing comprehensive and consistent growth strategy as required. In conclusion, competition is inevitable and must remain a top priority for managers (Aghion, 2006).

4.7.4 Effects of Improvement of Operational Efficiency

Turnaround strategy emphasizes the improvements of operational efficiency and is probably most appropriate when a corporation's problems are pervasive but not yet critical. They stand on the belief that the market cycle doesn't describe an inevitable course of growth followed by decline.

The interviewees indicated that Kenya Airways generally maintains a consistent approach to improvement of operational efficiency that leads to increased productivity and it enjoys superior stock-price growth in addition to being better prepared to organically fund investments.

Furthermore, Kenya Airways effectively manages its operating costs and has more room to maneuver during the current credit crisis. This is particularly important for the especially when it is struggling to rebuild capital positions damaged by the crisis. However, operational effectiveness can be looked at from a cross session point of view which has to do with input and output in running a business operation. The input aspects basically talk about cost, people and equipments while the output has to do with money,

revenue, and profits margins. In other words, operational effectiveness is focused on the routine improvement within an organization as the only means of satisfying your customer and maintaining your market share.

4.7.5 Effects of size on the Competitive Advantage of Kenya Airways

The size of a firm increases the market share which in turn increases profitability and this will probably have a positive impact on the competitive advantage of Kenya Airways in that matter, but the capital may be large which will make the firm to remain highly competitive compared to other firms offering similar services.

According to interviewees, size leads to increased workforce which ensures that services are provided promptly and at a faster rate making customer get attracted, thus increasing profitability and the overall competitive advantage. On contrary, it is believed that a firm's size does play a major role in how it performs with a strong association to retrenchments. Small firms do better than their big counterparts sometimes, but it depends on the management of the said firm.

With airline industry becoming the only major facilitator of economic growth in the world, then the size plays a significant role when it comes to competition. As mentioned by the interviewees, size does not automatically contribute to the success or failure of an airline but management and the level of competition do a lot. Kenya Airways is one of the largest airlines in Africa because it covers wider range of African markets but its financial constraints have more to do with how it was managed.

4.7.6 Effects of Stakeholders on the Competitive Advantage of Kenya Airways

Interviewees stated stakeholders are the primary backbone of any investment company because their roles are very crucial to the success or failure of a firm. Success can only be witnessed through good management. But failure comes due to corruption as one of the major challenges that may impede a firm's operations. Poor decision making is another problem that may affect the proper executions of company services. Importantly, stakeholders inspired you to believe concerning the equality of your actions.

Your stakeholders will create contradictory demand. However, some will want affordable prices, while other stakeholders expect higher profit margins. You may have a local firm that needs your company corporate social responsibility to the local population .while certain elements within your local firm would oppose such idea for implementation of such project.

It's actually difficulty for management to please all of its stakeholders; similarly KQ is faced with such problem thereby affecting its profits margin. Finally, it's of important to listen and understand the concern that is been raise by stakeholders as a means of improving and gaining competitive advantage in the market place.

4.8 Challenges that Kenya Airways face when Implementing Turnaround Strategy

The interviewees explained the various challenges that Kenya Airways face when implementing turnaround strategy. The major challenge is resistance to change. Most of the employees are not ready for the change that is expected of them. Change in culture like the introduction of balance score card to measure competitive advantage does not sit well with most staff.

Change also affects the company in that some of the good employees leave under the early retirement programme this means new staff have to be hired and trained. Resistance to change is handled through constant communication from top management who remind employees of the need to change. This is managed through regular meetings, communication, team building and awareness exercise for all staff.

Economic recession is another challenge that faces the implementation of turnaround. Most sectors of the economy like agriculture-tea, coffee which is a major client of Kenya Airways are not performing well. Large provisions for bad debts are necessary and they have negative impact on the competitive advantage of Kenya Airways. Inadequate resources are another major challenge. Resource constraints are both human and financial. There are no enough middle and top managers to steer the firm to competitiveness because the early retirement saw the exit of some key managers.

4.9 Future for Kenya Airways

The interviewees stated that Kenya Airways is moving at a high speed but the future lies on the ability to implement the turnaround strategy appropriately. After the implementation of turnaround strategy, the company will improve in future which will make it more competitive and be able to contribute to the Kenyan economy. Again with the support of Kenya Government as the only major shareholder, the future looks brighter a head for national carrier.

