IMPLEMENTATION CHALLENGES OF OPERATIONS STRATEGY BY AIRLINES IN THE AVIATION INDUSTRY IN KENYA

BY:

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DECLARATION

This research project is my original work and to the best of my knowledge has not been presented to any other institution.

Signed: ……………………………… Date……………………………

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D61/70195/2007

This research project has been submitted for examination with my approval as the University Supervisor.

Signature……………………………………Date……………………………………

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DEDICATION

I dedicate this work to my beloved sisters and all those who supported me in the completion of this project.
ACKNOWLEDGEMENTS

I take this opportunity to give thanks to the Almighty God for seeing me through the completion of this project.

I acknowledge all who supported me through my studies and research; I Thank God for making this successful. Special thanks to my supervisor Dr. Justus Mulwa Munyoki for his professional guidance, advice and unlimited patience in reading through my drafts and suggesting workable alternatives, my profound appreciation to you.
ABSTRACT

The air transport industry has an important role to play in achieving sustainable development in Kenya. Airlines can only play this role if they are strong and are allowed to grow and expand their services. The research objective was to establish strategic challenges of operations strategy implementation in the aviation industry in Kenya. The study adopted a descriptive survey research design. The study used both primary and secondary data. Primary data was collected using a questionnaire comprising of open and closed ended questions. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The information was presented using bar charts, graphs and pie charts and in prose-form. For open ended questions, the study conducted content analysis.

The study found out that airport security and airport service was one of the most important issues for airports and airlines. The airlines faced several challenges in the implementation of operations strategy. Key among these included: airport security, forex, political stability, highly fluctuating fuel prices and shortages, industrial action among their employees and high competition. This study recommends that security be maximized at the airports to ensure that the passengers are always safe. This study recommends that airlines companies bill their customers both in foreign and local currency in order to manage the risks associated with foreign currency conversions. In addition, this study recommends that airline companies maintain foreign currency denominated accounts in order to manager foreign exchange rate risks. This study recommends that airline companies enter into hedging contracts including forwards and options to shield themselves from fuel price fluctuations and shortages. This study recommends that airlines improve on the services provided to keep on attracting and maintaining customers.
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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The air transport industry has an important role to play in achieving sustainable development in Kenya. Airlines can only play this role if they are strong and are allowed to grow and expand their services (Chingosho, 2012). More specifically, the expansion of air services is a necessary condition for the development of a more diversified export base and the development of the tourism industry in the sub-region. Additionally, improvements in the sub-region’s transport infrastructure would help raise living standards and alleviate poverty by lowering transport costs, supporting more rapid economic growth, and increasing personal mobility (Oxford Economic Forecasting 2003).

The aviation industry has positive externalities such as; encouraging tourism, heightening employment and boosting investment within any one country. This brings about an overall increase in the GDP (Keller and Buttler, 2000). The operations of Aviation Industry in Kenya are affected by numerous factors. The understanding of these factors is paramount in ensuring the smooth operation of the aviation industry. The management of the various players in the industry therefore need ensure good coordination among the various factors to enhance air safety which is the fundamental factor governing all activities in flight operations.

The aviation industry in Kenya has experienced several challenges in their operations which have seen some close down. For example Jet Link faced forex challenges which
saw it temporarily stop operations. Other airlines like Kenya Airways have experienced numerous strikes as employees seek better pay while other airlines face security challenges. From time to time, the flights are re-routed to other airports due to inaccessibility to the indented airport. For example, several flights are re-routed from time to time to use Mombasa Airport when the flight was initially scheduled to land at Nairobi’s Jomo Kenyatta international Airport. The industry has also faced high fluctuations in fuel prices which cause high operational costs for airlines. In addition, competition has increased as more and more airlines launch on the routes initially enjoyed by local airlines.

1.1.1 Concept of Strategy

A strategy refers to a plan, a direction or a guide (Mintzberg, 1994). Johnson and Scholes (2002) defined Strategy as the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of its resources within a challenging environment and geared towards meeting the needs of the markets as it fulfils stakeholder expectations. The success of a strategy depends on doing many things well -not just a few- and integrating them. If there is no fit among activities, there is no distinctive strategy and little sustainability. The company's activities include its effective interaction with the environment in that these activities are geared towards serving the external environment.

Since resources are scarce, managers must decide which alternative strategies will benefit the firm most. For any organization to succeed, it will be necessary for top management, managers and employees to work as a team to achieve the company goals and objectives.
According to Porter (1996), organizations must embark on making their strategies competitive. Porter argues that strategy is about competitive position, about an organization differentiating itself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors.

1.1.2 Operations Strategy Implementation

Operations strategy (OS) is the pattern of decisions which shape the long-term capabilities of any type of operations and their contribution to overall strategy, through the reconciliation of market requirements with operations resources (Slack and Lewis, 2002). Slack and Lewis (2002) suggest the following definition: the total pattern of decisions which shape the long-term capabilities of an operation and their contribution to overall strategy. It is indeed the operations strategy that actualizes a firm’s overall strategy. Taking advantage of ICT solutions for business growth by adopting technology based action steps within the functional areas of a firm’s operations has a direct impact on performance.

Operations strategy is defined by the group of decisions related to the structure of the production system including the systems and policies that define the infrastructure of the firm (Clark, 1996). Hence, the operations function confronts different alternative decisions, which configure the operation management performance (Hayes and Wheelwright, 1984). However, the operations strategy must be consistent with all strategy levels (Miller and Roth, 1994) in order to support and be part of the whole firm’s strategy (Hayes and Wheelwright, 1984). In the long term, the operations strategy success depends on the capability to generate abilities in order to achieve a competitive advantage.
for the firm in a proactive way (Ferdows and De Meyer, 1990). Consequently, operations strategy can be defined as a vision of the operations function that depends on the corporate management for decision making. This vision must be integrated with the firm’s strategy and is frequently reflected in a formal plan. Output of the operations strategy should be a consistent standard for the decision-making process in order to achieve a competitive advantage for the firm (Schroeder, 1992). Operations strategy also feeds back the firm’s corporate strategy (Hayes, 1985).

