

COMPETITIVE STRATEGIES AND PERFORMANCE

AT FIVE FORTY AVIATION LIMITED KENYA

BY

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DECLARATION

This research project is my original work and has not been submitted to any University, college or institution for academic credit.

Signature:

Date:

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This research project has been submitted for examination with our approval as the appointed supervisors.

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DEDICATION

To my friends at The University of Nairobi Kisumu Campus I dedicate this project to you for your support during my time at the institution. My Wife Cynthia Ocharo and family members I dedicate this project to you.

ABBREVIATIONS AND ACRONYMS

BSC	Balance Score Cards
CEO	Chief Executive Officer
EABL	East African Breweries Limited
RBV	Resource Based View
SPSS	Statistical Package for the Social Sciences

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ABSTRACT

Changes in the business environment occasioned by development in information communication and technology and globalization have called on organizations to rethink their strategies in order to maintain the competitiveness. Competitive strategy is a long-term plan of an organization to enable it gain a competitive advantage over its competitors. The ever-changing business environment has increasingly made it difficult for firms to operate due different factors ranging from: technological innovations, economic factors and competition. Organizations need to align their operations in the changing business industries due to increased competition. The key objective of this study was to determine the effect of competitive strategies on performance of Five Forty Aviation Limited Kenya. This study was guided by Resource Based view theory and advanced by Dynamic capabilities theory. This study was accomplished through descriptive case study design because the focus in on one organization. Case study was used due to its deeper understanding of the inside organization and keenly illustrated the competitive strategies adopted by the flight 540. Primary data was collected by use of interview guides while data collection sheets was used to collect secondary data. Secondary data was collected on a five-year time horizon; 2013-2018. Content analysis was used in analyzing qualitative data collected from open ended questions. For quantitative data on performance, the study employed descriptive statistics including means and standard deviations and graphs that showed trends. The study established Fly 540 had adopted the following cost cutting measures; their firm had adopted a long-term mindset in pursuing sustainable cost optimization, fly 540 made a clear and realistic target, they leveraged their existing client base and ensured that their staffs were productive and worked efficiently. The study established that Fly 540 had increased the life cycle of its customers by focusing on its market segment. The study pointed out that Fly 540 embraced wide variety of mechanisms for seeking and learning customers' needs. Fly 540 products and services designs were based on meeting the needs of the customers. The airline has focused on offering cheap and accessible airlines that are easily accessible and affordable. The study concludes that Fly 540 had earned economies of scale. The study concludes that Fly 540 provided cheap and affordable flight prices as compared to the other airlines. The study further concludes that Fly 540 product and services design were based on meeting the needs of the customers. Fly 540 offered many local destinations that other airlines didn't offer. Fly 540 introduced new routes as compared to the competitors and they were effective in their service delivery. Fly 540 products and services designs were based on meeting the needs of the customers. Fly 540 embraced wide varieties of mechanisms for seeking and learning customers' needs and expectation. The study recommends that Fly 540 ought to find strategies in order to earn economies of scale. Fly 540 ought to embrace technology to minimize costs and partner with suppliers to reduce cost of inputs while maximizing output. Fly 540 ought to offer and improves it services by offering many local destinations that other airlines don't offer. Fly 540 ought to use and formulate unique advertisements techniques that for improved market edge. Fly 540 product and services design ought to be based on meeting the needs of the customers. Fly 540 ought to embrace wide variety of mechanisms for seeking and learning customers' needs and expectation.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Changes in the business environment occasioned by development in information communication and technology and globalization have called on organizations to rethink their strategies in order to maintain the competitiveness. Every firm competing in an industry has to develop and implement a competitive strategy whether explicit or implicit (Teeratansirikool, Siengthai, Badir & Charoenngam, 2013). To ensure survival the ever-increasing competition, firms have to develop both capacity and capabilities to manage threats and take advantage of the strengths to capture emerging opportunities promptly. This requires sustainable competitive strategies formed to ensure a firm is able to maximize its available resources to separate it from rival competition (Cusumano, Kahl & Suarez, 2015).

Competitive strategy involves being diverse by selecting an alternate choice of processes to circumvent a blend of value addition plans that is exceptional to the organization (Tanwar, 2013). It is about focusing on a plan by situating and separating oneself from rivals in an industry. A strategy basically describes a game plan developed by management of an organization to stake out a market position that would bring about organizational growth (Pearce & Robinson, 2000). Porter (1980) states that a firm striving to gain competitive advantage can incorporate strategies which include cost leadership, differentiation and focus strategies. In cost leadership strategy, a firm strives to be a low-cost producer while for differentiation strategy, an organization clearly distinguishes

product offering from the rivals. In focus strategy, an organization narrows down and concentrates to a particular target niche or segment in the market (Porter, 1980).

Competitive strategy concept study was directed by two theories: The Resource Based View (RBV) and the dynamic capabilities. The RBV suggests that possession of unique, rare and valuable resources which cannot be easily imitated nor substituted enables organizations to earn super normal profits. This theory primarily believes that possession of unique and rare resources can form a core basis for competitive advantage of firms (Panwar, Nybakk, Hansen & Pinkse, 2016). This theory is relevant in explaining the position of firm resources in building a competitive edge. The dynamic capabilities on the other hand was developed by Teece, Pisano and Shuen (1997) to explain how organizations need to adapt to external environment using their internal capabilities. This theory assumes that very important competencies must be applied to increase the bargaining position of an organization in the short run which if maintained could lead to long term competitive advantage (Kumlu, 2014).

Kenyan aviation industry has had mixed fortunes over the last years. The aviation industry is faced with high operational costs due to rising prices of fuel in the global market. This has necessitated local airlines formulate different strategies to enable them survive in the ever-changing environment. Organizations that are successful make strategy a priority to gain a competitive advantage by building their competencies so that they would serve the real backup for the business strategies of the business units of the corporation (Brynjolfsson, Hu & Rahman, 2013). There is need for the Five Forty Aviation Kenyan airline to be ready to realign its business strategy to the ever-changing environment for

survival. This study therefore sought to interrogate the various competitive strategies adopted by Fly540 Local Airline to gain a competitive advantage over the local airlines due to the different challenges experienced in the Local aviation Industry.

1.1.1 Competitive Strategy

According to Wang and Chiu (2014), a strategy is the glue that creates a match between the resources possessed and controlled by an organization to the environmental opportunities with the aim of minimizing the risks and challenges experienced in day to day organization operations. Competitive strategy is a long-term action plan of an organization to enable it gain a sustainable competitive advantage over its competitors (Laari, Töyli & Ojala, 2017). Competitive strategy is defined as the continuous but long term plan of action of a particular company so as to have a competitive advantage over its rivals in the market. It also discusses low-cost or differentiation as some of the dimension's firms can adopt to accomplish maintainable preferred competitive advantage in the market. Montgomery (2013) sees competitive advantage as what a firm is doing so as to pick up a maintainable Competitive favorable position. Michael porter (1989) defines competitive strategy as the need of strategy formulation and implementation for survival.

