THE IMPACT OF TURNAROUND STRATEGIES ON BUSINESS PERFORMANCE AT KENYA AIRWAYS

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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A Research Project Report Submitted to Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Master of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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STUDENT’S DECLARATION

I, the undersigned, pronounce this is my unique work and has not been submitted to some other institution or university other than to the United States International University-Africa (USIU-Africa) in Nairobi, Kenya for academic credit.

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This project report has been presented for examination with my approval as the appointed supervisor.

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Dean, Chandaria School of Business
ACKNOWLEDGEMENT

I would like to acknowledge the support and guidance of my supervisor Dr. Joyce Ndegwa from the beginning to the completion of this project report. I would also like to acknowledge everyone that supported this project in terms of materials and assistance on data collection and analysis.
DEDICATION

I dedicate this project to GOD almighty for seeing me through my education as well as for giving me the energy to do this work from the beginning to its completion.
ABSTRACT
The purpose of this study was to determine the impact of turnaround strategies on business performance. The research was guided by the following research questions: What is the effect of cost management practices on business performance at Kenya Airways? What is the effect of organizational restructuring on business performance at Kenya Airways? And what is the effect of retrenchment on business performance at Kenya Airways?

The study used descriptive survey design as its research design to conduct the research on a target population of 137 employees and a sample of 102 respondents working at Kenya Airways. Stratified sampling technique was deployed and a closed-ended questionnaire was used for data collection, data was coded and entered into a Statistical Package for Social Sciences (SPSS) software and data presented in tables and figures. Data analysis use descriptive statistics to analyse frequencies, percentages, means and standard deviation while inferential statistics were used in analysing correlation and regression analysis.

The findings of the study show that cost management practices enhances business performance. The study found out that there exists a positive correlation between cost management practices and business performance with an R-value of (0.460). The study further established that, cost management practices accounts for 20% in variability for business performance.

The findings have also revealed that organizational restructuring contributes significantly towards a firm’s business performance. The study found out that there exists a strong positive correlation between organizational restructuring and business performance with an R-value of (0.689). The study established that organizational restructuring accounts for 47% in variability for business performance.

The study found out that retrenchment practices enhances business performance. The findings indicated that there exists a significant relationship between retrenchment practices and business performance with R-value of (0.443). The study has established that retrenchment practices accounts 19% in variability for business performance.

The study concludes that cost management practices, organizational restructuring and retrenchment practices do influence business performance at Kenya Airways and the airline industry as a whole. Each of these factors do influence business performance of an airline
depending on the kind of the business environment the company is operating in in any given time. Therefore, the information obtained from the analysis enables the management to decide on how to influence their business performance using turnaround strategies.

The study recommends that since this study investigated the impact of turnaround strategies on business performance at Kenya Airways. Future studies should widen the scope in terms of assessing the impact of turnaround strategies on business performance for other sectors like manufacturing, hospitality, education and tourism.
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ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance
CEO: Chief Executive Officer
IPO: Initial Public Offering
KCAA: Kenya Civil Aviation Authority
SPSS: Statistical Package for Social Sciences
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Turnaround refers to the financial recovery of a company which has been performing poorly for an extended period of time (Panicker & Manimala, 2015). To affect a turnaround strategy the company should acknowledge and identify its lapses, consider change in management and then implement a problem solving strategy. With poor financial performance the management team should respond with an attempt of ensuring that the company’s survival. A firm’s financial performance may continue to decline if its top management lacks the capacity of responding successfully to internal and external factors that are causing its decline (Namukasa, 2013). The process of turnaround is highly dedicated to corporate renewal and takes analysis and planning into consideration to save a declining company and return to its solvency. According to Sibanda, Zana and Ngwenya (2016), turnaround strategy refers to a set of consequential directives, long term actions and decisions at the reversal of a perceived crisis which is a threat for the survival of a firm. They further indicate that strategic turnaround attempts to either change the strategy of competing in the same business environment or defining how a company can enter into a new business.

Turnaround strategies is further defined by Santana, Valle and Galan (2017), as the action plan that is implemented by the company’s management clearly defining how the organization is set to run its operations so that it can reverse the negative performance results. Turnaround strategies are used to curb the deterioration of firm’s performance with the aim of restoring it to prosperity (Ganto & Sulaiman, 2013). The strategies help the company to regain its solvency and continue operating in a manner that is profitable into the unforeseen future.

According to Schoenberg, Collier and Bowman (2013), a strategy plays a great role in identifying general approaches that the company will use in achieving organizational objectives and goals. To improve business performance, many strategies are available to the management of the firm with regards on the circumstances that exist in the environment in which the firm operates and this can range from retrenchment, corporate turnaround and restructuring strategies (Astuti, 2016).
Business performance on the other hand refers to a measurement that is adopted by the company to ascertain how well the management is using the resources available in the organization with an attempt of delivering the set objectives within a given period of time (Losonci & Demeter, 2013). According to Chang, Chen and Hu (2015), performance refers to the actual outcomes that is realized by the organization in comparison to the set targets or objectives of the company. Performance measurements are vital since it helps in rating the management on how well they are utilizing the company resources entrusted in them by the shareholders within a given period of time (Alhyari, 2013).

A decline of a firm’s business performance in a competitive environment can be caused by various factors. For instance in a situation where a company’s operations and performance is experiencing a challenges, then there is always a need of the company to undertake a turnaround strategy that can effectively drive the firm out of the declining trends of performance (Panicker & Manimala, 2015). According to Ganta and Salaiman (2015), the severity of the financial performance decline and leadership failure has been considered to be one of the contributing factors to the turnaround strategy formulation as well as the likelihood of a successful firm’s recovery.

Globally, most firms face constraints that cause a decline in performance because of internal and external factors that surrounds the firm’s business environment (Townsend, 2014), hence making the firm weak in gaining competitive advantage among its competitors in the marketplace. As an alternative response to the times of crisis, turnaround strategies are then targeted in enhancing the firm’s chances of ending the threat affecting its operations and achieve a sustainable performance recovery that is being desired by the stakeholders of the company (Ganto & Sulaiman, 2013). Various companies in different industry have gone through turnaround strategies to emerge from poor business performance, Apple in the United States, the company went into a decade long downward spiral after the company’s CEO Steve Jobs left the organization in 1985 and competitors with low priced products like Microsoft flooded the personal computer market. After 12 years of innovation, popularity and sales of the company continued to plummet almost resulting to bankruptcy until the CEO rejoined the company in 1997, with his leadership the company was able to turn itself around with a very successful rebrand as well as new technology such as the first iMac and currently Apple is one the most valuable companies in the world, generating revenues of almost $300 billion each year (Taylor, 2017).
In the automotive industry, General Motors being one of the largest vehicle manufacturers went through turnaround, General Motors which was founded by William C. Durant in 1908 and initially being a holding company, two years down the line the founder lost control of General Motors to a bankers’ trust since the company had accumulated huge amounts of debt and a collapse in vehicles sales. Then in a dramatic proxy war in 1915 the company was able to regain its control, only to lose its control for good in 1918 due to collapsing of the new vehicle market (Olson & Thjømøe, 2010). Change in leadership enabled Alfred Sloan to take over leading the company into global dominance. In 2010 the company reorganized made their an initial public offering which was one of the World’s top five largest IPOs to date and the company is profitable bringing in $150 billion in annual revenue (Houghton, 2013).

The global aviation industry despite having recent developments, the industry is faced by various challenges that forces company to call upon a turnaround strategy for them to remain relevant in the airline industry, these challenges include; government actions, large and influential labor groups, intensive investments in the aircraft equipment, fuel prices, air traffic and competition, regulations and stability and weather can also have a big impact on the operations of the global aviation industry (Bowen, 2013).

The European airlines for instance, they continue to struggle as indicated by the highest breakeven load factors among other worldwide regions, as much as the European airlines compete intensively in the continent’s open aviation area, but they are still faced by high regulatory costs, inefficiency in terms of infrastructure and onerous taxation (Button, 2016). With the fact that the European airlines have achieved the second highest load factor, the industry’s financial performance is still poor (Amana, 2015). The American airline industry on the other hand is faced by operational challenges that have forced some of the aviation players to exit the market, the US Airline industry has been recording an average of six bankruptcies per year since the year 1978. Since the Airline Deregulation Act was passed in the US, four airlines have each filed for bankruptcy twice, these include; Continental, Braniff airline, Trans World Airways and U.S. Airways (Townsend, 2014).

In Africa, the performance of the Aviation industry is still lagging behind as opposed to those of the rest of the world (Bowen, 2013). The rapid expansion of the Africa’s aviation industry is affected by a various factors. Poor recording of safety and security, aircraft infrastructure, lack of adequate resources, lack of regulation and government frameworks,
distance and limited connectivity are among the main constraints facing the industry. These constraints then add to the competition, high operational costs due to surging oil prices, as a result they accelerate a decline in the airlines’ performance calling up for a turnaround strategy that will help the companies recover from the decline stage (Dafa’Alla, 2016). Africa is considered to be the weakest region in the global aviation industry, as in the past four years, profits are barely positive. The breakeven load factors of the continent are relatively low because the yields are a bit higher than the average while the costs are lower, however, few airlines in the region like Ethiopian Airlines have been able to adequately achieve decent load factors. For other carriers in the region, the challenges have been significant, the other two big carriers in sub-Saharan, South African Airways and Kenya Airways are still working on restructuring strategies to turnaround, while in the North African markets were hit by the terrorist attacks (MacDonald, 2017).

A struggling South African Airways is significant for the whole African continent, South African Airways still remains to be the biggest African airline since its establishment in the year 1934, accounting for a quarter of all intercontinental capacity that is offered by other African carriers (Shankman, 2017). South African Airways being a 100% state owned company reporting to the South African government department of Public Enterprise with a dual mandate. The inevitable result of South African Airways is that the government appointed management is caught between making pure commercial decisions and the ones that fit in with the policies of the government. During the years when the economy was strong and low fuel prices, this contradiction didn’t have a big impact in the airline’s operations (Kwesta, 2015). The last five years has seen the airline’s operational as well as the financial position becoming steadily weaker, and the need for strong turnaround strategies is now essential for the company to recover.

In Kenya, the aviation industry is regulated by the Kenya Civil Aviation Authority which was formed in 2002 from the Civil Aviation Amendment Act with a main purpose of regulating and overseeing the aviation training, safety and security, proving of air navigation services and the air services economic regulation framework. The Kenya Civil Aviation Authority (KCAA) is a key to the Kenyan aviation industry as it provides and regulates navigation services in the country under bot the local and international statutes and regulations (KCCA, 2015). The Kenyan aviation industry is highly dependent upon the capacity of its airports to handle traffic from the various destinations. The government of Kenya has done upgrades in the various airports within the country with its latest being
Jomo Kenyatta International Airport of increasing its capacity and efficiency of the airports. The ability of handling more and dealing with airlines from various parts of the World which saw the entrance of Virgin Atlantic and Qatar Airways (Mwangi, 2013).

Kenya Airways is the biggest airline carrier in Kenya which was formed after the dissolution of the East African Airways in 1977. Kenya Airways is listed and its shares trade in the Nairobi Securities Exchange and it has a public private ownership allowing various investors to buy shares from the company. The company currently flies to 53 destinations with a total fleet of 40, with 15 Embraer and 25 Boeing (O’Keeffe, 2013). Kenya Airways is considered as one of the biggest national airlines in sub-Saharan Africa after South African Airways and in the entire African continent (MacDonald, 2017). The airline is a member of Sky Team and employs 3986 employees in its air travel and cargo transport services across the world. The Airline contributes significantly to the country’s economy through employment of over 4000 employees, paying taxes to the Kenyan government, and engages itself in corporate social responsibility activities through various sponsorships like Rugby sevens and the Safari Rally.