Once the operations strategy concept has been defined, the different types of operations strategies are to be determined. Strategic management as well as organizational design academicians has analyzed this topic on many occasions (McGee and Thomas, 1986). There are a limited number of feasible strategies for each productive configuration (Miller, 1986), so strategic models based on productive configurations are generally classified into taxonomies and typologies (Meyer et al., 1993). Typologies describe ideal models, each one representing a unique combination of organizational attributes (Doty and Glick, 1994). Hence, there might not be any organization that fits perfectly in a determined ideal model. Anyway, a firm’s identification with one of the ideal models could imply significant improvements in the organizational performance (Venkatraman and Prescott, 1990).

Strategy implementation means carrying out the predetermined plans (Mintzberg, 1996). Strategy implementation is concerned with the translation of strategy into organizational action through appropriate structure and design, resource planning and the management of strategic change (Johnson and Scholes, 2002). Some strategies are planned and others
just emerge from actions and decisions of organizational members. Strategic implementation is thus putting strategy into action. The way in which a strategy is implemented can have a significant impact on whether it will be successful or not. In most cases, different people from those who formulated it do the implementation of the strategy therefore making it a difficult task because they may not view it with the same mindset as those involved in the formulation. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if the affected parties resist its implementation because they do not understand why the particular strategy was selected (Thompson, 1993).

Strategy implementation process might involve changes within the overall culture, structure and management system of the entire organization except when such drastic corporate wide changes are needed, however the implementation of a strategy is typically conducted by middle level and lower level managers with review by top management. Strategy implementation often involves day to day decisions in resource allocation. Organizations seem to have challenges while implementing their strategies due to a number of challenges such as: weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Beer and Eisenstat, 2000). In the current turbulent economic times, firms in Kenya operate under increasing competitive and ever-changing
environment which puts them under pressure to continually review their strategic plans or formulate new ones to suit the existing trends.

1.1.2 Flight Operations

The success of airline operations is gauged by the efficient and effective completion of flights operations. It takes a combination of several tasks and operations for airlines to operate thereby bringing it all together airworthy aircraft qualified and legal flight crews, sufficient ground resources, and passengers and cargo is a challenge. Months, even years, go into the planning of a flight schedule and the actual implementation of the plans so developed does not come without challenges (Oxford Economics, 2011).

Airlines registered in Kenya carry 4 million passengers and 201 thousand tonnes of freight a year to, from and within Kenya. Airlines need ground-based infrastructure to operate (Oxford Economics, 2011). This infrastructure includes the facilities at Kenyan airports that directly serve passengers, such as baggage handling, ticketing, retail and catering outlets. Less visible are the essential services which are sometimes provided off-site, such as air navigation and air regulation, as well as the local activities of freight integrators. Among the many reasons that people and businesses use air transport, people rely on it for holidays and visiting friends and family; while businesses use air transport for meeting clients and for the speedy and reliable delivery of mail and goods often over great distances (KCAA, 2013). The air transport network, the “Real World Wide Web”, offers practical, fast and reliable transport across the globe. The regions which travellers fly to and from underline its global reach
1.2 Research Problem

To achieve efficient operations, the aviation industry relies on the people and tools in their system operations control centers to deliver flight services to its customers. It takes the combined effort of many operations business units to make air travel services possible (Oxford Economics, 2011). Flight operations; crew management; maintenance, repair and overhaul; dispatch; airport and ground staff; reservations; and passenger service personnel ensure the efficient and timely transportation of passengers, bags and cargo. And they rely on their specific systems to develop and deliver necessary data as may be necessary to facilitate smooth operations (KCAA, 2013). This symbiotic relationship between employee and technology enables the formation of sound, multi-level decisions.

Several scholars have reviewed the flight operations and challenges in strategic management. For instance, Sesi (2009) did a study on the challenges of implementing strategic plans at Kenya Dairy Board and identified resource allocation as the overriding challenge due to the fact that as an industry regulator in a market economy, it relied on limited grants from the exchequer and it in turn had an unlimited mandate as the industry growth rate was very high. Another study by Mwangi (2012) studied air traffic delays and airline operating cost in Kenya using the case of Kenya Airways and revealed that air traffic delays and output volumes were important airline cost drivers in Kenya. Another study by Mbugua (2012) on challenges of strategy implementation at the Kenya Civil Aviation Authority established that the operationalization process which involves securing, organizing and directing the use of resources within and outside KCAA has been mainly affected by factors that can be directly attributed to the deficient institutionalization process. From the above presentations, it is evident that there is no
study that has focused on the strategic challenges of flight operations in the aviation industry in Kenya. This study therefore sought to establish the challenges of flight operations in Kenya by seeking answers to one research question: What are the challenges of operations strategy implementation in the aviation industry in Kenya?

1.3 Research Objective

To establish strategic challenges of operations strategy implementation in the aviation industry in Kenya

1.4 Value of the Study

This study would be valuable to different stakeholders:

First, the study would be valuable to future researchers and academicians in the area of flight operations management and more specifically in flights operations. In addition, the findings of this study would be valuable to future scholars in that it would suggest areas for further research that they can carry out further research.