The government has pledged it will continue supporting the company financially because Kenya Airways is a valuable national strategic asset. Kenya Airways is as well planning to take its return to a profit making company through cost cutting technique and the sales of other assets, otherwise the national carrier may not return to profitability in the near future

With this strategy, the company will be able to open new markets and expand the business. This will lead to high customer volume which will lead to more customers and thus higher profit volume. The introduction of new technology in Kenya Airways will make it easier for the customers to carry out transactions easily.

4.10 Discussion of the Findings

The study found how different skills affect competitive advantage of Kenya Airways. It showed that the most productive organisations tend to have a more highly educated workforce than the least productive equivalent on average, to an extra qualification level. The study identified a clear connection between higher skills and higher productivity that was particularly at the intermediate skills level. The higher average levels of labour productivity in Kenya Airways are closely related to the greater skills and knowledge of their workforces, especially intermediate skills. The findings are in line with Morrow, (2007) who found a strong relationship between different levels of UK workforce skills and the sophistication of products. He also stated that other skills have shown a link to company survival.

The study found how the improvement of operational efficiency affects the competitive advantage of the airline. It stated that Kenya Airways generally maintains a consistent approach to improvement of operational efficiency and it enjoys superior stock-price growth in addition to being better prepared to organically fund investments. Furthermore, the airline effectively manages its operating costs and has more room to maneuver during the current credit crisis. This is particularly important for the Kenya Airways especially when it is struggling to rebuild capital positions damaged by the crisis. The findings

concur with Peteraf, (2003) who stated that the efficiency/operating turnaround stage aims to stabilize operations and restore competitive advantage by pursuing strict cost and operating- asset.

The study established how leadership influences the competitive advantage of Kenya Airways. It stated that the replacement of an organization's leader is frequently undertaken early in the turnaround process, and in some cases is even the trigger for a realization that the organization is in serious difficulties and that action is urgently needed. The mere presence of a charismatic leader in the airline removes doubts about the survival of the airline as well as galvanize employees towards committed and focused efforts during difficult circumstances. The findings are in line with Sudarsanam & Lai, (2004) who stated that a change in leadership is tangible evidence that something positive is being done to improve the firm's performance even though the cause of the poor competitive advantage may have been beyond management's control.

The study found the influence that culture change has on the Kenya Airways competitiveness. The findings showed that culture challenges the airline past beliefs where it act as signals to workers that these behaviours are acceptable and can lead to the generation of innovative solution that would have not possibly take place at all.

It further explained that it may be necessary to effect a change in culture to challenge past beliefs and taken for granted assumptions, which may no longer be relevant to the changed environment the airline is facing. The findings are in line with Stopford's (2007) study of rejuvenation in declining UK manufacturers which showed that when the CEO and TMT challenged past beliefs it acted as signals to workers that these behaviours were

acceptable and led to the generation of innovative solution that would not have otherwise been possible.

The study established the influence that retrenchment has on the Kenya Airways competitive advantage. The interviewees indicated that retrenchment was implemented in the airline to enhance the cost efficiency strategies which did not have adequate impacts to stabilize the Kenya Airways finances. Retrenchment is the natural second step following cost efficiencies. However, there are risks that sales sometimes compromise future strategic option, while conversely they are a necessity to generate cash and reduce losses. The findings are in line with Filatotchev (2006) who highlighted that the usefulness of retrenchment as a component of a turnaround strategy depends on the firm's ability to generate cash flow from any disposal.

The study identified how adjusting wage incentives impact the competitive advantage of the Kenya Airways. It stated that incentives can help direct employee efforts. Other benefits include cost certainty and cost reductions for the Kenya Airways employee. Benefits to employees include higher pay and satisfaction. Any time employees in the airline are rewarded for that which they have performed well, Kenya Airways employers ask for a cynical or disillusioned workforce. This concur with Meier, (2007) who stated that incentives increase an employee's morale and hence improvement of competitive advantage.

The study found the influence of stretching accounts payable on competitive advantage. It indicated that stretching accounts payable strategy helps in reducing the implicit cost of giving up cash discount in Kenya Airways. Though stretching accounts payable may be financially attractive, it raises significant ethical issues. This may cause the airline to violate the agreement it entered into with its customers when it started operating together.