Tsai, Saito, Lin, Chen and Zhou (2015) argues that when an organization processes a competitive strategy that is not being implemented at the same time these other firms are then it is said to have a competitive advantage over its rivals. From the finding of competitive strategy different scholars appear to agree on the aspect of competitive strategy focusing on gaining an advantage in positioning its self above rivals. Having a competitive strategy is a key to organizations to ensure that it has a plan of action to guide it in ensuring

return on investment, survival and also growth in the market. The strategy would assist managers to analyze the current position of the firm, draft strategic objectives in various thematic areas to aligning them with the vision and then craft a strategy that would enable the firm vision turn into reality. In such a changed economy it is in this way basic the sorts of aggressive procedures and full usage of the methodologies that would decide if an organization is successful or not. It is for this reason that this study intends to identify the competitive strategies adopted to maintain a competitive edge over their rivals in the Industry (Lee, Chen, Tsai & Wang, 2014).

Akingbade (2014) propose that organizations consolidate assets and aptitudes into center capabilities approximately characterized as that which a firm does well than its Competitors. In this way firms may prevail with regards to building up a practical upper hand by consolidating aptitudes and assets in extraordinary and continuing ways. By consolidating assets in this way, firms are able to plan how to arrange every one of workers' endeavors to encourage development of certain skills. Shin (2014) four forces states that a firm in an industry faces threats by new or potential entrance, availability of substitutes to their products or services that they offer in global Competition. These hindrances can be identified with specialized attributes of perishability, bulk, and quality, Legislations, Rules and Standards.

1.1.2 Organizational Performance

Organizational performance is how well an organization attains its goals and objectives within a stipulated time frame. An organization can measure its performance by use of either financial or non-financial measures. Performance is an underlying indicator of why organizations exist. Financial measures of performance are quantitatively expressed. It is measured using return investments, assets, equity and profitability. Financial performance is an underlying reason why firms (especially for-profit firms) exist (Ubochioma, 2016).

Non-financial measures of performance are mostly expressed in qualitative terms. Being qualitative means, they are so subjective. Financial performance covers people and the environment. The people aspects of non-financial measure of performance include employee morale, customer satisfaction and loyalty. The environment measures of performance assess the overall effect of operations of the business to its surrounding. This is usually presented in a sustainability report in most organizations today (Yang & Pangastuti, 2016).

Organizations today have advanced in the way they measure their performance. This has seen adoption of Balance Score Cards (BSC). A BSC links performance of an organization to its overall strategy. It is made up four perspectives; learning and growth, financial, customer and business process perspective. Financial perspective is the basis of organization performance of any business (Kaplan & Norton, 1992).

1.1.3 The Fly 540 Kenya Airline

FLY 540 (Five Forty Aviation Limited) is a domestic low-cost airline which operates scheduled passenger domestic, international and freight services. Five Forty Aviation limited is based in Nairobi and was incorporated on the 11th January, 2006 with Lonrho Africa as a major investor in the company paying USD 1.5million for 49% stake in the company.51% of the remaining stake is owned by the management of the company (Five Forty Aviation limited). Mr. Don Smith is the Chief executive officer. The vision of the firm is to deliver a safe and secure operation with a user-friendly product which gives good value and reliable service for all customers. The partnership of Lonrho and Five forty aviation limited led to the establishment of the first premier low-cost airline in East Africa.

The Firm concentrates on conveying the First International Standard Pan African Airline that gives quality provincial dissemination to International Flights flying into Africa and the capacity for travelers in Africa to travel territorially. It's worth noting advances have been made on setting up the three key centers that would give the foundation of the FLY540 Pan African Network namely Kenya, Angola and Ghana.The association structure involves seven (7) departments with their heads answering to the CEO. The departments are: Finance, Information Systems, Commercial, Technical, HumanResources and Administration, Flight Operations and Ground Handling.

FLY 540 started operation between Nairobi and Mombasa on November, 24 2006.The services initially operated twice daily using 48-seater. The Airline has since then successfully developed to become one of largest carrier in Kenya serving a capacity of up to 20,000 passengers a month within the domestic market. The airline operates from Jomo

Kenyatta International Airport and Wilson Airport as its hub. The Airline crew and engineering team are professionally trained and certified to International Civil Aviation Organization Standards. Fly 540 now operates the following routes; Mombasa, Nairobi, Kisumu, Eldoret, Lodwar, Lokichogio, Lamu, and Homabay. The researcher carried out a study on Fly 540 due to the increased competition in the airline industry. The researcher focused on Fly 540 to investigate whether the airline had embraced competitive strategies to remain relevant in the market.

1.2 Research Problem

The ever-changing business environment has increasingly made it difficult for firms to operate due different factors ranging from: technological innovations, economic factors and competition. Organizations need to align their operations in the changing business industries due to increased competition. There is growing competition and improvements due to good quality service, informed customers, and lower fares (Thome, 2013). This has increased the demand as even those were not flying before are able to fly due to the low costs. Strategies give structure to a firm to react to the different changes inside the organizations working condition. Information technology, globalization and knowledge management adopted by the companies has provided basis for organization to craft unique services that meet preference change of their customers. The airline has come under stiff competition as more firms have joined the industry, this therefore calls for all firms in airline to improve their strategies for better achieved performance (North & Varvakis, 2016).

There has been a rise in demand for the small low-cost airlines in the Kenyan market due to several reasons. This includes but not limited to; robust economic growth, increase in urbanization and emergence of the middle class in Kenya recently. However, the market has seen introduction of new other providers who have increased the competition for customers. This has seen a reduction on customer fares which have negatively impacted on financial performance of many airlines. In some cases, Fly540 Airline Company has had to reschedule its flights and terminate some routes so as to minimize operational costs. This has therefore called for a rethought on competitive strategies to ensure continued positive performance.

Prior empirical studies both globally and regionally have been conducted on competitive strategies. Fathali (2016) examined the extent to which competitive strategies affected the level of corporate innovations among automotive industry in Iran. The findings indicated that three competitive strategies cost leadership, differentiation, and focus accounted for variations in innovation dimensions. Teeratansirikool, Siengthai, Badir and Charoenggam (2013) focused on examining the relationship between competitive strategies and firm performance by assessing the way measurement played a mediating role among firms operating in Thailand. Findings indicated that differentiation strategy bore the highest influence on performance.

Locally, Muia (2017) examined the effect of competitive strategies on the performance of insurance companies in Kenya and established that most of the firms charge lower prices than the competitors and heavily invest in sales promotion. The findings also established that many deals with broad product serving wider market while majority constantly target

a specific market. Baraza and Arasa (2017) focused on establishing the effect of competitive strategies on performance of manufacturing firms in Kenya with specific reference to East African Breweries Limited (EABL). The results indicated that cost leadership, differentiation and focus are critical because they influence decision making and hence organizational performance. These studies by (Muia 2017: Baraza and Arasa,2017) concentrated on different contexts thus limiting the application of their findings to the current study.

A study by Yienya (2009), focused on Competitive strategies adopted by Fly540 Kenya airline. However it did not focus on the performance of the firm. The current study was carried out since the level of technology has changed drastically over the years and the company has adopted new technologies, the number of local airlines were few whereas customers may have changed their preferences and the level of competition has increased as compared to 2009. This study therefore sought to respond to one research question: how does competitive strategies affect performance of Five Forty Aviation Limited?

1.3 Research Objective

The objective of this study was to determine the effect of competitive strategies on performance of Five Forty Aviation Limited.