The study would also be valuable to managers in the airline companies in Kenya in that they will understand some of the challenges affecting their operations so as to develop mechanism of how to deal with them to ensure health financial operation of the airlines.

The findings of this study would also be valuable to policy makers within the aviation industry in that it will inform them of the various challenges encountered by their members as they seek to provide services to their customers. Policy makers would use the findings of this study to guide their future policy making on matters concerning aviation industry.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical foundation on which the study is build where the study discusses open systems theory. Strategy, organizations and environment, environmental challenges and response strategies.

2.2 Theoretical Foundation of the Study
Organizations often operate in a changing environment. To survive, organizations have to understand and adapt to such changes (Milliken 1990). The Open systems theory holds that organizations are strongly influenced by their environment in the same manner that they influence the environment in which they operate. The environment may consist of other organizations exerting various forces of an economic, political, or social nature (Pfeffer and Salancik, 2003). The environment also provides key resources that sustain the organization and lead to change and survival. The organizational environment is comprised of a set of relationships between stakeholders and other factors that may be beyond the control of the organization (Mason, 2007). As such, organizations that do not adapt their operations to the changing environment are likely to be wiped out. The ability of organizations to manage and survive change is becoming increasingly important in an environment where competition and globalization of markets are ever intensifying (Cao and McHugh, 2005). With the ever-increasing complexity of the organizational
environment, the systems concept no longer seems adequate in dealing with complex phenomena.

All conventional models and theories of organizations typically embraced the closed systems approach to the study of organizations by assuming that the main features of an organization are its internal elements. While closed systems approach consider the external environment and the organization’s interaction with it, to be for the most part inconsequential, open systems approach views the organizations’ interaction with the external environment as vital for organizational survival and success. In open systems, any change in any elements of the system causes changes in other elements (Shafritz and Russell, 2005). The lack of coordination between the organization and its external environment in closed systems inhibit the organization’s capacity to import sufficient energy from its environment for sustenance.

2.2.1 Resource Based View Theory

The RBV highlights the firm as a unique collection of resources, but the theory emphasizes that not all of these resources possess the potential to provide the firm with a sustained competitive advantage. Early proponents of the RBV identified characteristics of “advantage-creating” resources such as, value, rareness, inimitability and non-substitutability (Barney, 1991), inimitability, durability, appropriability, substitutability and competitive superiority (Collis and Montgomery, 1995) and the eight criteria of Amit and Shoemaker (1993), complementarity, scarcity, low tradability, inimitability, limited substitutability, appropriability, durability and overlap with strategic industry factors. More recently, these advantage-creating characteristics have parsimoniously been
subsumed into the three key criteria of value, barriers to duplication and appropriability (Fahy, 2000).

The RBV literature has focused on the firm's perspective of key resources and the value of those key resources in terms of conferring a competitive advantage reflected in superior performance for the firm (Fahy and Smithee, 1999). Resources possessing the essential characteristics summarized by Fahy (2000) as value, barriers to duplication and appropriability, have been identified in many studies as intangible assets and capabilities (Smart & Wolfe, 2000). The competitive advantage gained by these key intangible assets and capabilities is then reflected in superior performance for the owners of the firm, with superior performance usually measured in financial terms such as higher profits, increased sales or market share (Wilcox-King & Zeithaml, 2001).

The source of value from the RBV perspective is that value flows from resources that possess specific attributes. The direct causal links between assets and capabilities exhibiting the desired attributes and the value customers perceive them to provide has, however, not been a focal point of the RBV and hence has not been tested for its alignment with customers' assessment of value. Since a major emphasis of marketing strategy is an emphasis on value creation for customers, an understanding of the customer's perspective of resources is critical to advance research and prescriptive implications. There is a need to develop and articulate a sequence that begins with the customer's perception of valuable resources and then explores the implications of this perspective for marketing strategy.
2.3 Operations Strategy

Operations strategy is concerned with matching the characteristics of the operations function with the requirements of the market in order to fulfill the needs of the business. A proper appreciation of this requires an understanding of the methods used to develop an operations strategy and the approaches that operations managers often use to represent an operations strategy such as lean and agile operations. It also requires knowledge of the techniques and principles involved in the implementation of an operations strategy. Implementation requires knowledge of both structural decisions - regarding areas such as layout design and service design - and also infrastructural decisions such as supply chain management policies (Greasley, 2011).

Operations strategy has a vertical relationship in the corporate hierarchy with business and corporate strategies, and horizontally with the other functional strategies, most notably with marketing strategy. Operations strategy might come about in a top-down or a bottom-up process with regard to business and corporate strategies. Similarly, an operations strategy might be developed in response to market requirements (market-led) or be based on the capabilities of its operations resources.

Historically, operations strategy was not considered as a source of competitive advantage until 1956 when Miller and Rogers (1956) distinguished between operations and business strategy. The notion of operations strategy as part of the business unit is relatively recent (Hayes and Wheelwright, 1984). In fact, the operations function was relegated in the past to the mere accomplishment of efficiency standards through time, resources and space optimization throughout the development of the scientific work management principles
The concept of operations management (OM) considers that there is one only right approach to manage production activities. Skinner (1969) was the first to set the basic principles for elaborating an operations strategy: Different firms have different strengths and weaknesses so they can choose their own way to be competitive. In a similar manner, different production systems have different operations features so there is not necessarily a unique standard production system. The main operations function goal is to develop a production system that reflects the firm’s implicit priorities and tradeoffs related to its specific competitive situation and strategy, all of that through interrelated and internally consistent decisions.