This concurs with Richard (2009) who stated that stretching accounts payable helps customers in paying bills as late as possible without damaging its credit rating.

The study identified costs related with turnaround strategy in Kenya Airways. It stated that upgrading of the technology requires cash that will help the airline purchase advanced machines. Also, changing the airline and leadership requires cash to implement the changes. Substantial amount of money is invested to get a good IT platform to serve the entire airline network. Heavy investment in IT systems tied the much needed cash for financing restructuring. This concurs with Thompson and Strickland, (2008) who stated that for a business strategy to thrive, it must have enough capital to keep it moving with the advancements of technology and implementation of turnaround strategies.

The study identified the challenges faced by Kenya Airways. These are resistance to change where most of the employees are not ready for the change that is expected of them, change in culture like the introduction of balance score card to measure performance, economic recession, inadequate resources and resource constraints. Large provisions for bad debts are necessary and they have negative impact on the competitive advantage of Kenya Airways. The findings concur with Boyne (2010) who indicated that the biggest challenges faced by Kenya Airways in competitive advantage include, corruption, political climate and stability, economic growth of the country and inflation rate.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Presented in this chapter are conclusions and recommendations that inform from the findings of the research. From the discussions, the conclusions that can be made available with evidence are inferred. From these conclusions, the recommendations the researcher has come up with are presented in the chapter.

The chapter starts with summary of findings to highlight the major issues that are found against the research objective (s). These issues produce the major conclusions that can be derived from these findings against other research findings. Finally, a presentation is made of the main recommendations the researcher is able to make including the implications the study has on policy, practice, theory and the future direction envisaged after this research study.

5.2 Summary

From the findings, turnaround strategy is defined as a financial recuperation of an investment firm which has experienced poor performance in its operations over a long period. For a struggling company to effect a turnaround, it is a must for it to actually identify or acknowledge the challenges it is facing, considers change in top management, develop and put into action problem-solving strategies. In many cases, the most excellent strategy may be to cut losses is to liquidate a firm rather than using a turn-around approach. Turnaround situations are those where the business entity suffer and experience a decline stage in its competitive advantage for a long time, such that the competitive

advantages levels are so low that the continued existence of a firm is endangered unless serious efforts are made to improve its competitive position.

From the findings, there is a positive evidence linking educational attainment to Kenya Airways competitive advantage. The most productive organisations tend to have a more highly educated workforce than the least productive equivalent on average, to an extra qualification level. Higher average levels of labour productivity in Kenya Airways are closely related to the greater skills and knowledge of their workforces, especially intermediate skills. Higher qualification levels of both managers and staff boost innovation and are associated with higher technological complexity and originality.

From the findings, turnaround strategy emphasized the improvements of operational efficiencies. Therefore, it is possibly the most suitable tool when a firm's problem is pervasive but not yet critical. They stand on the belief that the market cycle doesn't describe an inevitable course of growth followed by decline. The airline effectively manages its operating costs and has more room to maneuver during the current credit crisis. This is particularly important for the especially when it is struggling to rebuild capital positions damaged by the crisis.

From the findings, the role of culture change in facilitating the rejuvenation and re-adaptation of Kenya Airways. Culture challenges the Kenya Airways past beliefs where these act as signals to workers that these behaviours are satisfactory and may lead to the generations of innovative solution that might have not been possible otherwise. This one may probably be the most appropriate way to effect change in culture to challenge the firm's past beliefs and the other assumptions taken for granted, that may no longer be

significant to the changed situation Kenya Airways face; only then can historic operating routine be abandoned and new employees behaviors adopted.

From the findings, retrenchment strategy is the area organizations which are under economic downturn get appraise when determining whether operation efficiency may be achieved, or else it is the best interest of a company in divesting its assets entirely rather than allowing it to continue with operations at the weakest levels than rivals. Retrenchment was implemented in Kenya Airways to enhance the cost efficiency strategies. Strategies do not have enough impact to stabilize the airline finances, although in the majority of cases it is the natural second step following cost efficiencies.

From the findings, the replacement of an organization's leader commonly takes place in the turnaround processes, and in other case it even triggers the realization that the firm is in a severe difficulty and actions are needed immediately. The replacement of a leader in the airline brings a new perspective and assumption as well as personal with diverse background and experience to the ones they replace. More importantly, new idea on what turnaround strategy the firm can execute. This suggests the benefit to ensure an incredible charismatic boss is in control during the turnaround periods.