In the recent past, Kenya Airways has been hit by numerous challenges that have affected its profitability, competition from other carriers, high operational costs, and poor financial mismanagement calling upon the turnaround program to help the company recover from its decline performance (Kariuki, 2017). The balance sheet of company started showing a relatively bad performance in 2009, with negative profits before tax since 2013 leading to their worst performance in the year 2015. The company has been trying to address their challenges through a turnaround program, and having its managing directors changed three time since 2013, the company at some point retrenched its workforce to minimize operational costs (Wahito, 2017). The company also hired a consultancy firm McKinsey and Company to implement cost savings and revenue generation measures to bring the company back to profitability and had their contract terminated in the final stages of the turnaround plan (Mutegi, 2017). This study then seeks to determine the impact of various turnaround strategies that the company has put in place on its business performance.
1.2 Statement of the Problem

The global aviation industry has been facing turbulences in the last three decades and for any success of a turnaround strategy it requires a successful implementation of the strategy selected by the organization through integration of various management activities that are essential in putting strategy in motion, instituting strategic control measures in monitoring the progress to ultimately achieve the desired organizational performance. Delta Airlines for example, despite being the third largest airline in the US in the early 2000s, the airline faced various massive losses after the September 11 attacks, the airline had announced that it might have to file for bankruptcy but in the mid-2004, the country has to call upon a turnaround strategy by employing major cost cutting initiatives which has made it the best domestic airline in the US (Min, 2015). Delta’s predicament was similar to that of other similar airlines in the United States. Malaysian Airlines also had a similar predicament whereby the balance between politics and social obligations affected its profitability while at the same time facing a turmoil since 11 September 2001 due to decline in air travel demand. The company had to come up with a real and radical turnaround plan which was imperative for the Airline (Rosnan & Mahmod, 2015).

Kenya Airways has been experiencing massive losses in the last five years and it is currently in recovery phase after suffering a serious damage in its operations due to losses. The focus is currently on financial restructuring as well as senior management improvements in making appropriate decisions and strategies. The company appointed a new CEO in May last year, Sebastian Mikosz from Poland is now the Kenya Airways CEO and Managing Director who is expected to turnaround the company in reviving the losses made by the airline (Wahito, 2017). Since then some of the strategies of the company seem to be working, despite having other areas that needs to be improved within the company for it to remain relevant. Since the company is in recovery stage, there is a need to research on the turnaround strategies being undertaken and their impact on the business performance.

Studies have been carried out in the airline industry from various countries, Rosnan and Mahmod (2015) researched on the turnaround plan on the organizational performance of Malaysian airline, the study revealed that superior financial management based on profit and loss, mastering of operational excellence, winning coalitions and unleashing organizational talent capabilities led to profitability for the airline. Schimidt (2016) on the other hand did a research on the American Airlines turnaround, the study revealed that cost
cutting measures and forming coalitions were essential to succeed in the global aviation industry. But there is a little research that has been done on the Kenyan airline industry as far as turnaround is concerned. Local studies have been conducted on turnaround strategies, among this being a study by Inyangae (2014) who conducted a research on the turnaround strategies used by National Oil Corporation to improve performance and revealed that both internal and external factors led to poor performance of National Oil Corporation and there was a need of turnaround expansion strategy to improve performance. Kisamwa (2013) conducted the impact of turnaround strategies on the growth of Microfinance institutions in Kenya which revealed that leadership and management change improved performance, however, there exist a gap on the effect of turnaround strategies on business performance, specifically in the airline industry.

Kenya Airways being the biggest key player in the industry and currently undertaking a turnaround to revive its losses (Hofmann, 2018), it is therefore vital to carry out this research and address the impact of its turnaround strategies on business performance. The study sought to answer the question; what is the impact of turnaround strategies on business performance of Kenya Airways?

1.3 Purpose of the Study
The purpose of the study was to determine the impact of turnaround strategies on business performance at Kenya Airways.

1.4 Research Questions
The study was guided by the following research questions.

1.4.1 What is the effect of cost management practices on business performance at Kenya Airways?

1.4.2 What is the effect of organizational restructuring on business performance at Kenya Airways?

1.4.3 What is the effect of retrenchment on business performance at Kenya Airways?
1.5 Significance of the Study

1.5.1 Kenya Airways

Kenya Airways benefited from the findings of this study by knowing the effect of turnaround strategies on performance and help the management in making informed decisions relating to the business performance of the firm.

1.5.2 Aviation Industry

The Kenyan aviation industry also benefited from the findings of this study since the major issues of airlines operating in the Kenyan industry seems to cut across the entire aviation sector, hence, the findings of this study enabled all the players in the aviation industry to understand how turnaround strategies impact their business performance and use the findings to guide their decisions.

1.5.3 Policy Makers

The governing and the lawmaking body of the Kenyan aviation industry also benefited from the findings by assessing the impact of turnaround strategies on the airlines’ business performance develop policies that can have a positive impact on performance of the Kenyan aviation industry.

1.5.4 Researchers and Academicians

Researchers and academicians were to be able to gain insights on the impact of turnaround strategies on business performance. Researchers and academicians were able to use the findings of this study as their references as well as additional knowledge on the impact of turnaround strategies on business performance.

1.6 Scope of the Study

The study focused on the Kenyan Aviation Industry in particular Kenya Airways as the area of interest. The target respondents of this study were the top level managers, middle level managers and lower level managers working at Kenya Airways. Duty stations were limited to Nairobi County. The study was also limited to the turnaround strategies in regards to business performance. Data collection was done for a period of one month that is from February 2019 to March 2019. Getting a high response rate desired by the researcher was one of the major limitations. This was reduced by giving the respondents enough time to
respond to the questionnaire while at the same time making a follow up via mail and phone calls to ensure that the desired response rate is obtained.

1.7 Definition of Terms

1.7.1 Turnaround Strategies

Turnaround strategies refers to the planned efforts by a company’s management carried out jointly with an attempt of responding to performance problems affecting the operations of the business, that is turnaround strategies are undertaken as a measure towards recovery for a poorly performing organization (Santana, Valle, & Galan, 2017).

1.7.2 Business Performance

Business performance refers to the alignment and achievement competitive advantage, profitability, lower cost of business, and increase in client base over a set period of time (Anwar & Hasnu, 2016).

1.7.3 Retrenchment

Retrenchment refers to involuntary separation of a worker due to the replacement of labor by machines or due to close of the department. Retrenchment activities involve cutting down operation costs and a divestment of non-core assets (Nielsen, 2015).

1.7.4 Organizational Restructuring

Restructuring refers to a significant modification that is made to the company’s structure, operations or debt and it is usually undertaken when there are massive problems in a company that are causing some form of financial decline and affecting the overall performance of the business (Rodríguez-Ruiz, 2015).

1.8 Chapter Summary

The chapter has presented the background of the study on the impact of turnaround strategies on business performance, the research problem that the research seeks to address has been presented and the purpose of the study has been stated. The chapter also presented the research questions that will guide the study, the significance of the study by highlighting key stakeholders that will benefit from the findings of the study, the scope of the study and definition of key terms used in the study. Chapter two presents literature review on the impact of turnaround strategies on business performance by reviewing the works done by
different authors and researchers on the subject. Chapter three highlights the research methodology adopted by the study. Chapter four presents the results and findings obtained from the respondents. Chapter five presents the discussion, conclusion and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter provides literature review on the impact of turnaround strategies on performance. The first section of this chapter presents the literature review on the effect of cost management practices on business performance, followed by the second section which presents a literature review on the effects of organizational restructuring on business performance and the third section presents the literature on the effects of retrenchment on business performance and the chapter summary.

2.2 Cost Management Practices and Business Performance
Profitability in any airline is a function of turnover and costs (Hamilton & Mudambi, 2015). In circumstances where the profits of the company are low as opposed to its competitors, various strategies can be deployed to restore profitability levels to the most desired and acceptable levels that the organization seeks to attain. These strategies could include seeking to increase revenues or minimizing costs while at the same time maintaining turnover levels (Jayanti, 2013). Sjögren (2016), on the other hand established that, managing costs during the times of turbulence in the airline industry it is important to ensure that the airline uses few resources at their disposal to improve their business performance. Business performance measures should be based on profitability, market share the airline is commanding and customer loyalty since most strategies implemented by companies always aim at improving profitability of the organization (Dafa’Alla, 2016).

Cost management practices have been referred as quick wins for any airline operating in turbulence since they involve various ways in which companies adopt to reduce costs that associated with their service operations without having to compromise quality (Saleem, Zahra, & Yaseen, 2017). These may include identification of redundancy processes and removing them in service production to minimize production costs, reducing cash conversion cycle so as to have cash available for reinvestment within the shortest period time possible in order to limit financing costs in operations, prolong the period taken to pay creditors so that the same amount can be used in the business for long period, reducing the amount that is devoted to marketing activities and freezing any salary incremental of employees within the turnaround period (Johnson, 2014).
Airlines invest in various assets in order to boost their balance sheets (Button, 2016). In a situation where the business performance of the airline is consistently negative, there might be a need to establish their asset structure afresh. The process of asset restructuring requires identification of the areas within the company that its performance is below average so that the company can invest in areas that will optimize returns (Astuti, 2016). Reorganization of business units in order to achieve efficiency may be necessary, divestiture from business units that are not consistent with the core business of the company, investing the company resources in the business ventures that are aimed at improving the core business and entering into strategic alliances as well as joint ventures will enable the company emerge from negative business performance during turbulence (Hamilton & Mudambi, 2015).

According to Button (2016) the airline industry is regarded as a service industry that is characterized by a low level of profitability since it is capital, technology and labour intensive for it to prosper. The industry also faces challenges from its external environment as well as internal operations. Among other challenges, jet fuel is an essential component of commercial airlines’ operational costs (Chang & Shao, 2011). Companies operating airlines must always practice cost control especially the times when they have already experienced the extreme crude oil price increases. In reference to the International Air Transport Association (IATA) statistics, shows that in 2008 the global airline industry’s fuel had a growth of between $31 and $165 billion and lost about $16.8 billion which was accounted for 31% of operational cost at $99 per barrel Brent of oil. Cost-efficiency improvement continues to be top agenda of the airline industry (Dong, Qiao, & Yang, 2015). In the current challenging business environment, practicing greater control over all operating costs should be obvious important to all businesses regardless the industry.

According to Button (2016), efficiency-oriented strategies are crucial for any organization to realize its turnaround through reinventing its internal business processes for them to run effectively as well as efficiently. This kind of efficiency will in turn bring the benefits such as reduction in operational costs which can have a negative impact on the revenue streams of the firm, as they eat up in the profits of the organization. Harrison (2013), argues that efficiency-oriented strategies that are not entrepreneurial are always associated with a very successful turnaround within the business. He also emphasized that the adoption of
efficient-oriented recovery strategies is significant for a successful turnaround activities for most companies regardless the industry which is contrary to strong association with initiatives revolving around retrenchments. It is also noted that the size of the company has an important role in its performance, and small companies have proven to be efficient due to a reduced level of bureaucracy (Morley, 2014).

2.2.1 Fuel Cost Reduction Policy

According to Chang and Shao (2011), fuel cost reduction is a major component in the operations of the airline industry. Airlines have various strategies or options to choose from in regards to the fuel cost reduction policy, four strategies can be chosen: fleet dispatch optimization, aircraft dead weight reduction, improvement in aircraft fuel saving performance and undertaking fuel hedging strategies. Fleet dispatch optimization requires that airline companies monitor aircraft performance methods and dispatch various types of aircrafts to execute long haul and short haul flights so that fleet dispatch optimization is effectively executed (Dong, Qiao, & Yang, 2015).