Operations management (OM) literature identifies two main elements allowing the definition of operations strategy. Those are established from a functional point of view. The first element is related to those goals that the OM function must achieve (Skinner, 1978). This element is known as the operations task, which is built from those capabilities that the OM function must develop in order to create a competitive advantage for the firm. Some of those tasks are quality, cost, reliability and flexibility (Heizer and Render, 1996). Hill (1989) defines operations strategy considering the development of those tasks that allow the firm to focus on the customer instead of focusing on the production process.

2.4 Challenges of Operations Strategy Implementation

This section covers the challenges organization face during strategy implementation. The specific challenges discussed here include: leadership styles, resources availability, corporate structure and organization culture.
Leadership is the process of persuasion, where an individual induces a group to pursue certain objectives. Drucker (1994) captures an environmental scanning analysis that depicts leadership as that, which should manage the fundamentals like people, inflation among others. Strategic leadership should ensure that values and culture within an organization are appropriate for satisfying key success factors. This should lead to environmental-value-resources (E-V-R) congruence. Bartlett and Goshal (1996) recognize the role of middle managers, arguing they are the key actors who have a pivotal role in strategic communication. Middle managers are regarded as the threatened silent resistors whose role needs to change more towards that of a “coach”, building capabilities, providing support and guidance through the encouragement of entrepreneurial attributes. So, if they are not committed to performing their roles the lower ranks employees will not be provided support and guidance through encouragement of entrepreneurial attributes. In addition to the above, another inhibitor to successful strategy implementation that has been receiving a considerable amount of attention is the impact of an organization’s existing management controls (Langfield-Smith, 1997) and particularly its budgeting systems (Marginson, 2002).

Successful strategic plan implementation requires a large commitment from executives and senior managers. Therefore, planning requirement which may be done even at departmental levels requires executive support. Executives must lead, support, follow-up and live the results of strategic planning implementation process. According to Healthfield (2009), without commitment of senior executives, participants feel fooled and mislead. This complements what Rap (2004) claims that the commitment to the strategic direction is a prerequisite for strategy implementation, so top managers have to show
their dedication to the effort. To implement strategy successfully, senior executives must not assume that lower level managers have the same perceptions of the strategic plan and its implementation, its underlying rationale, and its urgency. Instead, they must assume they don’t, so executives must persuade employees of the validity of their ideas.

2.4.2 Availability of Resources

All organizations have at least four types of resources namely: financial, physical, human resources and technological resources (Thompson, 1990). Resource based view to strategy management view knowledge, skills and experience of human resource as a key contributor to firm’s bundle of resource and capabilities (Musyoka, 2008). Johnson et al. (2005) argues that putting strategy into action is concerned with ensuring that strategies are working in practice. It involves structuring an organization to support successful performance. This includes organizational structures, processes and relationships.

As companies change and as skills expertise become recognized as a major asset of the firm, the heightened efforts in cultivating and enhancing them becomes significant part of development strategy (Saunders, 1994). During the process of strategy implementation, how relationships and beyond the organization are fostered and maintained will influence performance further while organizations and groups may be assumed as taking strategic actions, it is individuals who ultimately, in practical terms take action and are responsible for driving an organization or a group towards objective. Perhaps the most important resource of an organization is its people (Johnson and Scholes, 2003). Furthermore, organization is a social system relationship (formal and informal) among the people who individually and jointly subscribe to same goal(s) and to which they direct their actions.
Where the needs of the individual and the demands of an organization are incompatible transactions and conflict are bound to occur and strategy implementation cannot be achieved (Mullins, 2005).

According to Robins and Coulter (2002), organization structure influences the type of strategy used by an organization. Bowman (1987), while comparing power structures of firms and those of the not for profit organizations (NFPs), argued that the later display a wide variety of power structures. NFPs evoke a strong ideological or normative commitment from their members. Mintzberg (1996) identified that strong ideology will lead to strong resistance to change and freedom of action is severely constrained. Structural designs typically begin with organizational chart. It pertains managers responsibilities, their degree of authority and the consideration of facilities, departments and decisions, tasks design and production technology. Whereas Hall et al. (2003) identifies three organizational structure variables (formality, complexity and centralization), Mintzberg (1979) comes up with five variables which have varying degree of formality, complexity and centralization. They include: simple structure, machine bureaucracy, professional bureaucracy, divisionalized form and autocracy. The structural design of the organization helps people to pull together activities that promote effective implementation (Musyoka, 2008).

The structure of the organization should be consistent with the strategy to be implemented. Moreover the nature of the organizations structure to be used in implementing strategy is influenced by the environment stability and the interdependence of the different units (Daft, 2000). Failure to address issues of the broad structural design of roles, responsibilities and lines of reporting can at a minimum, constrain strategies
development and performance (Koske, 2003). Disorder, friction, malfunctions or reduced performance results when managers use the wrong structure for the environment (Reuter, 1991).

Organizational culture is a key factor in strategy implementation. Organizational culture refers to the leadership style of managers – how they spend their time, what they focus attention on, what questions they ask of employees, how they make decisions; also the organizational culture (the dominant values and beliefs, the norms, the conscious and unconscious symbolic acts taken by leaders (job titles, dress codes, executive dining rooms, corporate jets, informal meetings with employees). Organizational culture is among the major issues, because the cultural dimension is central to all aspects of organizational behavior (Alvesson, 2002). If strategy implementation is going to realize its full potential of dramatically improving the way companies do business, changing of the organizational culture must be considered an integral part of the process. Systems cannot be developed irrespective of the people that will be managing and operating those systems. One of the biggest reasons why some process strategy implementation projects do not achieve the level of success the organization expects is because the organization or functional manager did not deal with the issue of organization culture change. Greengard (1993) says that an organization should strive to involve the staff at all stages of the implementation process.