From the findings, the strategy which is mostly being used by the airline is stretching account payables that are, paying bills as late as possible without damaging the firm's credit ratings. Stretching account payables strategies help in the reduction of hidden costs of giving up cash discounts in the national carrier. Stretching accounts payable can sometimes be immoral. This may perhaps cause the national carrier to go against the agreements it had signed with its customers when it started the operations.

From the findings, it would have not been really possible for any of declining business entities to turn around without an adequate financial restructuring and with the help of financial institutions and other stakeholders. This change significantly brought the reductions of the operating expense of the firms. Concurrently, strengthening finance functions in the airline is essential. Cash flows need a very close monitoring mechanism in place and financial implications of all important decisions cautiously evaluated.

Finally, the study identified challenges faced by Kenya Airways. These are resistance to change where most of the employees are not ready for the change that is expected of them, change in culture like the introduction of balance score card to measure performance, economic recession, inadequate resources and resource constraints. The issue of non-performing loan persists even after the business is back on track. Large provisions for bad debts are necessary and they have negative impact on the competitive advantage of the Kenya Airways.

5.3 Conclusion

The goal of this research was to identify the turnaround strategy and competitive advantage of Kenya Airways. From the research findings and in consonance with existing theory, turnaround strategy has a positive effect on the competitive advantage of the Kenya Airways. Kenya Airways managed to halt the decline, return to profitability and growth. The airline has continually grown and has a successful listing in the recent years which has enabled the airline to increase its capital base. It has also expanded with a current branch network and recently acquired a financial brokerage firm in attempts to become a one 'stop shop' for financial service.

This therefore indicates that it is possible to return a failing company to profitability if rescue efforts are instituted early enough and the appropriate turnaround strategies are chosen and implemented properly. If that is done well, then the firm's return to profitability is assured in this case. Investment in staff development and capacity building of all stakeholders in this scenario will be of a great significant to Kenya Airways in the future.

Readjusting the context of this study, it can be concluded that most large similar airlines like Kenya Airways have the enthusiasm to change from a declining stage to a growth or profit making organizations. This is based on the review of literature that was considered. The major obstacle is the complex customers' preferences in regard to competition and profits that the firm wants to maintain. Therefore, Kenya Airways has to adjust itself into these two components so that it can become more competitive in the aviation industry.

5.4 Recommendations

Research findings show that the Kenya Airways solved the declines it faced and successfully implemented a turnaround strategy to improve its competitive advantage. The findings demonstrate that for turnaround to be successful there is need to pursue a strategy at any given time.

This is attributed to the fact that the causes of the decline situation most often come from lack of appropriate turnaround strategies. It is recommended that for firms that are faced with decline there is need to pursue a turnaround strategy so as to improve its competitive advantage. A change in top management affected turnaround outcome positively. The implementation of turnaround was successful due to the new and experienced management team who were hired to steer the turnaround process.

Therefore, I would recommend that whenever a firm is faced by a decline and it desires to attempt turnaround it should consider replacing the current management and hire an experienced team to steer the turnaround process of a struggling firm to come back to profitability stage once again. There is also a need to rally for stakeholders support throughout the process.

5.5 Implication of the Study

It is clear that turnaround strategy is a powerful tool and has implications on any firm's competitive position. Organizations partially adapting and implementing a turnaround strategy have indicated a consistent sustainable competitive advantage more than their competitors. The result of this study has policy implication at both macro and micro levels of the Kenyan economy and aviation sector respectively. At the macro level, these results give momentum to Kenya government's policy of encouraging firms and government institutions to embrace the concept of providing quality products and services by way of getting ISO 9001 certified. However, certifications in quality management system do not bring forth competitive advantages. The area of value in research part of turnaround strategy and competitive versus quality certification is the competitive score registered by firms that were one year certified. Certification at this stage does not add value and brings about a distinct competitive advantage.

Therefore, policy makers can justify the reasons for growth of other firms using KCB's reasons for growth as found out in the study. Policy makers can also develop policies in regard to growth of firms in Kenya. The study can enable policy makers obtain knowledge of aviation dynamics and the appropriate turnaround strategies to be applied to enhance competitive advantage and therefore obtain guidance from this study in designing appropriate policies that will regulate the aviation industry in the country.