Due to high fuel prices airlines then focus on reducing the deadweight of aircraft as well as reducing the costs of fuel (Amana, 2015). The methods used include; the control of aircraft dead weight through relevant improvements of the fuel quantity accuracy, adjusting water supply to the flight time, reducing the number of newspapers and magazines provided on the flights, the use of lighter material for utensils and catering carts, the removal of front seats footrests (Hamilton & Mudambi, 2015). On the other hand, airlines also try to improve the aircraft fuel saving performance with an attempt of reducing fuel costs by using methods such as cleaning engines and the fuselage on regular basis. This strategy does not only reduce fuel consumption but also improve the performance of aircraft by reducing flight drag. According to Merwe and Jackiw (2010), another cost reduction policy that the airline can undertake is financial operation which entails fuel hedging strategies due to the uncertainty caused by the extreme price volatility of fuels, therefore, airlines can lock in the fuel cost so that fuel costs are lower in future when the aircraft intends to purchase jet fuel for its operations, the companies can benefit by paying a lower price to the fuel suppliers as agreed per the policy.
2.2.2 Improvement of Employee’ Productivity

The reduction of airline labour costs and the increase in employee productivity they are like two sides of the same coin (Merwe & Jackiw, 2010). Among the strategies that can be used in improving employee productivity include; reduction of cabin crew over-time, scheduling a reasonable flight hours for the flight crew, encouraging employees to offer cost-control strategies and dispatching maintenance staff in an efficient manner during direct working hours (Chang & Shao, 2011). In the airline sector, flight crew costs are always higher than those of other employee, therefore, companies constantly try to monitor working hours and scheduling reasonable flight hours for the flight crew to avoid over-time flight hour payments (Amana, 2015).

Airline companies attempt to reduce cabin crew over-time working hours through keeping and scheduling cabin crew’s total flight hours at a reasonable way and through dispatching the cabin crew efficiently and effectively assigning pursers to a fixed duty (Kanghwa, 2013). To reduce the cost of labour maintenance airlines dispatch maintenance of staff efficiently during direct working hours, monitoring of over-time staff working hours and allocation of manpower in line with the maintenance schedule to enable tasks to accomplish within a reasonable time frame and avoiding excessive overtime pay (Astuti, 2016). With an attempt of manoeuvring practical operations that are online, airlines do encourage staff to provide various cost control measures through suggestion systems for effective decision making on cost cutting (Chang & Shao, 2011).

2.2.3 Aircraft Maintenance Cost Reduction

An integration of maintenance management systems can offer advantages that establish maintenance cost control measures as well as strategies (Bowen, 2013). Airline have various options that they can choose from, they can replace old aircrafts that heavy maintenance costs for the purpose reducing maintenance overheads and preserving high performance of the fleet, fuel consumption reduction, and improved company’s public image. To optimize maintenance scheduling, the airlines also monitor the life cycle of parts in order to prevent unexpected malfunctions and breakdowns that could heavily cost the company in terms of declined operations as well as the image of the airline as it is crucial for its customer base or market (Chang & Shao, 2011).
Airlines can also build maintenance resources sharing network like hangars, maintenance material sharing and conducting allied material purchases of the same kind of aircrafts, hence, lowering the cost of inventory and maintenance (Chang & Shao, 2011). According to McLean (2016), airlines do establish effective parts supply chain through electronic maintenance in order to utilize manufacturer supply chains and networks as their purchase channels enabling the airlines track orders efficiently and reducing spare parts inventory costs (Parast, 2015).

2.2.4 Flight Operations Techniques

Airline companies can use flight operations techniques for them to reduce fuel consumption as well as costs, various strategies can be used such as: airlines can correct en route flight plans and the alternative airports by modifying the flight plan routes and the alternative airports, departure and arrive routes and the procedures of adjusting for various contingencies and the tax fuel to help in minimizing fuel consumption (Chang & Shao, 2011). The flight crew can also optimize flight speeds by using the efficient index in calculating time-related parameters and the cost of fuel accurately in order to establish the optimal speeds for each segment of the flight (Bowen, 2013).

Flight crew can also minimize the aircraft landing procedures by the use of minimum flap and idle reverse thrust landing procedures in order to reduce fuel consumption during the landing stage of a flight (Chang & Shao, 2011). During ramp operations the flight can use ground power units rather than auxiliary power units for fuel consumption reduction in the ground operations. Airlines on the other hand, not only pay attention to the fuel operations but also to safety operations, thus, they announce fuel saving mechanisms and procedures that enables to carry out safety audits through by applying aviation safety management techniques and facilities like operational quality assurance with an attempt of improving flight safety and reduction in insurance costs (MacDonald, 2017). Operational efficiency offers an opportunity of transferring the assets to the higher valued users with an attempt of regaining the competitive advantages that may have dissipated from over-diversification and having a more focused business strategy that is dependent on core business which generates higher profits for the company (Alberca & Parte, 2018).
2.3 Organizational Restructuring and Business Performance

Management of turnaround requires competent leadership that will be able to pave way by implementing policies, motivate employees and communicate the significance of the whole process that the firm is undergoing (Barrier, 2014). Burke (2013), emphasized that is usually safer to change organizational leadership whenever the company is conducting turnaround process. The experience at the top level management team is significant since existent leadership has a good understanding of the organizational culture. Although, retaining of the existing leadership that may not be ready to admit failure on their part in providing competent guidance during implementation of corporate strategy is risky.

According to Prabhakar (2014), leaders attempt to turnaround their companies through changes in organizational structure or repositioning the brand in the market. Additionally, there are different managerial responses that are used during the time of crisis and decline which reflects more general routines, processes and the rituals within managerial decision making. Brunoro-Kadash and Kadash (2013), argued that management change phase involve selection of a CEO who can effectively lead the turnaround process and this individual must be holding a proven track record as well as the capability of assembling management team which can implement a strategy of turning the firm around. Leaders can also be having less motivation for engagement in turnaround strategies especially if the leaders are strongly committed to the company’s existing strategy and they can further argue that changes in the top management can endow with significant signals to the outside stakeholders such as creditors and the firm could be separating itself from past failed corporate strategies (Patterson, 2014).

Restructuring requires organizations to make changes in personnel and various departments and can as well change how employees and departments report to one another with the purpose of meeting the market conditions (Min, 2015). Some organizations can shift their organizational structure in order to serve the growing markets while others can reorganize their corporate structure to downsize or even getting eliminating departments that will help the company conserve overheads. Often the new owners or managers of the organization rearrange the business structure in order to create a familiar business model that will help the company run its operations efficiently and be in line with their corporate strategy (Morley, 2014).
According to Burke (2013), organizational restructuring involves carrying out organizational assessment in order to identify areas of competence, improvement and potential risks and then applying the findings to inform strategic solutions. Through identifying inefficiencies, one is able to streamline their processes by eliminating redundant or any unnecessary programs and focus the company’s resources and efforts on higher priorities (Loock & Hacklin, 2016). Some of the areas for assessment during restructuring can be grouped in five principle categories: people, structure, process and technology and culture within which different components are evaluated and research shows that business performance of an organization is optimized when these five elements are aligned appropriately in supporting the company’s goals and priorities (Ganto & Sulaiman, 2013).

Organizational restructuring has been commonly attributed in popular, trade and the academic management literature as an effective and efficient reorganization of the various components of corporate work and typically involves the positive language of cost reduction, profits increment, improving the quality of products and services, share price increase and a quick way of responding to new opportunities (Alhyari, 2013). The concept of restructuring was introduced into corporate world in the 1970s during when it was associated with economic distress and in the 1980s the word took on a more positive and a very constructive connotation to provide organizations with an opportunity to enable them make structural changes with an attempt of increasing efficiency and profits (Johnson, 2014).

Across many disciplines, agreement is widespread that companies strive to be flexible and adaptable in surviving and competing in the contemporary marketplace (Anwar & Hasnu, 2016). For example the development of more global markets improved competition and promoted smaller firms’ entry into the markets forcing larger companies to focus more on reducing costs while at the same time increase efficiency. Since 1980s especially the developments in information technology made it increasingly possible for smaller firms to be fast-moving and dynamic relative to large companies (Mann & Byun, 2017). Moreover, the terms organization and career have been concurrently adjusted with an attempt of allowing for more virtual models of organization forms of hierarchies and the type and principles of employment (Barrier, 2014).
2.3.1 Managerial Restructuring

An effective change in the composition of people entrusted with the leadership as well the management of the organization has been found to be key during undertaking of turnaround strategy (Anwar & Hasnu, 2016). The existing team managing the organization could be having difficulties working together or the team could be running out of ideas on how they can improve the performance of the organization, hence, it poses a need to set them aside and avail the opportunities to other individuals that have demonstrated the willing and readiness of bringing in new ideas so as to reverse the negative trends of poor performance that the company is experiencing (Townsend, 2014). The dynamic business environment that is characterized with uncertainty requires that the old ways of doing things should undergo changes since the old management is associated with status quo and they may not be the right individuals in implementing new strategies that will effectively align the organization to the dynamic business environment (Dong, Qiao, & Yang, 2015).

According to Sing and Singru (2013), a change in senior management team composition is regarded as tangible evidence to shareholders as well as other stakeholders in a company that some positive initiatives have been undertaken following the reported consistent negative trends in its performance. The kind of leadership style used by the existing senior management could be associated with deficiencies in attaining the required business performance levels (Alhyari, 2013). Managerial restructuring can involve change of the company’s Chief Executive Officer (CEO) alone since they are believed to be the key decision makers while in other circumstances the whole senior management team is replaced so that the company has a new management team to drive the vision that the company intends to achieve, since the new management is also believed to come along with new trusted strategies which can reverse the negative trends realized in the firm’s performance (Pandey & Ongpipattanakul, 2015).

Turnaround management demands competent leadership in order to pave way in implementing the policies, motivating subordinates and communicating the importance of the turnaround process (Amana, 2015). Ramsay (2014), emphasizes that it is usually safer to change the management whenever the organization is carrying out a turnaround strategy. The experience of the top management is crucial since the existing management has a clear understanding of the organizational culture. Despite that, having the existing leadership that
is not ready to admit failure on their part in providing competent guidance in implementing the company’s corporate strategy is considered to be risky.

2.3.2 Asset Restructuring

Companies invest in various assets for them to improve the status of their balance sheet. In situations where the business performance of the organization is consistently negative, then it may be necessary that the asset structure of the company is established afresh (Feng & Wang, 2013). Asset restructuring process involves identification of areas within the company where business performance is below average so that the company can invest in areas where it will optimize the desired returns to turnaround. This can involve reorganization of the business units so that efficiency is achieved, divesture from business units that are not in line with the core business of the firm, investing in other business ventures which are aimed at strengthening the core business (Dobni, Klassen, & Sands, 2016). Businesses can also cut down the production of products and services that experience bleak prospects, enter into a strategic alliance and joint ventures with other companies that will allow the business to effectively turnaround and gain a competitive advantage over its competitors (Mann & Byun, 2017).

During asset restructuring, companies that face consistent negative business performance trends can also merge with other organizations that have demonstrated positive performance trends or even be bought out by the management of the organization they merge with (Fullerton, 2014). Companies can also focus on long term profitability through acquisition of other businesses that can fit their core competencies, especially if the company’s products and services have reached maturity stage and they are facing a declining product and market share. According to Alexander (2016), this strategy has proven to be useful and has been applied by a lot of financial companies to improve their financial offerings to its customers.

Organizations that use acquisitions, divestitures tend to deploy portfolio restructuring strategy whereby the strategy involves selling of the business units that are not performing well in order to raise more capital (Anwar & Hasnu, 2016). The company’s objective is always to regain its perspective on the core business. The need of addressing poor business performance can enhance the need for restructuring strategy, accounting losses or even falling of the stock price so that asset restructuring is well executed and the desired performance is attained (Johnson, 2014).
2.3.3 Change in Organizational Culture

Culture defines how people go about doing things in their organizations (Rahman, 2014). Culture consists of the unwritten rules which defines as well as dictating how activities are conducted within the organization. According to Lewis (2012), change in the organizational culture challenges the past beliefs and assumptions that may not be relevant to the changing operational environment usually taken for granted within the company. Change in the organizational culture creates a break in the long practiced routines to encourage employees to adopt a new culture that is desirable in achieving the new organizational performance levels (Erkutlu, 2011).