Schmidt (1994) claims that a strategic change can be successfully implemented through a four-stage process: Assess the organizational capabilities and behavior needed to move from what the company is to what it needs to become, Determine what work processes would be required to implement the strategy and design current work processes to fit
those requirements, Identify what information needs the work processes generate, and
determine what information systems and databases would be required to meet those needs
and Determine which organizational structure would best support those work processes.

This strategic change model can be translated into the following implementation
problems: Key implementation tasks and activities were not sufficiently defined,
Information systems used to monitor implementation were inadequate, and overall goals
were not sufficiently well understood by employees. Lingle and Schiemann (1994) found
that there are six areas of vital importance to long term successful strategy
implementation. These areas are: market, people, finance, operation, adaptability, and
environment.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods that were used in collection data pertinent in answering the research questions. The chapter comprises the following sub-topics; research design, target population, research instruments, the sample and sampling procedures, data collection procedures and data analysis procedures.

3.2 Research Paradigm

The study adopted a descriptive survey research design. Mugenda and Mugenda (2003) describes descriptive research design as a systematic, empirical inquiring into which the researcher does not have a direct control of independent variable as their manifestation has already occurred or because the inherently cannot be manipulated.

The research design is chosen because of its ability to create a profile about a phenomenon. Descriptive research design is concerned with finding out about the how, who, when and where of a phenomenon so as to build a profile (Mugenda and Mugenda, 2003).

3.3 Population of Study

The target population comprised of all the airlines operating in Kenya including local and regional. According to the Kenya Civil Aviation Authority, there are 36 airlines operating in Kenya by July, 2013. Following the small number of the population and their ready accessibility, this study will include all the firms in the study hence a census.
3.4 Data Collection and Measurement

The study used both primary and secondary data. Primary data was collected using a questionnaire comprising of open and closed ended questions. The close-ended questions will provide more structured responses to facilitate tangible recommendations. The open-ended questions provided additional information that will not be captured in the close-ended questions. The questionnaire was carefully designed and tested with a few members of the population and the supervisor for further improvements. This was done in order to enhance its validity and accuracy of data to be collected for the study. The researchers administered a questionnaire to operation managers both in hard copy and soft copy as will be agreed with them. The questionnaires were administered in person to give a high response rate.

Secondary data was collected from publications at the KCAA offices and website, specific airline websites and other documentations available on the operations of airlines in Kenya. To enhance data measurement, the questionnaire was prepared in a five likert scale format for ease of measurement using the extent to which the respondents agreed with the various statements.

3.5 Data Validity and Reliability

A pilot study was conducted to test the reliability and validity of the research. According to Orodho (2003), a pilot test helps to test the reliability and validity of data collection instruments. Validity refers to the extent to which an instrument measures what is supposed to measure data need not only to be reliable but also true and accurate. If a measurement is valid, it is also reliable (Joppe, 2000). The pilot test comprised of five senior staff at the company who were not involved in the final study.
The content of validity of the data collection instruments was determined through discussing the stated questions in the interview guide with the managers for the pilot. Validity was determined by the use of Content validity Index (C.V.I). C.V.I of between 0.7 and 1 shows the instruments to be valid for the study (Orodho, 2003).

Reliability refers to the consistence, stability, or dependability of the data. Whenever an investigator measures a variable, he or she wants to be sure that the measurement provides dependable and consistent results (Cooper & Schindler, 2003). A reliable measurement is one that if repeated a second time gives the same results as it did the first time. If the results are different, then the measurement is unreliable (Mugenda & Mugenda, 2003). To measure the reliability of the data collection instruments an internal consistency technique using Cronbach's alpha was applied to the gathered data (Mugenda & Mugenda, 2003). Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability and an alpha coefficient of 0.60 or higher indicates that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population (Zinbarg, 2005).

3.6 Data Analysis

The completed questionnaires were first checked for completeness and consistency. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The information was presented using bar charts, graphs and pie charts and in prose-form. Descriptive data was presented using measures of central tendency like mean and standard deviation. For open ended questions, the study conducted content analysis.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents data collected from the field, its analysis, and finally the interpretation of the findings on the strategic challenges of operations strategy implementation in the aviation industry in Kenya.

The study targeted 36 respondents in collecting data with regard to establishing the on the strategic challenges of operations strategy implementation in the aviation industry in Kenya. A single questionnaire was administered to each airline company 34 out of the 36 sampled respondents filled-in and returned the questionnaires making a response rate of 94%. This reasonable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires. This response rate is excellent and conforms to Mugenda and Mugenda (2003) that a response rate of above 80 percent is excellent for generalization of findings to the whole population.

4.2 General Information

On the general information, the study sought to establish the area of operation, number of years in operations, number of years worked with the current airline for the respondents, airlines length of existence and the number of organization under the airline. The findings were as discussed below:
4.2.1 Number of Years in Operations

The study sought to establish number of years the companies had been in operation. The findings were as shown in the Table 4.1:

Table 4.1: Number of years in Operation

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
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<tbody>
<tr>
<td>Below 10 years</td>
<td>4</td>
<td>12%</td>
<td>12</td>
</tr>
<tr>
<td>10-20 years</td>
<td>15</td>
<td>44%</td>
<td>56</td>
</tr>
<tr>
<td>20-30 years</td>
<td>8</td>
<td>24%</td>
<td>79</td>
</tr>
<tr>
<td>Above 30 years</td>
<td>7</td>
<td>21%</td>
<td>100</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
<td>100%</td>
<td>100</td>
</tr>
</tbody>
</table>

From the data findings, majority (44%) of the respondent indicated that the company had being in operation for between 10-20 years, 24% of the respondent indicated that the company had being in operation for between 20-30 years, 21% of the respondent indicated that the company had being in operation for above 30 years and 12% of the respondent indicated that the company had being in operation for below 10 years. These findings show that the airlines that participated in this study had been in operations for more than ten years hence it can be concluded that these firms had been in operation long enough to understand the implementation challenges of operation strategy hence more qualified to provide data needed for the study.