The government and other institutions involved in the country's policy formulation cannot overlook the aviation industry as one of the major contributor to the country's GDP. Due to this very dynamic airline industry, firms find it more complex to align itself with this ever changing competitive environment, firms will have to consider all factors that come into play in order to ensure success of their firms.

It is therefore inevitable for investment firms such as Kenya Airways to implement a turnaround strategy and competitive advantage to deal with the risks associated with hyper competitive environments. The turnaround strategy will need to be properly designed and effectively implemented. Good implementation of a turnaround strategy is very essential for companies experiencing a profit decline. Firm's competencies and capabilities such as effective leadership, teamwork, positive culture and efficient utilization of resources will at all time play important roles for successful turnaround strategy. Therefore, good combinations of these factors will enable firms to operate viably while gaining a competitive advantage more than their competitors.

The practices that have come out clearly include the need to fully implement the competitive strategy principles and especially the concept of efficient delivery of services focus and effective operation of organizational activities. The companies that implement these principles are assured of sustained competitive advantage.

At the lower level of strategy implementations, organizations are advised to embrace the concept of operations effectiveness and ensuring that processes are driven to higher level of efficiency and effectiveness. These approaches will entail some levels of precision and formalization. As the company improves, then the holistic view of a turnaround strategy should be brought into picture and sustainable implementations of similar competitive advantage.

Turnaround strategy seems assured of a place in management theories. However, the convergence of the various theories of management are seen to be continued occur. More importantly, the relationships between turnaround strategy and competitive advantage are vital to the survivability of a firm. The results indicate that competitive strategy is mainly kin on provision of quality goods, excellent distribution network, and protection of intellectual property rights.

At Policy level, a multi sectoral approach and wide consultations need to be adapted in order to develop realistic guidelines that will ascertain effective implementation of turnaround strategies. This is because turnaround strategy is more challenging to realize considering that they take a longer period and require more resources to stabilize the organizations before profitability can be achieved.

From a conceptual standpoint, the empirical results will contribute to the steadily growing knowledge of turnaround strategies. The empirical results will aid theory building testing new and established theories and frameworks and will either validate or refute the current theories and paradigms. This will advance strategic management, which is still in the pre-paradigmatic stages.

5.6 Limitations of the Study

The study had a number of limitations that will be highlighted briefly. The study was time limiting as it had to be conducted within a short period of time despite it being broad. The managers did not have sufficient time to explain all the issues in detail because they were busy attending to their daily duties and many others.

Being a case study, research findings cannot be generalized for other firms in other industries. This is because management is sensitive to environmental and organizational factors. The study was carried out within limited time and resources. This constrained the scope as well as the depth of the research. In addition, by selecting only the top senior finance, marketing, procurement, operations and human resources managers partly posed a great challenge because their views were likely to be technically biased courtesy of self-interest and the image of the firm.

The methodology selected might have not covered everything other readers or researchers may be looking for since it is a content based analysis which is a pure descriptive method. It describes the information provided by interviewees, which might not have really given the underlying issues facing the firm as observed. The analysis of this research could be limited by availability of information given thus observed trends that may not be absolutely accurate and reflect the reality.

Lastly, although the respondents were assured for confidentiality of the information they will give, still Kenya Airways found it difficult to give confidential information on the institution and stated that it was a company policy since it is undergoing restructuring process that no research would be undertaken unless with express authority of the CEO who was not easy to access.

5.7 Suggestion for Further Research

A further research can be carried out in looking at the situational determinants on turnaround in greater detail for instance the role of change in top management and whether an organization should hire a turnaround expert. A cross sectional survey could be carried out for a longer period to make findings more generalizable. Further research should also be done on other firms apart from the aviation industry so as to see the turnaround strategies and competitiveness applied in the sectors.

There are no much research done on effects and relationship of turnaround strategy and competitive advantage in airline industry in Kenya. Moreover, further research is recommended which should heavily concentrate on the competitiveness and growth airline industry in the East African region.

Studies concerning the viability of turnaround strategy and competitive advantage in the aviation sector need to be established in this case as a mean of achieving competitive advantage as well as establishing and maintaining competitiveness. Studies can also be done to establish the effects drive the competitiveness of implementing turnaround in the airline industry.

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