1.4 Value of the Study

This study would build on adding value and knowledge to existing theory. The findings of this study might be used by future researchers and academicians to build on existing

research. The developed literature would extend the existing empirical studies on competitive strategies besides suggesting areas for further researcher.

The findings of this study will act as a guide to Airlines top management in practice towards developing competitive advantage and strategic positioning in the Air travel and assist in allocation of resources for sustainable competitive advantage.

The findings of this study would be of value to policy formulators in government and the aviation industry to understand how the low-cost airlines use various strategies to gain competitive advantage and formulate policies in the aviation industry.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents literature as written by other scholars and researchers on the subject of competitive strategies and firm performance. It outlines the theories on which the study was anchored before presenting the empirical literature that guided formulation of research questionnaires. It also presents the relationship between competitive strategies and organization performance before expressing summary in the literature reviewed.

2.2 Theoretical Foundation

This study was guided by the Resource based view theory and Dynamics capabilities theory all which states how organizations need to react due to the ever changing business environment.

2.2.1 Resource Based View

This theory was formulated by Wernerfelt (1984) and holds that resources of an organization help in gaining of competitive advantage. Resources according to the theory are divided into tangible and intangible resources. RBV argues that for an organization to transform short term competitive advantage into sustainable competitive advantage, resources should occur in a varied form with imperfect mobility (Nielsen, 2006). Resource diversity argues that firm holding resources that competitors have do not gain competitive advantages. Resource immobility is a resource that competitors cannot access due to high acquisition and development costs incurred (Teece, Pisano & Shuen, 1997). Therefore, the

manner in which an organization develops labor, then competitiveness is established through creation of culture, skills and knowledge that are difficult to imitate and they are unique.

This theory suggests that any business organization is endowed with numerous resources. While some of these resources can be touched other cannot be touched. Resources that one can touch are general referred to as tangible resources. They include machineries, building and physical structures of an organization. Resources that one cannot touch are also referred to as intangible resources. They include copy rights, patents and trademarks. Firms use these resources to gain competitive edge on other rival firms in the market or industry.

Resource-Based View theory views a firm as an aggregate of resources that management of an organization translates into weaknesses and strengths of an organization. According to RBV, firms gain sustainable levels of competitive advantage when it deploys valuable capabilities and resources which have inelastic supply (Sadeghifar, 2015). RBV holds that the competitive position of an organization is due to strategic resource endowment. Such strategies resources are costly to substitute and imitate, they are rare and valuable in nature. Resources of an organization can either be intangible or tangible (Tantalo & Priem, 2016). Tangible assets are made up of bundles of resources in an organization that one can feel and touch. Intangible resources can neither be touched nor felt, they are created by managers and staffs of an organization (Yeung & Coe, 2015). They include things like reputation, brand names, knowledge based of employees gained through experience, intellectual property of the company like trademarks, copyrights and patents.

Tangible assets include property rights while intangible assets include copyrights, patents, brand names and technological expertise. A firm was only able to gain competitive when it possesses this two class of assets (Wilden & Gudergan, 2015). A firm possesses resources and capabilities that have two assumptions, that is they must be heterogeneous and the differences between capabilities and resources of the firm need to be long lasting. The two assumptions explain how a firm X would likely beat firm Y both belonging in the same industry. This theory was relevant to the study as it states how an organization can be successful in getting and managing valuable resources in order to be effective and be ahead of their competitors. Organization can hence value addition for its customers through resources.

2.2.2 Dynamic Capabilities Theory

The theory developed by Teece, Pisano and Shuen in (1997). The dynamic capabilities which focus on competencies renewal with the sole purpose of achieving congruence with the changes taking place in the market. It argues that dynamic capabilities which bring about competitiveness are built as they cannot be bought in the market (Nair, Rustambekov, McShane, & Fainshmidt, 2014). They generalize arise from internal processes within an organization.

Teece, Pisano and Shuen (1997) defined the concept of dynamic capabilities in their paper as the ability of the firm to build, reconfigure and competencies within and outside an organization to address unforeseen changes. The concept of the theory came from the key shortcomings of the RBV of the firm which had ignored factors that surround resources instead of assuming that that exist. The dynamic capabilities theory attempts to bridge the

gaps through the adoption of process approach, changing business environment and acting as a buffer between the resources of a firm. Dynamic capability theory assumes that its core competences should be used in modifying short-term competitive positions that may be of good used in building long-term competitive advantage.

This theory assumes that the competencies should be used to enhance and build short-term competitive edge which end up building and developing long-term competitive advantage. Resources can take many attributes of the dynamic capabilities which makes it easy for the firm to benefit from the operations in a rapidly changing environment (Sklyarov et al. 2015). RBV emphasizes on the choice of resource while dynamic capabilities deals on the development and renewal of resources. Dynamic capability theory is concerned with the development of strategies for senior managers to help adopt radical discontinues change for effective competitive survival. Dynamic capabilities theory focuses mire ion the issue of competitive survival regarding to the rapidly changing business environment.

This theory has been selected in this study because the capabilities it proposes are significant in enabling organizations respond to the challenges posted by the dynamic business environment that has the potential of negatively affecting the continued performance by making the present capabilities obsolete.

2.3 Competitive Strategies

Competitive strategy comprises action plans, moves and methodologies that a firm has and is taking to draw in purchasers, withstand competition and enhance its market position (Waiganjo, 2014). A firm is considered to have achieved a competitive advantage when it

has an edge over its competitors in securing clients and retaining them against any rivalry forces. Sustainable Competitive advantage is conceived out of center capabilities that yield long haul advantage to the organization (Porter, 1998) Porter characterizes a center skill or competence as a territory of specific aptitude that is the after effect of fitting complex innovations and work action. Porter additionally clarify that a core competence has three attributes. First it gives access to a wide assortment of business sectors. Furthermore, it increments client benefits and in conclusion, it is hard for competitors to imitate. High quality products, superior customer service and lower costs are some of the sources of sustainable competitive advantage (Brondoni, 2014).

According to Peters and Zelewski (2013), competitive advantage concerns what a firm is doing so as to pick up a maintainable upper hand. The three ways to achieve competitive advantage these being; striving to be the general low-cost leader, differentiation separation technique and finally focus by concentrating on a restricted part of the market (Oyewobi, Windapo & James, 2015). Firms that adopt strategies that are deemed competitive should have a sustainable competitive advantage over their rivals. Porters generic strategies were a speculation conducted under firms in USA and can be applied among low cost airlines in Kenya. Pulaj, Kume & Cipi (2015) contends that discoveries of studies did in one culture couldn't be assumed to apply to different societies or cultures unless that was supported by new finding in research. He argued that the social setting, in USA is altogether different from that in Kenya.

2.4 Business -Level Strategies

Business strategy deals with key choice under the specialty business units about how clients' or customers' needs can best be met as indicated by (Valdani & Arbore, 2013). Business Strategy deals with effective competition (Johnson and Scholes,1999). Business-level reactions alludes to plans of activity that managers adjust when utilizing an organization's assets and particular skills to achieve a competitive advantage in a market or industry. Organizations in this manner seek after business level strategies to enables them to beat equals and accomplish better than expected returns against their rivals.