4.2.2 Number of years worked with the current airline

Findings on the number of years worked with the current airline were as shown in the table 4.2:
Table 4.2: Number of years worked with the current airline

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 5 years</td>
<td>8</td>
<td>24%</td>
<td>24</td>
</tr>
<tr>
<td>5-10 years</td>
<td>11</td>
<td>32%</td>
<td>56</td>
</tr>
<tr>
<td>10-15 years</td>
<td>9</td>
<td>26%</td>
<td>82</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>6</td>
<td>18%</td>
<td>100</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
<td>100%</td>
<td>100</td>
</tr>
</tbody>
</table>

As shown in Table 4.3 above, majority 32% of the respondent had worked with the current airline for between 5-10 years, 26% for between 10-15 years, 24% for below 5 years and 18% for above 15 years. These findings show that the respondents had worked with their respective airlines for long enough to understand implementation challenges of operation strategy operation hence their suitability in proving the data required to complete this study.

4.2.3 Length of Existence

Data findings on the length of existence of the airlines were as presented in the table 4.3:

Table 4.3: Length of existence

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10 years</td>
<td>4</td>
<td>12%</td>
<td>12</td>
</tr>
<tr>
<td>10-20 years</td>
<td>15</td>
<td>44%</td>
<td>56</td>
</tr>
<tr>
<td>20-30 years</td>
<td>8</td>
<td>24%</td>
<td>80</td>
</tr>
<tr>
<td>Above 30 years</td>
<td>7</td>
<td>20%</td>
<td>100</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

As shown in Table 4.4 above, 44% of the airline companies had been in existence for between 10-20 years, 24% had been in existence for between 20-30 years, 20% o had been in existence for above 30 years while 12% had been in existence for below 10 years. These findings show that the airlines that participated in the study had been in operation
for long enough hence has experience several challenges in their operations strategy implementation.

4.2.4 Number of Employees in the Organization
Data findings on the number of number of the organizations that the airline had were as shown in the table 4.4:

Table 4.4: Number of the organization

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 50</td>
<td>13</td>
</tr>
<tr>
<td>Between 50-100</td>
<td>10</td>
</tr>
<tr>
<td>Between 100-150</td>
<td>7</td>
</tr>
<tr>
<td>Above 150</td>
<td>4</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
</tr>
</tbody>
</table>

From the findings, 38% had below 50 organizations, 29% had between 50-100, 21% had between 100-150, and 12% had above 150. These findings show that the airline companies that responded had several organizations under them hence were more experienced in the kind of challenges that faced their operations strategy implementation.

4.3 Challenges in Flight Operations
The study sought to establish the challenges that airline companies encountered in flight operations. To achieve this, the study identified some challenges commonly faced by organization on which the respondents were required to indicate the extent to which these challenges affected their operations strategy implementation. From these, the study computed mean and standard deviation from the likert scale used. The findings were as shown in the table 4.5:

Table 4.5: Challenges in Flight Operations
<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security is a major challenge in our operations</td>
<td>4.6792</td>
<td>0.5809</td>
</tr>
<tr>
<td>We experience staff competence challenge in our operations</td>
<td>4.6346</td>
<td>0.14932</td>
</tr>
<tr>
<td>We experience high competition in our operations</td>
<td>4.5472</td>
<td>0.74849</td>
</tr>
<tr>
<td>The airline industry experiences high weather unpredictability</td>
<td>4.2157</td>
<td>0.92334</td>
</tr>
<tr>
<td>We experience forex risks in our operations</td>
<td>4.3774</td>
<td>0.85993</td>
</tr>
<tr>
<td>Our operations are affected by political stability in the Country</td>
<td>3.8462</td>
<td>1.03629</td>
</tr>
<tr>
<td>Our operations are affected by stringent regulations</td>
<td>4.3269</td>
<td>0.98461</td>
</tr>
<tr>
<td>Our organization culture affects our operations</td>
<td>4.2264</td>
<td>0.21372</td>
</tr>
<tr>
<td>The organizational structure in our airline affects our operations</td>
<td>3.8333</td>
<td>0.95279</td>
</tr>
</tbody>
</table>

On whether security was a major challenge in their operations, the respondents agreed as represented by a mean score of 4.6792. The balance between airport security and airport service is one of the most important issues for airports and airlines. Airlines rely high levels of security in their operations for business because of this high risks associated with flying. These findings show that the airlines valued security in their business operations.

They experienced staff competence challenges in the operations, the respondents agreed as represented by a mean score of 4.6346. The respondents indicated that they encountered several challenges in their operations ranging from high fluctuation in exchange rates, high fluctuations on fuels and higher demands by employees. The respondents indicated that high fuel prices had reduced their operating profit and frequent shortages had inconvenienced their operations. The respondents also indicated that frequent industrial actions among their employee representatives had affected their operations strategy implementation to a great extent because the industry is labor intensive.
On whether airlines experienced high competition in their operations, the respondents agreed as indicated by a mean score of 4.5472. The airlines indicated that the number of airlines operating in the country had increased which meant that customers have a great choice to choose from. In addition, the respondents indicated that the fees charged for services were to some extent regulated by competition. This reduced the profitability of more airlines as their pricing was mainly dictated by the cost efficient airlines.