Organizational cultures plays a crucial role in turnaround process since it influences how employees act in the organization towards meeting the hierarchical destinations that the organization intends to achieve (Lewis, 2012). According to Pietersen (2017), a positive organizational culture helps in strengthening the canter convictions and practices that a pioneer wishes when debilitating the attributes and the tasks the pioneer rejects. On the other hand, a negative organizational culture makes the organization unsafe, hurting the life of the company and hindering any future potential for improvement and therefore knowing the culture of the company offers specialities in appreciating both the history and the current organizational methodologies for operations.

Rodriguez and Stewart (2017), indicate that when it comes to building a positive organizational culture it do not just happen, but requires business leaders to formulate and implement plans that will achieve it and can sometime require them to take time and energy from short-term revenue and sales targets. One of the strategy that can be applied is the review of the human resources policies for workers so that the organization can become more flexible in meeting the new strategy without affecting employee coverage in the organization (Chang, Chen , & Hu, 2015). Leonard (2018), suggests that another strategy that can be useful in organizational culture change is the redesigning the office of cubicles and become an open floor plan, perhaps with amenities like a coffee bar, instead of a break office which will enable team members to socialize, collaborate effectively in meeting the assigned projects, hence, the desired performance by the organization can be met with motivated employees through culture change that supports the desirable performance of the company.
2.4 Retrenchment and Business Performance

Retrenchment in today’s business environment is becoming a household name in various organizations as firms strive to minimize costs with an aim of maximizing profits or becoming successful in the market (Riva, 2013). Despite retrenchment being necessary especially during turnaround, a loss of job is always a devastating to an employee when it is not voluntary. It has been established that retrenchment tends to leave a lot of insecurity to the remaining workers as it can erode their morale since they are not assured of their work in future (Latham & Braun, 2016).

According to Nielsen (2015), retrenchment strategies involve reduction in operating costs and a divestment of the non-core assets within the organization. During turbulent times, the business horizons tend to shorten with the managers or owners to focus on the immediate survival strategy rather than the long-term objectives (Anwar & Hasnu, 2016). It is always easier to cut down costs than generating additional revenues through company’s operations, therefore, most companies going through a turnaround would prefer to retrench as an attempt of reducing operational costs. Farooq and Hussain (2016), indicate that successful turnaround strategies are attributed by retrenchment activities, reorganization and repositioning of the company. They further argue that failure to use one or more of these strategies by companies, companies are then likely to exhibit bad performance rendering it as irrelevant into the business environment. Retrenchment is noted to be an integral element of turnaround strategy and its critical function is providing a stability base from which a firm is able to launch a recovery phase of the entire turnaround process that the company is seeking to pursue (Quesada & Gazo, 2017).

Dobni, Klassen and Sands (2016), indicate that downsizing is one technique within corporate strategy for shifting the firm structure from what it is current to what it has to be in order to sustain competitive advantage and satisfy consumer needs and wants in the most appropriate way. The over effect that is associated with downsizing is the net reduction in a headcount and a net labour cost reduction. The covert aspects on the other hand are more critical to the strategic wellbeing of a company and can ultimately determine its profitability in the long-run, product quality as well as service quality and over the last decades downsizing has become the most preferred route of improving efficiency for most companies undergoing turnaround (Mann & Byun, 2017).
To develop an appropriate response to a decline in the company performance is regarded to be one of the most crucial decision that managers must undertake (Alberca & Parte, 2018). While restructuring activities are associated with corporate-level turnarounds have been examined extensively but a little research has addresses the business level turnaround strategies. Perhaps the most commonly utilized but yet understudied business level turnaround strategy is retrenchment (Bowen, 2013). Retrenchment strategy, the reduction of costs or the elimination of assets as a way of increasing the efficiency of the organization has been suggested to be the foundation upon which companies should develop their turnaround efforts (Brocke, Recker, & Mendling, 2016).

Indeed, as companies struggle to respond to a declining performance, announcements of closing production that is asset retrenchment for instance and layoffs being cost retrenchment always appears in most companies (Chang & Shao, 2011). However, while companies may frequently deploy retrenchment strategy in the face of poor performance, empirical research that is in support of the efficiency of this strategy is generally limited to a relatively small number of companies that operate in mature industries (Barrier, 2014). The emerging logic is that cost and asset retrenchment are positively correlated to turnarounds and the performance of any company that is trying to restore its original performance (Johnson, 2014).

Firm and industry downturns represent an opportunity to making needed changes in the organization (Edward & Sunil, 2013). Asset retrenchment can be defined as a reduction in the assets that is both long term and short term as a way of mitigating conditions responsible for a financial downturn (Dong, Qiao, & Yang , 2015). Specifically, layoffs, plant closings, divestitures, reductions in property and equipment as well as inventories fall under the strategy of asset retrenchment. Consistent with the previous research of (Farooq & Hussain , 2016) defined cost retrenchment as simply a reduction in costs that is selling, general and administrative, expenses cost of goods sold and the interest expenses. Specifically, selling, general and administrative expenses consisting of advertising expenses, commissions, foreign currency adjustments, freight-out expenses, lease expenses, administrative services, profit sharing, salaries and interest expenses (Rodriguez & Stewart, 2017).
2.4.1 Layoffs

Research shows that employee downsizing and other retrenchment strategies that involve employment restructuring are not generally resulting to an improved organizational performance (Ganto & Sulaiman, 2013), however, the use of this strategy has become a normal part of the firm’s lifespan over the course of the last two decades. Global competition, on the other side has ever changing demand conditions that are forcing the firms to regularly examine their cost structure, especially those that are associated with human resources in spite of the fact that the use of such strategies can be perceived as a violation of the psychological contract between organizational and its employees, and it is likely to lead in an increased distrust and the stress for remaining employees (Chang & Shao, 2011).

Consequently, retrenchment practices are likely to lead to a decreased commitment and the productivity from surviving employees (Alhyari, 2013). Even though, employee downsizing and other retrenchment strategies have shown to rarely return the anticipated organizational and economic gains within the firm and when the firm gets itself in financial difficulties the widely accepted corporate has been to reduce employee numbers or employee benefits (Dobni, Klassen, & Sands, 2016).

The use of employee downsizing as well as other retrenchment strategies such as employment restructuring has become even more widespread due to the current global economic challenges that erupted in the middle of 2008 that is the great economic depression (Dong, Qiao, & Yang, 2015). For example, Barrier (2014), indicates how the economic recession caused the use of retrenchment in human resource management practices among the Irish companies including staff downsizing with an attempt of cutting down costs and maintaining profitability as part of a turnaround strategy for Irish firms. He also found out that quite a large proportion of the Irish companies advocated for voluntary and involuntary redundancies, froze recruitment, cutting or freezing wages and salaries for all employees. Consequently, Mann and Byun (2017), highlighted how the global economic recession caused unprecedented levels of employee downsizing in various countries throughout the world.
2.4.2 Asset Retrenchment

Another retrenchment strategy is asset retrenchment which has received a substantial attention in the literature (Ganto & Sulaiman, 2013). The logic behind asset retrenchment strategy is that by reducing the underperforming assets, a company can halt its downward side and hopefully improve organizational performance. Since asset retrenchment involves the selling of assets in an open market, the theory of strategic factor markets can be used in developing. A strategic factor market concept can generally be used in analysing the cost of developing or acquiring the resources necessary to implement a company’s product market strategies (Makrygiannakis & Jack, 2018). When the strategic factor market for a given industry is perfectly competitive, then the cost of a resources will approximate its economic value. Company that use the markets approach to acquire the resources needed for implementing a given strategy can generally be able to earn greater than a normal return from the use of those resources (Hamilton & Mudambi, 2015).

While many companies in growth industries acquire assets such as plant, equipment and property in exploiting the available opportunities that evolve in the product market, poorly performing companies are then likely to sell assets that they have not been able to utilize them efficiently (Laihonen & Pekkola, 2014). Assets that are likely to be highly valued in the marketplace because other companies that compete in growth industries are likely to need assets that can be quickly acquired and deployed with an attempt to increasing their capacity to take advantage of growth opportunities (Anwar & Hasnu, 2016). Selling of assets that are specific to a growth industry are likely to be highly valued by those seeking assets, therefore, bringing a premium price in strategic factor markets. For the retrenching company, selling of unproductive assets will enable them to focus on those assets that it can use most efficiently (Morrow, 2014).

According to Guo and Wang (2015), although retrenchments have become standard managerial strategy in most organizations, their effectiveness in increasing organizational efficiency unclear. It is assumed that asset retrenchment cuts down expenses and reorganizes processes in ensuring an improved competitiveness and profitability. Reorganization occurs when the purging of unnecessary organizational layers enables a focus on the core capabilities and increased output. A learner hierarchy may also reduce unnecessary costs therefore a positive organizations results can be achieved (Brocke, Recker, & Mendling, 2016).
2.5 Chapter Summary

This chapter presented the literature review on the impact of turnaround strategies on business performance. First, the chapter covers the literature on the effect of cost management practices on business performance, followed by the effect of organizational restructuring on business performance and third, the effect of retrenchment on business performance. The chapter provided a chapter summary at the end to highlight all the components covered in literature review. The next chapter presents the research methodology adopted by the researcher.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that the study adopted in addressing the research problem. The research methodology highlights the research design that guides the research, population and sampling design, data collection methods to be used in collecting data from the respondents, research procedures and data analysis methods to be used in analysing data gathered.

3.2 Research Design

According to Cooper and Schindler (2014) research design refers to a strategy or a framework that the researcher uses in integrating various elements of the study in a coherent manner and logical way to ensure that the research problem is effectively addressed. The research design consists of the framework for data collection, measurement, data analysis approach and dissemination. Research design is regarded as the road map for the entire research (Zikmund, 2013). There are three common types of research designs that is descriptive, exploratory and explanatory. Descriptive research design refers to a scientific method that describes characteristics or behaviours of the population being studied (Pattern, 2014). Exploratory research design on the other hand refers to unstructured research that is conducted with an attempt of gaining background information pertaining to the research problem and usually it does not have the sampling design, research objectives or a questionnaire while explanatory research design is the research design that can used in determining the causality or studying to find out whether one variable or more explain the causes or the effect of one variable or more (Creswell, 2018).

This study adopted descriptive survey design, the study selects this research design since it is the most desirable research design when the researcher wishes to project findings to a larger population being studied from a representative sample (Cooper & Schindler, 2014). This method also helps the researcher to address the research questions through an empirical assessment, numerical metrics and statistical analysis, hence, making it the most suitable research design for this study.
3.3 Population and Sampling Design

3.3.1 Population

Population refers to the whole collection of elements or items on which inferences can be made (Cooper & Schindler, 2014). The population of this study is 137 managers consisting of top level management, middle level management and low level management working at Kenya Airways. This target population provided sufficient information on the impact of turnaround strategies on business performance. Population is presented in table 3.1.

Table 3.1: Population Distribution Table

<table>
<thead>
<tr>
<th>Population Area</th>
<th>Population</th>
<th>(%) Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Managers</td>
<td>33</td>
<td>24%</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>46</td>
<td>34%</td>
</tr>
<tr>
<td>Low Level Managers (Supervisors)</td>
<td>58</td>
<td>42%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>137</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>


3.3.2 Sampling Design

Sampling design can be defined as the process through which the research engages a selection of elements or items from a population that was a representation of the entire population being studied (Creswell, 2018). Sampling design of this study is made up of the sampling frame, sampling method and the sample size.