The generic strategy of focus rests looks and selects a narrow competitive scope in the Market. Neumann and Brown (2013) state that the serving just a small portion of the market and not the whole segment is the distinguishing factor in the strategy. The focus strategy has two variants namely the cost focus and differentiation focus. In the cost focus a a firm will focus on selling at a low cost than competitors, in differentiation a firm will seek to custom a product based on consumer needs. Both variants of the focus strategy rest on differences between a focuser's target segment and other segments in the industry (Kungu, Desta & Ngui, 2014).

Porter (1980) indicates that is a target segments there must exist buyers who want goods or services that are of a different specialty. Cost focus will entail lower costs that any other rival in the market for the same product and differentiation is based on the customer needs. An organization pursuing a focus strategy will succeed in differentiated product from its competitor as per the customer needs or in providing the product at a lower cost or in some cases both. Kaya (2015) argues that when the target market is large enough to generate

profits or its costly to for competitors to have the capability and capacity to ensure they fully satisfy the customer needs or if the industry has many segments which allows a firm to pick competitively and compete against the challenges then the market becomes attractive for the firm.

Kapto and Njeru (2014) observed that managers assess and pick systems that they think would make their business effective. Organizations are successful on the grounds that they have some favorable position with respect to their rivals. The backbone of competitive edge is within the business' cost structure and a firm's capability to separate the business from contenders and core interest.

Focus strategy dwells on serving specific market specialty which can be characterized geologically by sort of client or by portion of the product offering (Arthur and Hrac,2015). It is coordinated towards serving the requirements of a restricted client gathering or a fragment thus the organization is had practical experience somehow. This strategy gives a chance to a business firm to discover and build up a creative item that a client can't manage without. The organization has tremendous chance to build up its own specialty and compete with firms in low cost and differentiated products with larger firms. Focus technique utilizes either low cost initiative or differentiation on a specific purchaser group, fragment, product offering and geographic market (Gamble, Thompson & Peteraf, 2013).

Focusing on a market segment enables organizations to contend on the premise of low cost or differentiation against substantially bigger organizations with more prominent assets. Applying the focus strategy enables a business to know their market needs and set up individual association with clients to guarantee more concentration is given to them (Carré,

Tilly & Appelbaum (2014). Low cost and differentiation strategies provides approaches on ways to deal with business. A firm which is satisfied to trade as a low cost strategist is discernible from one that contends through differentiation strategist in realigning itself with the available assets and capacities and in addition firm attributes.

In cost leadership, a firm sets out to become the low-cost producer in its industry. According to Littler (2015) the sources of cost advantage are varied and depend on the structure of the industry. They may include superior technology, economies of scale pursuit, easy access to raw materials and other factors. A low-cost producer must find and exploit all sources of cost advantage. A firm is an above average performer if it can have a sustainable cost advantage as long as it command prices of the the industry average.

A low-cost leader basis for competitive advantage is maintaining a lower cost than competitors in the market. Successful low-cost leaders are exceptionally good at implementing means to drive costs out of their businesses plans (Banker, Mashruwala & Tripathy, 2014). Success in achieving a low-cost edge over rivals arises from managers ensuring they are above the competitors rivals in performing value chain activities cost-effectively and eliminating activities that don't add value to the product or service. Bench marking is key to low cost leaders in keeping close tabs on how their costs compare with rivals and firms performing comparable activities in other industries. But while low-cost providers are champions of frugality, they are usually aggressive in investing in resources and capabilities that promise to drive costs out of the business. Hilman and Kaliappen (2014) highlighted that striving to be the industry's overall cost provider is a competitive approach in many markets as buyers are price sensitive.

An organization's objective in seeking being a cost leader is to beat rivals by doing all that it can to deliver products or services better than a competitor at a lower price. The cost pioneer picks a low level of differentiation (Kaliappen & Hilman, 2013). A firm can contend by either providing an indistinguishable product or services at a cost that is lower than their rival as a cost advantage. The firm can likewise set a top-notch value that surpasses the minor expenses of separation for cost advantage. Business success based on cost advantage entails that the firm must have the capacity to sell its item or service at a cost beneath what its rivals can accomplish (Rothaermel, 2015).

The goal of differentiation technique is to accomplish an upper hand over your competitors by making a product or service seen by clients to be interesting or unique. A firm can charge a premium price for a product when it has a competitive edge that allows it to do so (Barin, Boehe & Ogasavara, 2015). Differentiation requires that the business have an advantage that permit it furnish purchasers with products extraordinarily incentive to them. The differentiated strategy should enable the business to give a Product at a cost higher than the value price to the purchasers. At the end of the day, the buyer achieves value for money regardless of paying the extra cost of the item well underneath what the item or service is worth. Differentiation is achieved by adding something unique in the value chain to buyers (Shen, Wang, Zhang, Yang, Hu & Shen, 2015).

In using a broad differentiation strategy a firm intends to be unique by providing goods or services to customers. Differentiation strategies become attractive preferences and needs of customers are too diverse to be fully satisfied by a standardized product with identical capabilities (Rong, Hongshan & Jiang, 2013). For a firm to succeed in the differentiation

strategy their focus must be to carry out a research on buyer needs and how much they are willing to pay then incorporate buyer need its product or service offering that should set it apart from other competitors. Competitive advantage occurs once a sufficient number of buyers become strongly attached to the differentiated attributes (Flenskov 2017).

Bellia, Pilato and Seraphin (2017) argue that differentiation is about understanding the customers preferences and not just about being unique. As is quoted by Zangar Gharbi & Abdennebi (2016) differentiation comes about changes in the value chain to ensure that customers get a product that they desire. Firms that have good research and development teams, superior sales and marketing, good technological innovations and access to raw materials at a cheap price have the ability to succeed in the differentiation strategy. Hilman and Kaliappen (2014) points that firms differentiate their goods and services to ensure they satisfactorily meet the customer needs gaining a competitive advantage. This gives room for firms to concentrate on value that generates higher margins compared to its competitors. The advantage of differentiation is that the producers should segment the market to target specific segments. This assists in achieving higher than average price. These costs involved in differentiation should be recovered from revenue generated sales (Cattani, Dunbar & Shapira (2017). Differentiation can easily be copied by competitors. It is imperative to offer incentives to research and development to continuously improve. Some corporate target smaller market segments to offer special customer needs. This could entail identification of a need and developing products that fit customer needs. Firms might use differentiation as a strategy to enter an industry and produce similar but unique products and services Samuel, Siagian & Octavia, 2017).

2.5 Competitive Strategies and Organizational Performance

Performance indicates the level which an organization utilizes its resource to create value stakeholders. Through performance, an organization is able to compare the actual versus the planned results on a given time horizon. Performance can be measured through financial or non-financial indicators. The financial measures of performance include the use of return on assets, return on equity. On the other hand, non-financial measures of performance include customer satisfaction, customer retention and employee efficiency (Par & Shaw, 2013).