The study further sought to establish whether the airline industry experienced high weather unpredictability. The respondents agreed as indicated by a mean score of 4.2157. The respondents indicated that weather conditions affected their operations as it affected their landing and taking off. Some respondents indicated that in bad weather conditions, the airlines were forced to find alternative landing airport which was at times far away from their scheduled landing airport which inconvenienced them and their clients. This meant that in most cases, the airline would incur extra costs to transport its passengers to the intended destination.

The respondents also indicated that their airlines experience forex risks in their operations as shown by a mean score of 4.3774. The respondents cited that forex played a key role in their operations as some billed their customers in foreign currency. Slight changes in forex affected airline firms greatly because it affected their pricing. The respondents also indicated that their firms were affected by political stability in the Country as represented by a mean score of 3.8462. Respondents indicated that political stability played a key role on the levels of security witnessed in a country. As such political stability plays an important role in operations strategy implementation among airline companies. The
respondents also indicated that stringent regulations affected their implementation of operations strategy as indicated by a mean score of 4.5472.

4.3.1 Extent to which security challenges affected operations

The respondents were asked to indicate the extent to which security challenges affected their operations. These findings are well illustrated in the table 4.6:

Table 4.6: Extent Security Challenges affected Operations

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>9</td>
<td>26%</td>
</tr>
<tr>
<td>Great extent</td>
<td>8</td>
<td>24%</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>12</td>
<td>35%</td>
</tr>
<tr>
<td>Little extent</td>
<td>3</td>
<td>9%</td>
</tr>
<tr>
<td>No extent</td>
<td>2</td>
<td>6%</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
<td>100%</td>
</tr>
</tbody>
</table>

As shown in table 4.6, the respondents indicated that security affected operations in their airlines to a great extent. This is supported by a high proportion of respondents who indicated that security affected operations in their companies. From the findings 50% of the respondents indicated that security challenges affects the operations in their airlines to a very great extent, while only 15% indicated that it affected to a little and no extent.

The study sought to find out the extent to which their operations had been affected by forex in their airlines. The findings were as shown in the table 4.7:
Table 4.7: Extent Operations had been affected by Forex

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>3</td>
</tr>
<tr>
<td>Great extent</td>
<td>13</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>7</td>
</tr>
<tr>
<td>Little extent</td>
<td>9</td>
</tr>
<tr>
<td>No extent</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
</tr>
</tbody>
</table>

The findings in Table 4.7 show that the respondents agreed to a great extent (38%) that forex affected their operations. This was largely attributed to the international nature of their operations hence need to use forex in converting currencies as required. Forex a key component in airline operations as it can affect the levels of profitability recorded by an airline.

4.3.2 Extent to which competition affected operations in their airlines

The extent to which competition affected operations in their airline is shown in the table 4.8:

Table 4.8: The extent to which competition affected operations in their airline

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>17</td>
</tr>
<tr>
<td>Great extent</td>
<td>9</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>7</td>
</tr>
<tr>
<td>Little extent</td>
<td>1</td>
</tr>
<tr>
<td>No extent</td>
<td>0</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
</tr>
</tbody>
</table>

Findings in Table 4.8 shows that 76% of the respondents indicate that competition affected their implementation of operations strategy greatly. Only 3% indicated that competition affected their operations to a little extent.
4.3.3 **Extent operations were affected by political situation in the country**

The extent to which airline operations had been affected by political stability in the country was as shown in the table 4.9:

**Table 4.9: extent operations were affected by political situation in the Country**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>12</td>
</tr>
<tr>
<td>Great extent</td>
<td>9</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>7</td>
</tr>
<tr>
<td>Little extent</td>
<td>4</td>
</tr>
<tr>
<td>No extent</td>
<td>2</td>
</tr>
<tr>
<td>Totals</td>
<td>34</td>
</tr>
</tbody>
</table>

From the findings 35% of the respondents indicated that their operations been affected by political situation in the Country to a very great extent, 26% of the respondents indicated that it affected to a great extent, 21% of the respondents indicated that it affected to a moderate extent, 12% of the respondents indicated that it affected to a little extent, 6% of the respondents indicated that it affected to a no extent.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also the conclusions and recommendations of the study based on the objectives of the study. The objective of this study was to establish strategic challenges of operations strategy implementation in the aviation industry in Kenya.

5.2 Summary of the Findings

The study found out that airport security was one of the most important issues for airports and airlines. Airlines relied on high levels of security in their operations for business because of the high risks associated with flying. Airlines valued security in their business operations. The respondents indicated that they encountered several challenges in their operations ranging from high fluctuation in exchange rates, high fluctuations on fuels and higher demands by employees. High fuel prices had reduced their operating profit and frequent shortages had inconvenienced their operations. In addition, the respondents indicated that frequent industrial actions among their employee representatives had affected their operations strategy implementation to a great extent because the industry is labor intensive. Airline companies also experienced high competition in their operations which reduced their profitability. The number of airlines operating in the country had increased which meant that customers have a great choice to choose from. The airline industry experienced high weather unpredictability. Weather conditions affected their
operations as it affected their landing and taking off forcing their planes to find alternative landing airport which was at times far away from their scheduled landing airport which inconvenienced them and their clients in bad weather conditions.

Airlines experience forex risks in their operations. Forex played a key role in their operations as some billed their customers in foreign currency. The study also established that airline companied was affected by political stability in the Country. Political stability played a key role on the levels of security witnessed in a country. The findings also show that security affected operations in their airline companies to a great extent.

5.3 Conclusions

The study established that the airlines operated both regionally and internationally. However, regional airlines were more than international airlines. In addition, the airline companies had been in operations for more than 10 years hence were more appropriate in providing data required for this study.