3.3.2.1 Sampling Frame

Sampling frame is the list or a device of the items from which a sample size to represent the entire population will be drawn (Cooper & Schindler, 2014). For this particular study the sampling frame constitutes of all employees in middle level management and supervisory role at Kenya Airways in Nairobi County. The sampling frame for this study was obtained from the Human Resources Office at the head office of Kenya Airways in Nairobi and ensure that the list of the middle level managers and supervisors is up to date, complete and relevant for this study.
3.3.2.2 Sampling Technique

According to Cooper and Schindler (2014) sampling technique refers to the tactic that is used in research to ensure that different kinds of groups that are either heterogeneous or homogeneous are well represented in the final sample that is drawn from the study population. There are various probability sampling techniques, these include; systematic random, cluster random, stratified random and simple random. Simple random sampling refers to the process through which a sample is selected by allowing elements or individuals in well-defined population to have equal chances of being selected (Creswell, 2018). Systematic sampling involves selection of elements from a population by selecting elements directly from a sampling frame whereas cluster sampling technique involves random selection of intact groups and not individual elements within the population with similar attributes. Stratified sampling refers to the process of selecting a sample by allowing identified subgroups from the entire population to be well represented in the same proportion of their existence in the study population (Sreejesh & Sanjay, 2014).

This study used stratified sampling technique to ensure that all the management levels targeted are well represented in the final sample of the study. The elements were made up of the middle level managers and supervisors. Stratified sampling was chosen because it enabled the researcher to divide the study population into various levels of management to effectively address the research questions.

3.3.2.3 Sample Size

Sample size is defined as the smallest unit of collection from an entire population used in determining the truths about the study population as well as drawing inferences (Cooper & Schindler, 2014). This study used Yamane’s formula in determining the suitable sample size for this study, with assumption of 95% of confidence level.

\[
n = \frac{N}{(1 + Ne^2)}
\]

Where, \(n\) = sample size

\(N\) = Study Population, 137 in this case

\(e\) = Alpha level of 0.05
Substituting these values in the above equation, the sample size was:

$$n = \frac{137}{1 + 137(0.05^2)}$$

$$n = 102$$

With the use of Yamane’s formula the sample size of this study was determined to be 102 respondents from a population of 137 with a confidence level of 95%. Sample size distribution is presented in Table 3.2.

**Table 3.2: Sample Size Distribution Table**

<table>
<thead>
<tr>
<th>Population Area</th>
<th>Population</th>
<th>Sample Size</th>
<th>% Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Managers</td>
<td>33</td>
<td>27</td>
<td>26%</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>46</td>
<td>32</td>
<td>35%</td>
</tr>
<tr>
<td>Middle Level Managers</td>
<td>58</td>
<td>41</td>
<td>39%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>137</strong></td>
<td><strong>102</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3.4 **Data Collection Methods**

Data collection can be defined as the process through which the research gathers data from the target respondents with the aim of answering the research question or objectives (Cooper & Schindler, 2014). Creswell (2018) defines data collection as a procedure used in getting together and measuring data on the variables of interest in manner that is systematic and helps one to answer the declared research objectives or questions, testing the hypothesis and weighing the outcomes. This study used a questionnaire as its data collection tool for gathering primary data from the respondents. A questionnaire is data collection instrument made up of a series of questions for the aim of gathering data and information form the respondents (Sekaran & Bougie, 2013).

The study used a closed-ended questionnaire because the instrument enables the researcher to collect data within a very short period of time and enables the researcher to structure the views of the respondents making it easy to conduct statistical analysis. The closed ended
questionnaire was based on a Likert scale with five levels of response that is (Strongly Disagree, Disagree, Neutral, Strongly Agree and Agree). The closed-ended questionnaire had four section whereby the first section had the demographic details of the respondents, second section had questions on the first research questions which is on the impact of cost management practices on business performance, followed by third section covering questions on the second research question that is the impact of organizational restructuring on business performance and the last section had questions on the impact of retrenchment on business performance.

3.5 Research Procedures

Research procedures refers to a systematic and detailed framework describing step by step strategy that the researcher will use in carrying out the study (Cooper & Schindler, 2014). The detailed framework enables the researcher to accomplish the research process in a coherent manner that addresses the research questions. For this particular study the researcher sought approval of the project from the supervisor, then an introduction letter was written to the Human Resources Manager for Kenya Airways seeking permission to allow the researcher conduct the study on their premises. After the permission was granted, a pilot study was conducted using 10 percent of the respondents that is 10 respondents who were not used in the final study since they participated in the pilot study to determine the reliability and validity of the questionnaire. This study used Cronbach’s Alpha to test for reliability and validity of the study instrument. The instrument had a cronbach’s alpha value above 0.7, hence, making the instrument reliable. Piloting was crucial to determine whether the research questions were well understood and whether they truly reflected the situation on the ground.

The next step involved was the research assistant physically visiting the office of Kenya Airways, locate the target respondents, introduce himself and explain the purpose of the study and what the findings intend to address. Then the research assistant administered the questionnaires by using a drop and pick method giving the respondents a maximum of five days with a follow up to ensure that they have filled the questionnaires within the allocated time. A drop and ick method with follow ups via mail and phone calls were used to ensure a high response rate is obtained from the respondents. The research assistant collected the questionnaire and handed them to the researcher to cross check if there was any missing information, in case any was noticed the research assistant located the respondents to
provide the missing information. All the questionnaires were collected and taken to the researcher for data analysis.

3.6 Data Analysis Methods

Data analysis refers to the process through which raw data gathered from the target respondents into meaningful information that are relevant and useful for decision making (Creswell, 2018). Data gathered for this study was coded and analysed using a Statistical Package for Social Sciences (SPSS) software. Both inferential and descriptive statistics were used, descriptive statistics were used in analysing percentages and frequencies, mean and standard deviation while inferential statistics were used in analysing correlation and regression analysis. The analysed information was presented in tables and figures.

3.7 Chapter Summary

This chapter has presented the research methodology that will guide the study. First, descriptive survey design was used in conducting the study, followed by the study population of 137 employees at the middle management level and supervisory role at Kenya Airways and stratified sampling technique used in selecting 102 respondents. The chapter also presented data collection methods by highlighting that a closed-ended questionnaire was used in gathering data from the respondents, study procedures depicting the research process and data analysis methods. Chapter four offers results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
The chapter presents the analysis and findings of the study as indicated in the research methodology highlighted in chapter three. The study findings are presented on the impact of turnaround strategies on business performance. A case of Kenya Airways. The findings are presented in line with the research questions which were: i) what is the effect of cost management practices on business performance at Kenya Airways; ii) what is the effect of organizational restructuring on business performance at Kenya Airways; and iii) what is the effect of retrenchment on business performance at Kenya Airways.

4.2 Response Rate
Response rate is computed based on the rate at which the study questionnaires have been collected from the respondents after issuance. This study had a response rate of 68% that is out of 102 questionnaires that were issued to the respondents only 69 were obtained. 33 questionnaires were not dully filled accounting for 32% of the responses that were not obtained. According to Cooper and Schindler (2014), 50% response rate is adequate for data analysis in a descriptive survey study, therefore, a response of 68% was adequate for this particular study in carrying out data analysis. The findings are presented in Figure 4.1 below.

![Response Rate Graph](image)

**Figure 4.1: Response Rate**
4.3 General Information
This section presents background information of the respondents involved in this study including; gender, age, number of years in the organization, job designation and education.

4.3.1 Gender of the Respondents
This study sought to establish the gender of the respondents involved in the study, respondents sampled were expected to consist of both male and female. When the respondents were asked to indicate their gender, the findings indicated that 66% of the respondents were male while 34% were female. This implies that there is diverse gender distribution in Kenya Airways as shown in Figure 4.2.

![Gender of the Respondents](image_url)

**Figure 4.2: Gender of the Respondents**

4.3.2 Respondents Age
The study sought to establish the respondent’s composition on the basis of their age brackets with the aim of examining their views on the impact of turnaround strategies and business performance at Kenya Airways. As shown in Figure 4.3, 9% of the respondents indicated that they were aged between 18 and 25 years, 20% aged between 26 and 33 years, 15% aged between 33 and 40 years, 46% aged between 41 and 47 years while 10% aged above 48 years. It is apparent that the respondents were well distributed in terms of age across the entire organization, therefore, they were able to contribute meaningfully in this study.
3.3 Length of Service with the Company

The study sought to investigate the length of service of the respondents in the company since it is a good indicator of employees’ awareness of the issues being investigated in this particular study. Figure 4.4 indicates that 16% of the respondents had worked for Kenya Airways for more than 10 years, 26% had worked been working with the organization for 8 to 10 years, 25% had been working for 5 to 7 years, 23% had been working for 2 to 4 years and 10% had worked for less than a year. Considering that at least 90% of the respondents had been working at Kenya Airways for more than 2 years it is evident that the majority had sufficient experience.

Figure 4. 3: Respondents Age

Figure 4. 4: Length of Service with the Company
4.3.4 Management Position

To obtain information on the impact of turnaround strategies on business performance at Kenya Airways, various managers were targeted. Figure 4.5 indicates that 21.7% consisted of top level managers, 39.1% consisted of middle level managers and 39.1% lower level managers. This implies that the targeted respondents had good knowledge of the organization.

Figure 4.5: Management Position

4.3.5 Education Level

Figure 4.6 below indicates that 3% had attained college education as their highest level of education, 56% had attained university education as their highest level of education, and 38% had attained their master’s degree while 3% had attained doctorate degree as their highest level of education. This implies that the majority of the respondents about (90%) of the respondents had the ability to understand the information sought in this study.
4.4 Cost Management Practices and Business Performance

The first objective of this study sought to examine the effect of cost management practices on business performance.

4.4.1 Descriptive Statistics of Cost Management Practices and Business Performance

Based on a five-point Likert scale, the respondents indicated the extent to which they were in agreement or in disagreement on various aspects of cost management practices and business performance. The five point scale ranged from 1 which stands for “strongly disagree” to 5 which stands for “strongly agree”. Data was analysed on the basis of means and standard deviation which was used to indicate the range of dispersion of the responses.

The findings tabulated in Table 4.1 highlights the respondent’s feedback on the effect of cost management practices on business performance at Kenya Airways. The findings indicate that the respondents agreed that the company saves costs on fuel based on its cost management strategy, with a mean of 4.25 and SD = 0.736. The respondents agreed that Fuel cost reduction policy enhances the organization’s operational cost with a mean of 4.46 and SD = 0.502. The respondents were in agreement that fuel cost reduction policy is crucial for cost management targets in the organization with a mean of 4.25 and SD = 0.542. The respondents of this study were also in support that the company has various fuel hedging strategies to enhance cost management practices, with a mean of 4.45 and SD = 0.501.
The findings show that the respondents agreed that the company has reliable fuel suppliers to support fuel needs in the company, with a mean of 4.20 and SD = 0.677. The respondents were in agreement that increased employee productivity can save costs associated with human resources in the organization, with a mean of 4.38 and SD = 0.644. The respondents agreed that the reduction of cabin crew over-time improves employee productivity, with a mean of 4.46 and SD = 0.502. The respondents of this study were in support of the statement that scheduling reasonable flight hours for the flight crew enhances employee productivity, with a mean of 4.43 and SD = 0.653. The respondents agreed that the company uses various flight operations technique in saving operational costs, with a mean of 4.49 and SD = 0.532.