Hamann, Schiemann, Bellora and Guenther (2013) argue that, organizational performance can be measured using four major buckets; effectiveness (whether an organization can achieve its objective), efficiency (ability of an organization to use its resources properly), relevance and finally financial viability (How long the organization has remained profitable). Measurement of an organization performance may vary depending on the nature of organization. Some of the important aspects of organizational performance include: revenue generated, motivated workforce, organizational culture and organizational systems and processes

Organizations today have experienced a paradigm shift in the way they determine their performance as by increased recognition of the four perspectives of performance provided by the Balanced Score Card. Kehoe and Wright (2013) argued that the four perspectives of the BSC include learning and growth, financial perspective, customer perspective and business processes perspective. Learning and growth looks at skills growth and expertise among employees so as to determine their efficiency and carrying out their duties (Ambec,

Cohen, Elgie & Lanoie, 2013). Business processes assess how well the processes are aligned to organizational mission and vision. Customer perspective is more concerned with meeting and surpassing customer expectations. Customer perspectives can be measured using market share and the level of customer satisfaction (Combs, Russell & Shook, 2005).

2.6 Research Gap

Managers have to develop effective positioning strategies to enable them gain a competitive advantage over their rivals. In his award-winning Harvard business review article, Porter illustrates the importance of a well-organized interconnection with the studies on Southwest Airlines (Porter, 1996). When implementing the strategies there is always a challenge of merging all issues with the available resources. Porter (1998) illustrates some of the challenges in terms of risks and technological challenges that render investment in technology, inflation in costs of inputs that increase the firm's costs inadequate financial resources and inadequate skills in the human resource are challenging in the implementation of a firms strategy. A study done in strategies adopted by different firms illustrates the need to implementing the strategy taking in account the context on the industry and the environment that the firms operate.

With the current entrance of new low cost airlines in the Kenyan airline market, firms like Fly540 are faced with challenges of fighting competition by the new entrance in the market. Firms have to react to the price changes by other competitors when there is an increase in the prices of travelling to the same destination. Due to increase in operational costs, a firm might have to increase its prices of products or services. This can lead to customers changing their preferences to the cheaper airline. In the case of the low-cost airlines in

Kenya there has been new entrance to the market since Fly540 entered as a low-cost airline. Previous studies done by Muia(2017), Baraza and Arasa(2017) may not apply due to the context of the study , due to the time lapse the study by Yienya(2009) may not apply currently. This study investigated the strategies Fly540 Airline adopted to fight off competition from new entrance.

2.7 Summary of the Knowledge Gap

Akingbade (2014) carried a study on effect of competitive strategies on improved performance of selected Nigeria telecommunication companies. This study was carried out in a different contextual setting hence the findings may not be applicable on the current study. Baraza (2017) carried a study on effects of competitive strategies on performance of manufacturing firms in Kenya in East Africa Breweries Limited. The study was carried out in different contextual setting hence the findings may not apply at Fly 540. Fathali (2016) sought to examine the impact of competitive strategies on corporate innovation in automobile industry, the study had a different contextual setting on corporate innovation while the current study focused Fly 540.

Kaliappen and Hilman (2013) carried a study on effect of enhancing organizational performance through focusing on cost leadership strategy and competitor orientation, this study did not however focus on differentiation strategies. A study focusing on attention focus strategy of physiological and motor performance was carried out by Neumann and Brown (2013). The study did not however look at the effect of cost leadership strategy and differentiation strategies, hence the findings of this study had a different conceptual setting.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides details on how the study was conducted in terms of data collection and analysis. It specifically identifies the design to be followed by the study in ensuring exhaustive delivery on the objectives, the data collection, and analysis. All these are discussed in detail below.

3.2 Research Design

This study is longitudinal as our case study was the only company registered under the same name therefore the study was accomplished through descriptive case study design because the focus is on one organization. Case study was used due to its deeper understanding of the inside organization and keenly illustrated the competitive strategies adopted by the flight 540. Case studies were important in collection of more insight information about a unit of analysis which was not easily brought out by other designs like cross-section and surveys. This research design has been successfully used by similar studies (Yienya 2009). The use of descriptive design helped the researcher to determine how competitive strategies had affected performance of Five Forty Aviation Ltd.

3.3 Data Collection

The study collected both primary and secondary data. This was done through the managers (marketing, IT, HR and Admin, technical and ground operation). Primary data was collected using interview guides while data collection sheets were used to collect secondary

data. Thus, while secondary data was quantitative, primary data through an interview guided was quantitative. Secondary data was collected on a five-year time horizon; 2013-2018. Qualitative data was collected focusing on the competitive strategies used in the Fly 540 airline company. The study focused on top management units at the Company as at June, 2018.

3.4 Data Analysis

Content analysis was used in analyzing qualitative data collected from open ended questions. Content analysis utilized an arrangement of classification for making substantial and replicable deductions from information to their specific situation (Baulcomb, 2003). The study being conducted required the use of the tool of analysis mentioned above. These tools were used to determine the competitive strategies used by the Fly 540 airline company. The findings were presented as a narrative of the issues raised during the interviews. For quantitative data on performance, the study employed descriptive statistics including means and standard deviations and graphs that showed trends.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The study aimed at finding the effect of those different competitive strategies had on performance at the Fly 540 airline in Kenya. To achieve this, the study targeted senior management in data collection using an interview guide. The study targeted eight senior managers, however, owing to their busy schedules; six managed to schedule and attend Which Formed the Basis of This Analysis.

Table 4. 1: Population

Classification (Manager)	Population
Marketing	1
IT	1
HR and Admin	2
Technical	1
Ground operation	1
Total	6

Source; Research Data (2018)

4.2 Background Information

The interviewer sought to find out the appropriateness of the target interviewees in providing data for the study. To ascertain this, information of the highest level of education was requested. From the responses, the interviewees were educated as majority held

bachelor's degree with a few having attained post graduate degree in different fields. This shows that they would understand the questions asked hence provided information which is relevant for the study.

The interviewees were further asked to indicate the period they had worked at Fly 540 so as to ascertain their level of understanding on the processes and procedures in the organization and how they impacted on performance. From the response, the interviewees had served in the organization from four to twelve years. This shows that the interviewees had served in the organization long enough hence had a clear understanding of its operation and strategic management processes. The interviewees also indicated that they had served in varying capacities since joining the organization. This shows that they had a clear understanding of how the organization operated hence were better placed to provide information sought by this study.

The interviewer asked the respondents to indicate their current position at Fly 540 Airlines in Kenya. From the response, the interviewees held senior management positions an indication that they were determinants of the competitive strategies adopted and formulated in Fly 540. This shows that they were appropriate for the study as they were conversant with Fly 540 airline competitive strategies adopted and their influence on performance, therefore relevant information was sought.

4.3 Cost Leadership

The interviewer asked the interviewee to indicate whether their organization had adopted cost cutting measures. The interviewee indicated that their firm had adopted the following

cost cutting measures; their firm had adopted a long-term mindset in pursuing sustainable cost optimization, Fly 540 made a clear and realistic target, they leveraged their existing client base and ensured that their staffs were productive and worked efficiently. The interviewee also indicated that Fly 540 had cut non-critical team activities and benefits, reviewed all decretory and miscellaneous spending and sought professional cost management advice. These measures helped the organization to gain more profits; it provided a basis for more dividends to the shareholders, more bonuses to the staff and more retention of profit for expansion of the business.