The study also concludes that the airlines faced several challenges in the implementation of operations strategy. Key among these included: airport security, forex, political stability, highly fluctuating fuel prices and shortages, industrial action among their employees and high competition. All these affected the implementation of operations strategy in these airline companies.

5.4 Limitations of the Study

A limitation for the purpose of this study included anything that hindered the attainment of the study objectives. Key among the limitations in this study were: respondents were
reluctant in giving information fearing that the information asked would be used to intimidate them or paint a negative image about them or their company. The researcher handled this problem by carrying an introduction letter from the University and assured the respondents that the information they gave would be treated with confidentiality and was used purely for academic purposes.

The study also faced both time and financial limitations. The duration that the study was to be conducted limitation hence exhaustive and extremely comprehensive research could not be carried out. However, the researcher countered these limitations by carrying out the research across the departments and management levels in the organization to enable a generalization of the study findings.

5.5 Recommendations

5.5.1 Recommendations with Policy Implications

The study found out that the airlines were highly affected by airport security because of the high risks involved in flying. This study therefore recommends that security be maximized at the airports to ensure that the passengers are always safe.

The study also established that operation strategy implementation among airline companies was affected by foreign exchange rates. This study therefore recommends that airlines companies bill their customers both in foreign and local currency in order to manage the risks associated with foreign currency conversions. In addition, this study recommends that airline companies maintain foreign currency denominated accounts in order to manager foreign exchange rate risks.
The study also established that the airline firms were highly affected by high fuel prices and fuel shortages. This study therefore recommends that airline companies enter into hedging contracts including forwards and options to shield themselves from fuel price fluctuations and shortages.

The study further established that airline companies were affected by high levels of competition as the number of airline companies on any given route increased. This study therefore recommends that airlines improve on the services provided to keep on attracting and maintaining customers.

5.5.2 Recommendations for further Studies

This study reviewed implementation challenges of operations strategy among airline companies in Kenya. It concentrated on companies with offices in Kenya. This study therefore recommends that another study be conducted on airlines operating within African continent to establish the challenges they encounter in strategy implementation.

This study further suggests that future study be done of management of the challenges encountered by airline companies. Airline companies experience several challenges in their operations hence it would be good if these challenges were brought to the fore and the different mechanisms that these firms are using to mitigate the effects of these challenges.
REFERENCES


Mbugua, G. M. (2012), *challenges of strategy implementation at the Kenya Civil Aviation Authority*, Unpublished MBA project, School of Business, University of Nairobi.


APPENDICES

Appendix I: Questionnaire

STRATEGIC CHALLENGES OF FLIGHT OPERATIONS IN THE AVIATION INDUSTRY IN KENYA

SECTION A: GENERAL INFORMATION

1. Name of the Airline ______________________________________

2. Your position in the organization ____________________________

3. Area of operation
   Local [ ] Regional [ ] International [ ]

4. Number of years in Operation
   Below 10 years
   10-20 years
   20-30 years
   Above 30 years

5. Number of years worked with the current airline
   Below 5 years
   5-10 years
   10-15 years
   Above 15 years

6. Length of existence
   Below 10 years
   10-20 years
   20-30 years
   Above 30 years

7. Number of the organization
   Below 50
   Between 50- 100
   Between 100- 150
   Above 150

SECTION B: CHALLENGES IN FLIGHT OPERATIONS
Below is a list of challenges in flight operations. On a scale of 1-5 where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly disagree, please indicate your level of agreement with each statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Security is a major challenge in our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. We experience staff competence challenge in our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. We experience high competition in our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. The airline industry experiences high weather unpredictability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. We experience forex risks in our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Our operations are affected by political stability in the Country</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Our operations are affected by stringent regulations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Our organization culture affects our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. The organizational structure in our airline affects our operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. To what extent does security challenges affects the operations in your airline?
   - Very great extent  [  ]
   - Great extent [  ]
   - Moderate extent [  ]
   - Little extent [  ]
   - No extent [  ]

18. To what extent have your operations been affected by forex?
   - Very great extent  [  ]
   - Great extent [  ]
   - Moderate extent [  ]
   - Little extent [  ]
   - No extent [  ]

19. To what extent has competition affected your operations in Kenya?
   - Very great extent  [  ]
   - Great extent [  ]
   - Moderate extent [  ]
   - Little extent [  ]
   - No extent [  ]
20. To what extent has the operations of your company been affected by political situation in the Country?

<table>
<thead>
<tr>
<th>Extent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>[   ]</td>
</tr>
<tr>
<td>Great extent</td>
<td>[   ]</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>[   ]</td>
</tr>
<tr>
<td>Little extent</td>
<td>[   ]</td>
</tr>
<tr>
<td>No extent</td>
<td>[   ]</td>
</tr>
</tbody>
</table>
Appendix II: List of Airline Companies in Kenya

1) Kenya Airways
2) Ethiopian Airlines
3) Jubba Airways
4) Air Uganda
5) Precision Air
6) Rwandair
7) South African Airlines
8) Air Mauritius
9) Egypt Air
10) British Airways
11) KLM
12) Turkish Airlines
13) Swissair
14) Brussels Airlines
15) Fly 540
16) East African Air
17) African Express Airways
18) Jetlink
19) Astral Aviation
20) Martin Air cargo
21) DHL
22) 748 Air Services
23) Air Kenya
24) Blue Bird Aviation
25) Delta Connection
26) Safarilink Aviation
27) Mombasa Airsafari
28) Emirates
29) Etihad
30) Qatar
31) Lufthansa Cargo
32) Korean Airlines
33) Air Arabia
34) CMC Aviation
35) Regional Air
36) Kencargo Airlines Internatio