The results indicated that the respondents were in agreement that employee productivity has enhanced your cost management practices, with a mean of 4.65 and SD = 0.480. The findings indicate that Aircraft maintenance costs contributes to a higher expenditure of the company’s operations, with a mean of 4.52 and SD = 0.503. The respondents also expressed their affirmation that the company has a documented cost management practices, with a mean of 4.39 and SD = 0.492. The findings show that the respondents agreed that Cost management practices enhances operational efficiency, with a mean of 4.62 and SD = 0.488. Furthermore, the findings indicate that the respondents agreed that Cost management influences good cash flow of the company’s financial statements, with a mean of 4.68 and SD = 0.469. The respondents were also in support that Flight operational techniques are crucial for cost reduction in the company, with a mean of 4.38 and SD = 0.824.
Table 4.1: Cost Management Practices Mean and Standard Deviation

<table>
<thead>
<tr>
<th>Cost Management Practices</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company saves costs on fuel based on its cost management strategy.</td>
<td>69</td>
<td>4.25</td>
<td>.736</td>
</tr>
<tr>
<td>Fuel cost reduction policy enhances the organization’s operational cost.</td>
<td>69</td>
<td>4.46</td>
<td>.502</td>
</tr>
<tr>
<td>Fuel cost reduction policy is crucial for cost management targets in the organization.</td>
<td>69</td>
<td>4.36</td>
<td>.542</td>
</tr>
<tr>
<td>The company has various fuel hedging strategies to enhance cost management practices.</td>
<td>69</td>
<td>4.45</td>
<td>.501</td>
</tr>
<tr>
<td>The company has reliable fuel suppliers to support fuel needs in the company.</td>
<td>69</td>
<td>4.20</td>
<td>.677</td>
</tr>
<tr>
<td>Increased employee productivity can save costs associated with human resources in the organization.</td>
<td>69</td>
<td>4.38</td>
<td>.644</td>
</tr>
<tr>
<td>Reduction of cabin crew over-time improves employee productivity.</td>
<td>69</td>
<td>4.46</td>
<td>.502</td>
</tr>
<tr>
<td>Scheduling reasonable flight hours for the flight crew enhances employee productivity.</td>
<td>69</td>
<td>4.43</td>
<td>.653</td>
</tr>
<tr>
<td>The company uses various flight operations technique in saving operational costs.</td>
<td>69</td>
<td>4.49</td>
<td>.532</td>
</tr>
<tr>
<td>Employee productivity has enhanced your cost management practices.</td>
<td>69</td>
<td>4.65</td>
<td>.480</td>
</tr>
<tr>
<td>Aircraft maintenance costs contributes to a higher expenditure of the company’s operations.</td>
<td>69</td>
<td>4.52</td>
<td>.503</td>
</tr>
<tr>
<td>The company has a documented cost management practices.</td>
<td>69</td>
<td>4.39</td>
<td>.492</td>
</tr>
<tr>
<td>Cost management practices enhances operational efficiency.</td>
<td>69</td>
<td>4.62</td>
<td>.488</td>
</tr>
<tr>
<td>Cost management influences good cash flow of the company’s financial statements.</td>
<td>69</td>
<td>4.68</td>
<td>.469</td>
</tr>
<tr>
<td>Flight operational techniques are crucial for cost reduction in the company.</td>
<td>69</td>
<td>4.38</td>
<td>.824</td>
</tr>
</tbody>
</table>

4.4.2 Correlation between Cost Management Practices and Business Performance

Correlation analysis was performed to establish the relationship between the independent variable (cost management practices) and dependent variable business performance.

A correlational analysis was carried out to establish the relationship between cost management practices and business performance. The findings indicated that there exists a
significant relationship between cost management practices and business performance, \( r = 0.460 \); \( p \)-value < 0.01 as shown in Table 4.2.

**Table 4.2: Correlation between Cost Management Practices and Business Performance**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Management Practices</td>
<td></td>
<td></td>
<td>69</td>
</tr>
<tr>
<td>Business Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

**4.4.3 Regression Analysis of Cost Management Practices and Business Performance**

Regression analysis was carried out to determine the relationship between cost management practices and business performance whereby business performance was a dependent variable and cost management practices being independent variable. The findings in Table 4.3 indicated adjusted R square of 0.200 which means that (20%) of the variation in business performance is attributed by the variations in cost management practices while (80%) of the variations on the dependent variable are attributed to other factors outside the model and error term absorbs all random effects and other factors not captured by the regression model.

**Table 4.3: Regression Analysis of Cost Management Practices and Business Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.460(^a)</td>
<td>.212</td>
<td>.200</td>
<td>.10506</td>
</tr>
</tbody>
</table>

\(^a\). Predictors: (Constant), Cos Management Practices

The Analysis of Variance (ANOVA) was used to determine whether there was statistically significant relationship between cost management practices (independent variable) and business performance (dependent variable). From Table 4.4, \( p \)-value = 0.000 meaning that there is a significant relationship between business performance and cost management practices. The overall significance model shows, \( F \) statistics of 18.019; \( p \)-value = 0.000 which is less than 0.05, therefore the model is significant at 95% confidence level making
it appropriate for estimating the effects of cost management practices on business performance.

Table 4.4: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.199</td>
<td>1</td>
<td>.199</td>
<td>18.019</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>.740</td>
<td>67</td>
<td>.011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>.938</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance  
b. Predictors: (Constant), Cost Management Practices

The regression model coefficients is a representation of the pinnacle of the regression analysis since it highlights the effect of each independent variable on dependent variable objectively which is crucial in answering research questions. Table 4.5 indicate that he Beta coefficient of cost management practices was \( \beta \) (0.460); p-value = 0.000. This implies that a unit increase in the implementation of cost management practices would lead to 0.460 unit increase in business performance. The regression model for cost management practices was therefore established as follows; \( Y = 3.015 \) (constant) + 0.333 cost management practices.

Table 4.5: Coefficients of Cost Management Practices and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.015</td>
<td>.349</td>
<td></td>
<td>8.631</td>
</tr>
<tr>
<td></td>
<td>.333</td>
<td>.078</td>
<td>.460</td>
<td>4.245</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance

4.5 Organizational Restructuring and Business Performance

The second objective of this study was to determine the effect of organizational restructuring on business performance.
4.5.1 Descriptive Statistics of Organizational Restructuring and Business Performance

The findings in Table 4.6 highlights the respondents’ feedback on the effect of organizational restructuring on business performance at Kenya Airways. Based on a five-point Likert scale, the respondents indicated the extent to which they were in agreement or in disagreement on various aspects of organizational restructuring and business performance. The five point scale ranged from 1 which stands for “strongly disagree” to 5 which stands for “strongly agree”. Data was analysed on the basis of means and standard deviation which was used to indicate the range of dispersion of the responses.

The findings indicated that the respondents agreed that change in leadership has enhanced decision-making process within the organization, with a mean of 4.49 and SD = 0.504. The respondents are in agreement that change of leadership has repositioned KQ brand in the market, with a mean of 4.75 and SD = 0.434. The respondents are in support that change in leadership has motivated employees in meeting their set targets that positively contribute to turnaround, with a mean of 4.52 and SD = 0.503. The respondents also agreed that the new management has rearranged the business structure to create familiar business model that will help the company turnaround, with a mean of 4.42 and SD = 0.579. The respondents agreed that change in top leadership management has influenced profitability, with a mean of 4.64 and SD = 0.484.

The results computed indicate that the respondents agreed that, Change of leadership has resulted into new products and services, with a mean of 4.38 and SD = 0.488. The respondents were also in agreement that, the new leadership has resulted to the effective control of the business, with a mean of 4.46 and SD = 0.502. The respondents agreed that, the new leadership has enhanced the chain of command in the organization, with a mean of 4.64 and SD = 0.484. The majority of the respondents agreed that, the new leadership is focused on turning around the business, with a mean of 4.48 and SD = 0.497. The respondents agreed that, Change in leadership has established a new organizational culture for effective turnaround, with a mean of 4.57 and SD = 0.499.

Furthermore, the analysis of the findings indicated that the respondents agreed that, the new leadership has set potential targets for each employee as part of turnaround process, with a mean of 4.49 and SD = 0.678. The respondents were in support of the fact that, the new leadership has set potential targets for each employee as part of turnaround process, with a mean of 4.45 and SD = 0.631. The respondents were in agreement that, change in leadership
has enabled the company to launch direct flights to the United States, with a mean of 4.30 and SD = 0.671. The respondents agreed that, Change in leadership has provided a positive direction of your organizational performance, with a mean of 4.51 and SD = 0.504. The respondents were in agreement that, efficiency has been achieved in organization through restructuring, with a mean of 4.38 and SD = 0.480.

**Table 4.6: Descriptive Statistics of Organizational Restructuring and Business Performance**

<table>
<thead>
<tr>
<th>Organizational Restructuring</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in leadership has enhanced decision-making process within the organization.</td>
<td>69</td>
<td>4.49</td>
<td>.504</td>
</tr>
<tr>
<td>Change of leadership has repositioned KQ brand in the market.</td>
<td>69</td>
<td>4.75</td>
<td>.434</td>
</tr>
<tr>
<td>Change in leadership has motivated employees in meeting their set targets that positively contribute to turnaround.</td>
<td>69</td>
<td>4.52</td>
<td>.503</td>
</tr>
<tr>
<td>The new management has rearranged the business structure to create familiar business model that will help the company turnaround.</td>
<td>69</td>
<td>4.42</td>
<td>.579</td>
</tr>
<tr>
<td>Change in top leadership management has influenced profitability.</td>
<td>69</td>
<td>4.64</td>
<td>.484</td>
</tr>
<tr>
<td>Change of leadership has resulted into new products and services.</td>
<td>69</td>
<td>4.38</td>
<td>.488</td>
</tr>
<tr>
<td>The new leadership has resulted to the effective control of the business.</td>
<td>69</td>
<td>4.46</td>
<td>.502</td>
</tr>
<tr>
<td>The new leadership has enhanced the chain of command in the organization.</td>
<td>69</td>
<td>4.64</td>
<td>.484</td>
</tr>
<tr>
<td>The new leadership is focused on turning around the business.</td>
<td>69</td>
<td>4.58</td>
<td>.497</td>
</tr>
<tr>
<td>Change in leadership has established a new organizational culture for effective turnaround.</td>
<td>69</td>
<td>4.57</td>
<td>.499</td>
</tr>
<tr>
<td>The new leadership has set potential targets for each employee as part of turnaround process.</td>
<td>69</td>
<td>4.49</td>
<td>.678</td>
</tr>
<tr>
<td>Change in organizational culture has been crucial for your business performance.</td>
<td>69</td>
<td>4.45</td>
<td>.631</td>
</tr>
<tr>
<td>Change in leadership has enabled the company to launch direct flights to the United States.</td>
<td>69</td>
<td>4.30</td>
<td>.671</td>
</tr>
<tr>
<td>Change in leadership has provided a positive direction of your organizational performance.</td>
<td>69</td>
<td>4.51</td>
<td>.504</td>
</tr>
<tr>
<td>Efficiency has been achieved in organization through restructuring.</td>
<td>69</td>
<td>4.38</td>
<td>.488</td>
</tr>
</tbody>
</table>
4.5.2 Correlational between Organizational Restructuring and Business Performance

A correlational analysis was carried out to establish the relationship between organizational restructuring and business performance. Table 4.7 indicates that there is a strong and significant relationship between organizational restructuring and business performance, $r$ (0.689); p-value < 0.01.

Table 4.7: Correlational between Organizational Restructuring and Business Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Restructuring Pearson Correlation</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed) N</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>Business Performance Pearson Correlation</td>
<td>.689**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed) N</td>
<td>.000</td>
<td>69</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.5.3 Regression Test for Organizational Restructuring and Business Performance

A regression test was carried out to determine the underlying statistical relationship between organizational restructuring (independent variable) and business performance (dependent variable).

Table 4.8 indicates the model summary derived from the regression test between organizational restructuring and business performance. The findings indicated adjusted R square of 0.467 which means that (46.7%) of the variation in business performance is attributed by the variation in organizational restructuring while (53.3%) of the variation on the dependent variable is attributed to other factors outside the model that is factors that were not captured by the regression model.