Interviewees were further asked to indicate if their organization had earned economies of scale. From the response, the interviewees indicated that their firm had invested in technology that improved stock control, the firm had specialized in workforce to certain task, and this led to increased output. Interviewees also indicated that their firm had adopted marketing economies of scale by spreading its marketing budget and advertising over a large output. The responses also established that the Fly 540 was rated by the financial market to access to a credit facility with favorable rates. Interviewees indicated that efficiency was enhanced due to the following; cost reduction increased profit, increased productivity, provided more revenue and provided more money for labor welfare scheme and thus improved men-management relationship.

The interviewer requested the interviewee to indicate how their advertising costs had moved over the last five years. From the response, the study found out that the advertising costs were steadily increasing over the years. This was due to increased use of technology in the universe, hence it's clear that the advertising spend was growing at a healthy clip

and that this was expected to continue in the coming years. This agrees with Peters and Zelewski (2013) who states that competitive advantage concerns what a firm is doing so as to pick up a maintainable upper hand.

The interviewees were asked to indicate whether their company experienced low R&D costs. From the response, the study established that Fly 540 invested heavily on R&D capabilities due to the evolving business environment. Interviewee indicated that they conducted R&D to remain relevant due to innovations and to update their existing products and conduct quality checks. The responses therefore show that Fly 540 experienced high R&D costs. High quality products, superior customer service and lower costs are some of the sources of sustainable competitive advantage (Brondoni, 2014).

The interviewee asked the interviewees to indicate whether their company embraced technology to minimize costs. From the response, majority of the interviewees indicated that their firm had installed the applications that allowed staffs to automate wherever possible thus reducing overhead costs and increasing productivity. Fly 540 had moved IT infrastructure to the cloud and opted and used free apps and tools where necessary. This enhanced better productivity with reduced cost. For instance, when applicable the company used free apps rather than installing and creating its own hence saving on costs.

The interviewees were asked to indicate whether their company partnered with suppliers to reduce cost of inputs. From the response, interviewees indicated that their companies had partnered with Qatar Airways and Fly-SAX charters. The response therefore show that this partnership led to reduced costs and influenced better performance of the airline.

4.4 Differentiation

Interviewees were asked to indicate whether their company had been able to offer unique market driven products and services. From the response, interviewee indicated that their firm provided cheap and affordable flight prices as compared to the other airlines. The response also established that Fly 540 had offered many local destinations that other airlines didn't offer. The responses therefore show that Fly 540 airline provided unique market driven products and services.

Interviewees were asked to indicate their company was able to improve services delivered to customers compared to the competitors. From the response, Fly 540 had introduced new routes as compared to the competitors and they were effective in their service delivery. The responses also established that the customer care service offered by Fly 540 airlines was impressive hence their customers indicated their level of satisfaction. The findings are in support of Waiganjo (2014) who established that an organization has competitive edge when it can outdo competitors in attracting clients and guarding against any external forces by rivals.

Interviewees were asked to indicate whether their company has been able to formulate unique advertisements. From the response the study established that Fly 540 used brochures or flyers, by use of direct mail, E-mail messages, magazines, newsletters, newspapers, posters and bulletin boards, televisions and web pages. Advertisement helps the firm in elimination of middlemen, in educating the customers and enhances goodwill.

Interviewees were asked to indicate whether their company anticipated changes in customers' needs well in advance to better serve them. From the response, the interviewee indicated that Fly 540 public relation team ensured that the customers need was met by better communication with the customers. The company ensured that the company ensured that air hostess served their clients to satisfactory and customers feedback were requested for better improvement. Kapto and Njeru (2014) observed that managers assess and pick systems that they think would make their business effective.

Interviewees were asked to indicate how their company has been able to use technology in offering superior services. From the response, interviewees indicated that Fly 540 used technology in business communication where good communication technology was used by shareholders, stakeholders and managers to transfer information which might be needed to make decisions. The flow of information with in or out side of the business determines the growth of that business. Technology has also been used as the mode of advertisement where the company creates awareness to community. Technology has also been used as a mode of monetary transaction in the company.

4.5 Focus

The interviewer asked the interviewees to indicate whether their company has been able to concentrate on products not offered by their competitors. From the response, the study established Five Forty Aviation different processes to ensure customer expectation and needs were achieved (e.g. target focus group, customer review and surveys), this led to better understanding of the customers and providing services mainly meant to met their needs hence offering different products as compared to other airlines. Applying the focus

strategy enables a business to know their market needs and set up individual association with clients to guarantee more concentration is given to them (Carré, Tilly & Appelbaum (2014).

The interviewees were asked to indicate whether their products or services were tailored to the market needs. From the response, the interviewee indicated that Five Forty Aviation product and services design were based satisfying customer needs. The development of this products and delivery were tailored to the market need. This shows that Five Forty Aviation studied the market to establish customer's needs. Interviewees further established there was continuous review of the customer needs. When implementing the Focus strategy, the difference is brought about by a focuser's market segment and other segments (Kungu, Desta & Ngui, 2014).

The interviewees were asked to indicate the whether their company had been able to serve specific niche in the market. The responses established that the senior management indicated that they focused on the middle-class earners. The airline has focused on offering cheap and accessible airlines that are easily accessible and affordable. The airline has also implemented many destinations that ensures that customers need is met. Focus technique utilizes either low cost initiative or differentiation on a specific purchaser group, fragment, product offering and geographic market (Gamble, Thompson & Peteraf, 2013).

The interviewees were requested to state how their company concentrated on one market segment. From the response, the study found out that Five Forty Aviation had concentrated on one market segment. From the response, Five Forty Aviation had increased the life cycle of its customers by focusing on its market segment. The company had a wide variety of

mechanisms for customers to contact the organization easily and effectively for better flow of information. Littler (2015) points out that the sources of cost advantage vary and usually depend on the industry structure. This includes but not limited to superior technology, fast and easy access to raw materials.

The interviewees were asked to indicate how their company had improved product branding. From the response the study established that the Five Forty Aviation had educated it's the market on useful information regarding the services offered, played up its niche by making sure that branding catered to the specific people on the market and ensured that customer services offered were good and led to customer retention. The interviewees also indicated that Five Forty Aviation also remarketed its brand. The study further found out that referrals build branding because they capitalized on one of the most important marketing connections that exist by use of personal relationships.

4.6 Organization performance

Respondents were requested to indicate how competitive strategies affected the performance of Fly 540. The findings are as shown in Table 4.1.

4.6.1 Cost Leadership

The findings on influence of cost leadership on 'performance is as shown in Table 4.2.

Table 4.2: Cost Leadership

Strategy	Mean	Std. Dev
Turnover	12.432	2.071

Profits	17.298	3.958
Customer Numbers	12.618	3.025
Customer loyalty	13.594	2.497
Customer satisfaction	9.258	5.064

Source; Research Data (2018)

The study pointed out that the level of turnover had a mean of 12.432 with standard deviation of 2.071; profits generated dues to cost leadership had a mean of 17.298 with standard deviation of 3.958. Number of customers generated indicated a mean of 12.618 with standard deviation of 3.025. Customer loyalty indicated a mean of 13.594 with standard deviation of 2.497. The study established that customers were satisfied as indicated by a mean of 9.258 with standard deviation of 5.064.

4.6.2 Differentiation

The findings of the distribution of mean and standard deviation of differentiation are as shown in Table 43.