Table 4.8: Regression Test for Organizational Restructuring and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.689*</td>
<td>.475</td>
<td>.467</td>
<td>.08573</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organizational Restructuring
The Analysis of Variance presented in Table 4.9, shows that the F statistics value is 60.690 and a p-value of 0.000. This indicates that; $F_{(1,67)} = 60.690; \text{p-value} = 0.000 \ (p-value < 0.01)$. This implies that there exists a significant variance between organizational restructuring which is the independent variable and business performance being the dependent variable. The test is statistically significant at 0.01 significant level.

Table 4.9: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.446</td>
<td>1</td>
<td>.446</td>
<td>60.690</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>.492</td>
<td>67</td>
<td>.007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>.938</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance  
b. Predictors: (Constant), Organizational Restructuring

Table 4.10 indicates that the Beta coefficient of organizational restructuring was $\beta \ (0.689);$ p-value = 0.000. This means that a unit increase in implementation of organizational restructuring would lead to 0.689 unit increase in business performance. The regression model for organizational restructuring was therefore established as follows: $Y = 2.409 \ (constant) + 0.464 \ organizational \ restructuring.$

Table 4.10: Coefficients for Organizational Restructuring and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardize Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B = 2.409, Std. Error = .268</td>
<td>Beta = .689</td>
<td>8.975</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational restructuring</td>
<td>Beta = .689</td>
<td>7.790</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance

4.6 Retrenchment and Business Performance

The study sought to determine the effect of retrenchment on business performance at Kenya Airways.
4.6.1 Descriptive Statistics for Retrenchment and Business Performance

The findings presented in Table 4.11 highlights the respondents’ feedback on the effect of retrenchment on business performance at Kenya Airways. Based on a five-point Likert scale, the respondents indicated the extent to which they were in agreement or in disagreement on various aspects of retrenchment and business performance. The five point scale ranged from 1 which stands for “strongly disagree” to 5 which stands for “strongly agree”. Data was analysed on the basis of means and standard deviation which was used to indicate the range of dispersion of the responses.

The findings obtained indicate that, the respondents agreed that, layoffs has improved profitability in the organization, with a mean of 4.41 and SD = 0.495. Respondents were in agreement that, layoffs has generated revenues for the company, with a mean of 4.36 and SD = 0.484. The respondents were also in agreement that, layoffs has enhanced employee productivity in the organization, with a mean of 4.42 and SD = 0.497. The respondents agreed that, asset retrenchment has attracted more revenues into the company, with a mean of 4.46 and SD = 0.502. Respondents agreed that, Asset retrenchment has improved the company’s competitive advantage, with a mean of 4.61 and SD = 0.492.

The findings revealed that, the respondents were in agreement with the fact that, asset retrenchment has helped the company to pay its debts, with a mean of 4.38 and SD = 0.769. Respondents agreed that, asset retrenchment has enhanced resources allocation in the organization, with a mean of 4.43 and SD = 0.499. Respondents were also in agreement that, layoffs has helped the company cut down its operational expenses, with a mean of 4.52 and SD = 0.678. Respondents of this study were in agreement that, layoffs has increased current employees’ commitment to their jobs, with a mean of 4.65 and SD = 0.480. The respondents agreed that, asset retrenchment has influenced purchase of new aircrafts to cater for most profitable market niche, with a mean of 4.49 and SD = 0.504.

Furthermore, the findings of this study revealed that, majority of the respondents agreed that, layoffs has increased employee morale for the current staff, with a mean of 4.41 and SD = 0.671. Respondents of this study agreed that, asset retrenchment has improved your overall productivity, with a mean of 4.42 and SD = 0.497. The respondents agreed that, asset retrenchment has made the company focus on your core business units, with a mean of 4.59 and SD = 0.495. Respondents were also in agreement that, asset retrenchment has improved
overall expenses, with a mean of 4.48 and SD = 0.503. The respondents agreed that, Asset retrenchment has given the organizational a great control of the business, with a mean of 4.29 and SD = 0.517.

**Table 4.11: Descriptive Statistics for Retrenchment and Business Performance**

<table>
<thead>
<tr>
<th>Retrenchment</th>
<th>N Statistic</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Layoffs has improved profitability in the organization.</td>
<td>69</td>
<td>4.41</td>
<td>.495</td>
</tr>
<tr>
<td>Layoffs has generated revenues for the company.</td>
<td>69</td>
<td>4.36</td>
<td>.484</td>
</tr>
<tr>
<td>Layoffs has enhanced employee productivity in the organization.</td>
<td>69</td>
<td>4.42</td>
<td>.497</td>
</tr>
<tr>
<td>Asset retrenchment has attracted more revenues into the company.</td>
<td>69</td>
<td>4.46</td>
<td>.502</td>
</tr>
<tr>
<td>Asset retrenchment has improved the company’s competitive advantage.</td>
<td>69</td>
<td>4.61</td>
<td>.492</td>
</tr>
<tr>
<td>Asset retrenchment has helped the company to pay its debts.</td>
<td>69</td>
<td>4.38</td>
<td>.769</td>
</tr>
<tr>
<td>Asset retrenchment has enhanced resources allocation in the organization.</td>
<td>69</td>
<td>4.43</td>
<td>.499</td>
</tr>
<tr>
<td>Layoffs has helped the company cut down its operational expenses.</td>
<td>69</td>
<td>4.52</td>
<td>.678</td>
</tr>
<tr>
<td>Layoffs has increased current employees’ commitment to their jobs.</td>
<td>69</td>
<td>4.65</td>
<td>.480</td>
</tr>
<tr>
<td>Asset retrenchment has influenced purchase of new aircrafts to cater for most profitable market niche.</td>
<td>69</td>
<td>4.49</td>
<td>.504</td>
</tr>
<tr>
<td>Layoffs has increased employee morale for the current staff.</td>
<td>69</td>
<td>4.41</td>
<td>.671</td>
</tr>
<tr>
<td>Asset retrenchment has improved your overall productivity.</td>
<td>69</td>
<td>4.42</td>
<td>.497</td>
</tr>
<tr>
<td>Asset retrenchment has made the company focus on your core business units.</td>
<td>69</td>
<td>4.59</td>
<td>.495</td>
</tr>
<tr>
<td>Asset retrenchment has improved overall expenses.</td>
<td>69</td>
<td>4.48</td>
<td>.503</td>
</tr>
<tr>
<td>Asset retrenchment has given the organizational a great control of the business.</td>
<td>69</td>
<td>4.29</td>
<td>.517</td>
</tr>
</tbody>
</table>
4.6.2 Correlation between Retrenchment and Business Performance

Correlation analysis was conducted to establish the relationship between the independent variable (retrenchment) and dependent variable (business performance).

Table 4.12 shows that there is significant relationship between retrenchment and business performance, \( r \) (0.443); \( p \)-value < 0.01. Since \( p \)-value is less than 0.05, it implies that the relationship between retrenchment and business performance is statistically significant.

Table 4.12: Correlation between Retrenchment and Business Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retrenchment</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
</tr>
<tr>
<td>Business Performance</td>
<td>Pearson Correlation</td>
<td>.443**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>69</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

4.6.3 Regression Test for Retrenchment and Business Performance

Regression test was conducted to determine the underlying statistical relationship between retrenchment which is independent variable and business performance being the dependent variable.

Table 4.13 presents the model summary derived from the regression test between retrenchment and business performance. The findings had an adjusted R square of 0.185 meaning that (18.5%) of the variation in business performance is attributed by the variation in retrenchment while (81.5%) of the variation on the dependent variable is attributed to other factors outside the model that is the factors that were not captured by the regression model.

Table 4.13: Model Summary for Retrenchment and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.443a</td>
<td>.197</td>
<td>.185</td>
<td>.10609</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Retrenchment
The Analysis of Variance presented in Table 4.13 shows that F statistics value is 16.386 and p-value of 0.000. This indicates that $F_{(1,67)} = 16.386$; p-value = 0.000 (p-value < 0.01). It implies that there exists a significant variance between retrenchment which is the independent variable and business performance being the dependent variable. In addition to that, the test is statistically significant at 0.01 significant level.

Table 4.14: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>1</td>
<td>0.184</td>
<td>16.386</td>
<td>.000a</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>67</td>
<td>0.011</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>68</td>
<td>0.938</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance
b. Predictors: (Constant), Retrenchment

Table 4.14 shows that the Beta coefficient of retrenchment was $\beta$ (0.443); p-value = 0.000. This implies that a unit increase in implementation of retrenchment practices would lead to 0.433 unit increase in business performance. The regression model for retrenchment was therefore established as follows; $Y = 2.834$ (constant) $+ 0.373$ retrenchment.

Table 4.15: Coefficients for Retrenchment and Business Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.834</td>
<td>0.411</td>
<td>6.895</td>
</tr>
<tr>
<td></td>
<td>Retrenchment</td>
<td>0.373</td>
<td>0.092</td>
<td>4.048</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business Performance

4.7 Chapter Summary

This chapter presented the results and findings of the study based on the data obtained and analyzed in respect to the research methodology adopted by the study. From the findings it is evident that there exists a statistically significant relationship between cost management practices and business performance. The study has also established a significant relationship between organizational restructuring and business performance and finally a significant relationship between retrenchment and business performance has been established. Chapter
five consists of the discussion on the findings obtained from the respondents, conclusion and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of the study, discussion on the study findings, conclusions of the study and recommendations for practice as well as areas for further studies.

5.2 Summary
The purpose of this study was to determine the impact of turnaround strategies on business performance at Kenya Airways. The study sought to assess three aspects of turnaround strategies, which include; the effect of cost management practices on business performance, the effect of organizational restructuring on business performance and the effect of retrenchment on business performance.

The study adopted descriptive survey design to integrate the elements of the study in answering the research questions. The study had a population of 137 managers on which a sample of 102 respondents was drawn from. Out of 102 sample size only 69 responses were collected from the target respondents. A structured questionnaire was used as the primary data collection method. Data was analysed using both inferential and descriptive statistics. The study findings were presented using tables and figures. Correlational analysis and Regression analysis was conducted to examine the relationship that exist between independent and dependent variables.

The findings of the study show that cost management practices enhances business performance. The study found out that there exists a positive correlation between cost management practices and business performance with an R-value of (0.460). The study further established that, cost management practices accounts for 20% in variability for business performance.

The findings have also revealed that organizational restructuring contributes significantly towards a firm’s business performance. The study found out that there exists a strong positive correlation between organizational restructuring and business performance with an R-value of (0.689). The study established that organizational restructuring accounts for 47% in variability for business performance.
The study found out that retrenchment practices enhances business performance. The findings indicated that there exists a significant relationship between retrenchment practices and business performance with R-value of (0.443). The study has established that retrenchment practices accounts 19% in variability for business performance.

5.3 Discussion

5.3.1 Cost Management Practices and Business Performance

This study found out that cost management practices enhances business performance. These findings agree with Sjögren (2016), who argues that, managing costs during the times of turbulence in the airline industry it is important to ensure that the airline uses few resources at their disposal to improve their business performance. He further mentions that, business performance measures should be based on profitability, market share the airline is commanding and customer loyalty since most strategies implemented by companies always aim at improving profitability of the organization.

Saleem et al. (2017), have also indicated that cost management practices have been referred as quick wins for any airline operating in turbulence since they involve various ways in which companies adopt to reduce costs that associated with their service operations without having to compromise quality. These may include identification of redundancy processes and removing them in service production to minimize production costs, reducing cash conversion cycle so as to have cash available for reinvestment within the shortest period time possible in order to limit financing costs in operations, prolong the period taken to pay creditors so that the same amount can be used in the business for long period, reducing the amount that is devoted to marketing activities and freezing any salary incremental of employees within the turnaround period.