Table 4.3: Differentiation

Strategy	Mean	Std. Dev
Turnover	13.262	1.598
Profits	10.129	5.426
Customer Numbers	13.235	0.895
Customer loyalty	14.298	1.001
Customer satisfaction	10.816	4.009

Source; Research Data (2018)

The study established that the level of turnover had a mean of 13.262 with standard deviation of 1.598; profits generated dues to cost leadership had a mean of 10.129 with standard deviation of 5.426. Number of customers generated indicated a mean of 13.235 with standard deviation of 0.895. Customer loyalty indicated a mean of 14.298 with standard deviation of 1.001. the study established that customers were satisfied as indicated by a mean of 10.816 with standard deviation of 4.009.

4.6.3 Focus

The findings of influence of focus as a competitive strategy on performance are as shown in Table 4.4.

Table 4.4: Focus

Strategy	Mean	Std. Dev
Turnover	10.129	1.342
Profits	15.235	0.894
Customer Numbers	17.298	3.958
Customer loyalty	9.816	1.057
Customer satisfaction	16.945	3.425

Source; Research Data (2018)

The study pointed out that the level of turnover had a mean of 10.129 with standard deviation of 1.342; profits generated dues to cost leadership had a mean of 15.235 with standard deviation of 0.894. Number of customers generated indicated a mean of 17.298

with standard deviation of 3.958. Customer loyalty indicated a mean of 9.816 with standard deviation of 1.057. The study established that customers were satisfied as indicated by a mean of 16.945 with standard deviation of 3.425.

4.6.4 Trend Graph

The researcher conducted a trend graph to show the trends of the variables, the findings are as shown in Figure 4.1.

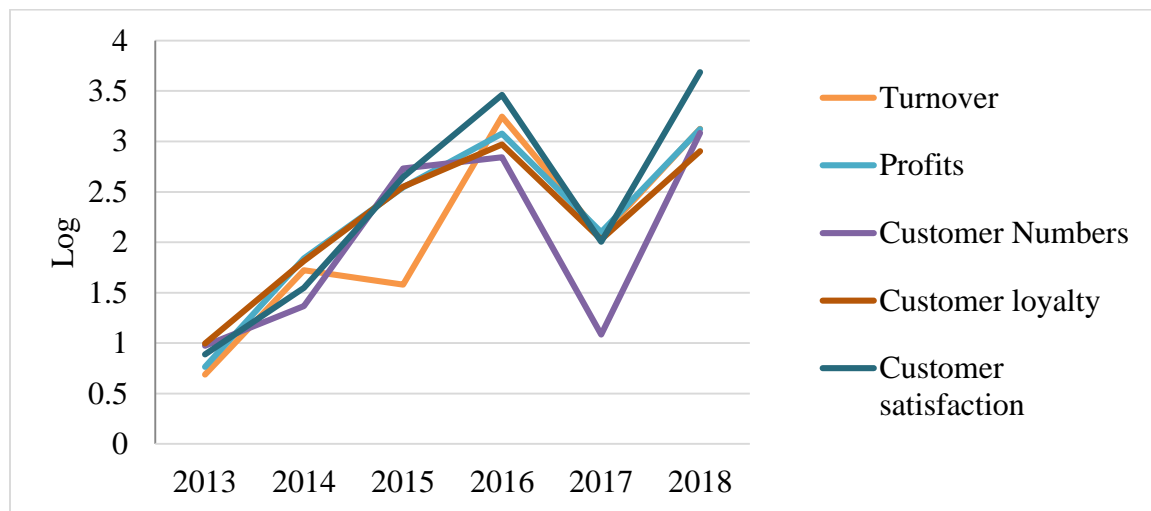


Figure 4.1: Trend Graph

Source; Research Data (2018)

From the findings, the study established that all of the variables showed a significant trend where they showed an increase but drastically drop in the year 2017, which would be attributed to the election environment. The graph also shows an increase as the year ended 2018 which would be attributed to better political climate. This shows that competitive strategies significantly influenced performance of Fly 540 airlines.

4.7 Discussion of the Key Findings

The study established Five Forty Aviation had adopted the following cost cutting measures; their firm had adopted a long-term mindset in pursuing sustainable cost optimization, Five Forty Aviation made a clear and realistic target, they leveraged their existing client base and ensured that their staffs were productive and worked efficiently. The firm had invested in technology that improved stock control, the firm had specialized in workforce to certain task, this led to increased output. The study found out that the advertising costs were steadily increasing over the years. Measures of performance include customer satisfaction, customer retention and employee efficiency (Par & Shaw, 2013).

The study found out that the firm provided cheap and affordable flight prices as compared to the other airlines. Five Forty Aviation had introduced new routes as compared to the competitors and they were effective in their service delivery. Five Forty Aviation public relation team ensured that the customers need was met by better communication with the customers. Five Forty Aviation used technology in business communication where good communication technology was used by shareholders and stakeholders and managers to transfer information which might be needed to make decisions. Hilman and Kaliappen (2014) highlighted for a firm to strive to be the best low cost provider in an industry is a competitive approach because of the sensitivity of buyers to prices.

The study pointed out that Fly 540 embraced wide variety of mechanisms for seeking and learning customers' needs. This finding is in line with Banker, Mashruwala & Tripathy, (2014) who indicated that success in achieving goals and objective depend on the customer satisfaction. Fly 540 products and services designs were based on meeting the needs of the

customers. The airline has focused on offering cheap and accessible airlines that are easily accessible and affordable. Barin, Boehe and Ogasavara (2015) affirms that a firm must structure their policies towards effective service delivery and customers well being. Fly 540 had concentrated on one market segment. The study established that Fly 540 had increased the life cycle of its customers by focusing on its market segment. Hamann, Schiemann, Bellora and Guenther (2013) argues that measurement of an organization performance may vary depending on the nature of organization. Some of the important aspects of organizational performance include: revenue generated, motivated workforce, organizational culture and organizational systems and processes.

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings on effect of different competitive strategies on performance as presented in chapter four. Conclusions and recommendations are deduced from the summary of the findings and suggestions.

5.2 Summary of the Findings

The main purpose of the study was to determine the effect of competitive strategies on performance of Five Forty Aviation Limited Kenya. The study was guided specific objective of the effect of cost leadership, differentiation and focus on performance. The study was anchored on two theories: resource-based view theory and dynamic capabilities theory. The findings are in support of the RBV theory which believes that possession of unique and rare resources form a core basis for competitive advantage..

5.2.1 Cost Leadership

The study established that Fly 540 had adopted the cost cutting measures that helped them to gain more profits. This finding is consistent with Brondoni, (2014) who indicated that high quality products, superior customer service and lower costs are some of the sources of sustainable competitive advantage. It provided a basis for more dividends to the shareholders, more bonuses to the staff and more retention of profit for expansion of the business. Porter (1980) who indicated that the target segments must either have buyers with

unusual needs or else the production and delivery system that best serves the target segment must differ from that of other industry segments. Fly 540 had earned economies of scale. The Marketing manager indicated that their firm had earned economies of scale by investing in technology and adopting marketing economies of scale by spreading its marketing budget and advertising over a large output. Fly 540 had invested heavily on R&D capabilities due to the evolving environment with constant change. This finding therefore was consistent Kapto and Njeru (2014) who observed that managers assess and pick systems that they think would make their business effective. Fly 540 had embraced technology to minimize costs and had partnered with Qatar Airways and Fly-SAX is Kenya's premier safari and private charter airline. This finding was echoed by Par and Shaw (2013) who found out that the advertising costs were steadily increasing over the years. Measures of performance include customer satisfaction, customer retention and employee efficiency

5.2.2 Focus

The study established that Fly 540 provided cheap and affordable flight prices as compared to the other airlines. This finding is consistent with Littler (2015) who stated that the sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. Fly 540 had offered many local destinations that other airlines didn't offer. Fly 540 had introduced new routes as compared to the competitors and they were effective in their service delivery. Hilman and Kaliappen (2014) highlighted that striving to be the industry's overall cost provider is a competitive approach in many

markets as buyers are price sensitive. Customer care service offered by Fly 540 airlines was impressive hence their customers indicated their level of satisfaction.

Fly 540 used brochures or flyers, by use of direct mail, E-mail messages, magazines, newsletters, newspapers, posters and bulletin boards, televisions and web pages. Fly 540 public relation team ensured that the customers need was met by better communication with the customers. Fly 540 used technology in business communication where good communication technology was used by shareholders and stakeholders, managers to transfer information which might be needed to make decisions. Technology has also been used as the mode of advertisement where the company creates awareness to community.

5.2.3 Differentiation

The study established that Fly 540 embraced wide variety of mechanisms for seeking and learning customers' needs and expectation that led to better understanding of the customers and providing services mainly meant to meet their needs hence offering different products as compared to other airlines. This finding is in line with Banker, Mashruwala & Tripathy, (2014) who indicated that success in achieving goals and objective depend on the customer satisfaction. Fly 540 products and services design were based on meeting the needs of the customers. This finding is in line with Banker, Mashruwala & Tripathy, (2014) who indicated that success in achieving goals and objective depend on the customer satisfaction. The development of this products and delivery were tailored to the market need. Senior management indicated that they focused on the middle-class earners. The airline has focused on offering cheap and accessible airlines that are easily accessible and affordable. Fly 540 had concentrated on one market segment. Barin, Boehe and Ogasavara (2015)

affirms that a firm must structure their policies towards effective service delivery and customers well being. The study established that

Fly 540 had increased the life cycle of its customers by focusing on its market segment. This finding was consistent with Hamann, Schiemann, Bellora and Guenther (2013) who argued that measurement of an organization performance may vary depending on the nature of organization. Some of the important aspects of organizational performance include: revenue generated, motivated workforce, organizational culture and organizational systems and processes. Fly 540 had educated its market on useful information regarding the services offered, played up its niche by making sure that branding catered to the specific people on the market and ensured that customer services offered were good and led to customer retention. This finding is supported with Combs, Russell and Shook (2005) who established that business processes assess how well the processes are aligned to organizational mission and vision. Customer perspective is more concerned with meeting and surpassing customer expectations. Customer perspectives can be measured using market share and the level of customer satisfaction.

5.3 Conclusion

The key objective of the study was to determine the effect of competitive strategies on performance of Five Forty Aviation Limited Kenya. From the findings, the study concludes that Fly 540 had earned economies of scale. The study concludes that customer satisfaction is the main strategy used.

There is need for Five Forty Aviation to continue to embrace and invest in technology, internal resources, diversify its product and R&D capabilities as there are always evolving changes in the industry to ensure better sustainable performance.

The study further concludes that Fly 540 product and services design were based on meeting the needs of the customers. Fly 540 embraced wide varieties of mechanisms for seeking and learning customers' needs and expectation.

The Quality of service is very important to a customer even if a firm is offering a product or service at a lower cost. Five forty aviation needs to keep building on ensuring quality customer satisfaction to have sustainable competitive advantage over its competitors as there are new entrances in the market.

5.4 Recommendations for Policy and Practice

From the finding of the researcher recommends: Five Forty Aviation ought to review its competitive strategies in order to fight off increased level of competition as these strategies will ensure survival and better performance in the Industry.

The study recommends that government agencies and Fly540 needs to reviews the policies of operations due to the increase on new entrance in the market which will bring about increase in competition and possible price wars.

The study further recommends that Fly 540 product and services design ought to be based on meeting the needs of the customers and also ensuring high customer satisfaction as this is their main competitive strategy that has ensure higher success in performance.

5.5 Limitations of the Study

This study was only limited to Fly 540 airlines which would not provide relevant conclusion of the effect from other airlines. Therefore, similar studies should be done in other airlines to draw relevant conclusion.

The study was limited to primary data that was administered using interview guides which may different interviewers may understand and transcribe interviews in different ways while data collection sheets were used to collect secondary data.

5.6 Suggestions for Further Studies

The study suggests that future scholars to structured questionnaires on the same study to measure the consistency of the findings of the study. The current study focused on effect of different competitive strategies on performance of Fly 540 airlines in Kenya, future studies ought to be carried out different airlines in Kenya.

On descriptive research design participants may not provide the correct information for failure of what the information is to be used for. Descriptive studies cannot be practically used to determine cause and effect therefore the study recommend that future study should use both inferential and descriptive to iron out this problems.

The Study focused on the effects of Porters(1980) generic strategies of focus, differentiation and low cost on performance. However, other strategic models other than the porter's model used by other firms should be incorporated in future research.

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APPENDICES

APPENDIX I: INTERVIEW GUIDE

SECTION A: Background Information

1. How many years have you worked in this organization
2. What is your highest level of education?
3. What position do you hold in the organization?

SECTION B: COMPETITIVE STRATEGIES

Cost Leadership

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

Differentiation

1. Has your Company been able to offer unique market driven products and services? Please explain
2. Has your Company been able to improve services delivered to customers compared to competitors? Please explain
3. Has your Company been able to formulate unique advertisements? Please explain
4. How has your Company anticipated changes in customers' needs well in advance to better serve them?

5. How has your Company been able to use technology in offering superior services?

Focus

1. How has your Company been able to concentrate on products not offered by other airline companies in Kenya? Explain
2. Are your products and services tailored to the market needs? please explain
3. Has your Company been able to serve specific niche in the market? please explain
4. Has your Company concentrated on one market segment? please explain
5. How has your Company been able to improve product branding? please explain

Organization performance

6. In which way has each of these competitive strategies affected the performance of your organization?

Strategy	Turnover	Profits	Customer Numbers	Customer loyalty	Customer satisfaction		
Cost Leadership							
Differentiation							
Focus							

Please explain

THE END

THANK YOU

APPENDIX II: COMPETITIVE STRATEGIES

Strategy	2013	2014	2015	2016	2017	2018
Turnover	0.6888	1.72252	1.580544	3.247073	2.06712	3.12574 2
Profits	0.7644	1.84035	2.543374	3.077851	2.0998	3.12162 5
Customer Numbers	0.9737 7	1.366283	2.7319123	2.843	1.086129	3.08269
Customer loyalty	0.9962 3	1.815626	2.550774	2.969	2.02779	2.9022
Customer satisfaction	0.8868 9	1.549473	2.645380	3.463	2.00374	3.6866