The study found out that fuel cost reduction policy enhances business performance of an airline. The findings agree with Chang and Shao (2011), who found out that fuel cost reduction policy is a major component in the operations of the airline industry to manage in order to gain profitability. According to Donq, Qia and Yang (2015), airlines have various strategies or options to choose from in regards to the fuel cost reduction policy, four strategies can be chosen: fleet dispatch optimization, aircraft dead weight reduction, improvement in aircraft fuel saving performance and undertaking fuel hedging strategies. Fleet dispatch optimization requires that airline companies monitor aircraft performance
methods and dispatch various types of aircrafts to execute long haul and short haul flights so that fleet dispatch optimization is effectively executed.

The findings of the study revealed that aircraft maintenance cost contributes significantly in cost savings for an airline. These findings agree with Bowen (2013), who argues that an integration of maintenance management systems can offer advantages that establish maintenance cost control measures as well as strategies. Chang and Shao (2011), indicate that airlines have various options that they can choose from, they can replace old aircrafts that heavy maintenance costs for the purpose reducing maintenance overheads and preserving high performance of the fleet, fuel consumption reduction, and improved company’s public image. To optimize maintenance scheduling, the airlines also monitor the life cycle of parts in order to prevent unexpected malfunctions and breakdowns that could heavily cost the company in terms of declined operations as well as the image of the airline as it is crucial for its customer base or market.

The findings also indicated that airline can management its costs effectively through improving employee productivity. These findings corresponds to the work of Astuti (2016), who attempts to explain to investigate how airlines get various options of cost reduction through its employees. He argues that to reduce the cost of labour maintenance airlines dispatch maintenance of staff efficiently during direct working hours, monitoring of overtime staff working hours and allocation of manpower in line with the maintenance schedule to enable tasks to accomplish within a reasonable time frame and avoiding excessive overtime pay. With an attempt of manoeuvring practical operations that are online, airlines do encourage staff to provide various cost control measures through suggestion systems for effective decision making on cost cutting. Kanghwa (2013), on the other hand, indicates that airline companies attempt to reduce cabin crew over-time working hours through keeping and scheduling cabin crew’s total flight hours at a reasonable way and through dispatching the cabin crew efficiently and effectively assigning pursers to a fixed duty.

5.3.2 Organizational Restructuring and Business Performance

The study established that organizational restructuring contributes significantly to business performance of a firm. These findings are in line with Morley (2014), who argues that some organizations can shift their organizational structure in order to serve the growing markets while others can reorganize their corporate structure to downsize or even getting eliminating
departments that will help the company conserve overheads. Often the new owners or managers of the organization rearrange the business structure in order to create a familiar business model that will help the company run its operations efficiently and be in line with their corporate strategy.

Consequently, Burke (2013), indicates that organizational restructuring involves carrying out organizational assessment in order to identify areas of competence, improvement and potential risks and then applying the findings to inform strategic solutions. Through identifying inefficiencies, one is able to streamline their processes by eliminating redundant or any unnecessary programs and focus the company’s resources and efforts on higher priorities. According to Ganto and Sulaiman (2013), some of the areas for assessment during restructuring can be grouped in five principle categories: people, structure, process and technology and culture within which different components are evaluated and research shows that business performance of an organization is optimized when these five elements are aligned appropriately in supporting the company’s goals and priorities.

The findings of the study revealed that management restructuring enhances successive turnaround of the organization. These findings confirms the findings of Anwar and Hasnu (2016) as they argue that an effective change in the composition of people entrusted with the leadership as well the management of the organization has been found to be key during undertaking of turnaround strategy. Townsend (2014), has also indicated that the existing team managing the organization could be having difficulties working together or the team could be running out of ideas on how they can improve the performance of the organization, hence, it poses a need to set them aside and avail the opportunities to other individuals that have demonstrated the willing and readiness of bringing in new ideas so as to reverse the negative trends of poor performance that the company is experiencing.

The findings have revealed that change in top management as well as leadership enhances business performance. These findings are in line with Sing and Singru (2013), who suggest that a change in senior management team composition is regarded as tangible evidence to shareholders as well as other stakeholders in a company that some positive initiatives have been undertaken following the reported consistent negative trends in its performance. According to Alhyari (2013), the kind of leadership style used by the existing senior management could be associated with deficiencies in attaining the required business performance levels. Paindey and Ongpipatanakul (2015), argue that management
restructuring can involve change of the company’s Chief Executive Officer (CEO) alone since they are believed to be the key decision makers while in other circumstances the whole senior management team is replaced so that the company has a new management team to drive the vision that the company intends to achieve, since the new management is also believed to come along with new trusted strategies which can reverse the negative trends realized in the firm’s performance.

The findings of the study have also revealed that asset restructuring enhances business performance. These findings confirms to the conclusion made by Feng and Wang (2013), that companies invest in various assets for them to improve the status of their balance sheet. In situations where the business performance of the organization is consistently negative, then it may be necessary that the asset structure of the company is established afresh. Dobni, Klassen and Sands (2016), argues that asset restructuring process involves identification of areas within the company where business performance is below average so that the company can invest in areas where it will optimize the desired returns to turnaround. This can involve reorganization of the business units so that efficiency is achieved, divesture from business units that are not in line with the core business of the firm, investing in other business ventures which are aimed at strengthening the core business.

The findings of this study revealed that change in organizational culture enhances business performance. According to Lewis (2012), organizational cultures plays a crucial role in turnaround process since it influences how employees act in the organization towards meeting the hierarchical destinations that the organization intends to achieve. Pietersen (2017), indicates that a positive organizational culture helps in strengthening the canter convictions and practices that a pioneer wishes when debilitating the attributes and the tasks the pioneer rejects. On the other hand, a negative organizational culture makes the organization unsafe, hurting the life of the company and hindering any future potential for improvement and therefore knowing the culture of the company offers specialities in appreciating both the history and the current organizational methodologies for operations.

5.3.3 Retrenchment and Business Performance

The study findings show that retrenchment practices enhance business performance of the organization. These findings are in line with Riva (2013), as he suggests that retrenchment in today’s business environment is becoming a household name in various organizations as
firms strive to minimize costs with an aim of maximizing profits or becoming successful in the market. Lathman and Braun (2016), argue that despite retrenchment being necessary especially during turnaround, a loss of job is always a devastating to an employee when it is not voluntary. It has been established that retrenchment tends to leave a lot of insecurity to the remaining workers as it can erode their morale since they are not assured of their work in future.

Farooq and Hussain (2016), established that it is always easier to cut down costs than generating additional revenues to through company’s operations, therefore, most companies going through a turnaround would prefer to retrench as an attempt of reducing operational costs. They further argue that successful turnaround strategies are attributed by retrenchment activities, reorganization and repositioning of the company. Failure to use one or more of these strategies by companies, companies are then likely to exhibit bad performance rendering it as irrelevant into the business environment. Retrenchment is noted to be an integral element of turnaround strategy and its critical function is providing a stability base from which a firm is able to launch a recovery phase of the entire turnaround process that the company is seeking to pursue. According to Nielsen (2015), retrenchment strategies involve reduction in operating costs and a divestment of the non-core assets within the organization. During turbulent times, the business horizons tend to shorten with the managers or owners to focus on the immediate survival strategy rather than the long-term objectives.

The findings of this study has also found out that layoffs can contribute significantly to cost cutting within the organization. These findings are in line with Dobni et al. (2016), arguing that, even though, employee downsizing and other retrenchment strategies have shown to rarely return the anticipated organizational and economic gains within the firm and when the firm gets itself in financial difficulties the widely accepted corporate has been to reduce employee numbers or employee benefits. Ganto and Sulaiman (2013), have an opposing view on layoffs as they suggest that despite prior research showing that employee downsizing and other retrenchment strategies that involves employment restructuring are not generally resulting to an improved organizational performance, however, the use of this strategy has become a normal part of the firm’s lifespan over the course of the last two decades. Global competition, on the other side has ever changing demand conditions that are forcing the firms to regularly examine their cost structure, especially those that are
associated with human resources in spite of the fact that the use of such strategies can be perceived as a violation of the psychological contract between organizational and its employees, and it is likely to lead in an increased distrust and the stress for remaining employees (Chang & Shao, 2011).

The findings of this study shows that asset retrenchment can be used to improve organizational performance. The findings confirm with the findings of Makrygiannakis and Jack (2018), who indicate that the logic behind asset retrenchment strategy is that by reducing the underperforming assets, a company can halt its downward side and hopefully improve organizational performance. Since asset retrenchment involves the selling of assets in an open market, the theory of strategic factor markets can be used in developing. According to Hamilton and Mudambi (2015), a strategic factor market concept can generally be used in analysing the cost of developing or acquiring the resources necessary to implement a company’s product market strategies. When the strategic factor market for a given industry is perfectly competitive, then the cost of a resources will approximate its economic value. Company that use the markets approach to acquire the resources needed for implementing a given strategy can generally be able to earn greater than a normal return from the use of those resources.

5.4 Conclusion

5.4.1 Cost Management and Business Performance

The study concludes that cost management practices have been essential towards enhancing business performance of airline industry. Cost management practices enhances profitability of an airline through cost reduction policies, aircraft maintenance cost reduction and flight operations techniques. Further, the study concludes that the improvement of employees’ productivity is essential in cost management of an airline when implementing a turnaround strategy. The study concluded that cost management practices should be regarded as quick wins for any airline operating in turbulence to adopt with the intentions of cutting down operational costs.

5.4.2 Organizational Restructuring and Business Performance

The study concludes that organizational restructuring is significantly vital in enhancing business performance. Organizational restructuring offers competent leadership that is able to pave way by implement policies, motivate employees and communicate the significance
of the whole process that the firm is undergoing. The study concludes that restricting should take into consideration changes in personnel and various departments as well as how employees and departments report to one another with the aim of meeting market needs. The study concludes that management restructuring is crucial for a successful turnaround process since its acts as a tangible evidence to the shareholders and stakeholders that some positive initiatives have been undertaken in respect to the reported consistent negative trends in its performance.

5.4.3 Retrenchment and Business Performance

The study concludes that there is a significant relationship between retrenchment and business performance of a company since downsizing is one technique within corporate strategy that is used in shifting firm structure in order to sustain competitive advantage and satisfy needs and wants in the most appropriate way. The study concludes that, layoffs is a widely accepted corporate strategy to reduce number of employees or employee benefits as a way of cutting down costs, however, the use of this strategy does not result to an improved business performance. The study concludes that asset retrenchment enhances business performance since it focuses on reducing the underperforming assets so that the company can halt its downside to improve business performance.

5.5 Recommendations

5.5.1 Recommendations for Practice

5.5.1.1 Cost Management Practices and Business Performance

The study recommends that the airline should have an integration of maintenance management system to offer advantages that establish maintenance cost control measures as well as strategies. The airline should seek to improve employees’ productivity by reducing cabin crew over-time, scheduling reasonable flights hours for the flight crew and encourage employees to offer cost control strategies. The study recommends that the airline should make use of flight operations technique such as correct en route flight plans and alternative airports by modifying plan routes for various contingencies and tax fuel to help minimize fuel consumption.
5.5.1.2 Organizational Restructuring and Business Performance

The study recommends that the airline should take into consideration the experience at the top level management team since it plays a significant role in implementing turnaround strategy. In addition, restructuring requires a company to make changes not only in personnel but also various departments that reflects necessary support of the turnaround strategy, hence, the airline should align their departments with the turnaround strategy. The study recommends that Kenya Airways should create an organizational culture that is in line with their turnaround strategy. Organizational culture plays a key role in turnaround process since it influences how employees act in the organization towards meeting the hierarchical destinations that the company needs to achieve.

5.5.1.3 Retrenchment and Business Performance

The study recommends that the airline should deploy retrenchment strategy with the intention of reducing operating costs when necessary, however, a loss of a job always seems to be devastating to an employee when it is not voluntary and leaves insecurity to the remaining workers. The study recommends that the airline should also use asset retrenchment strategy with the intention of reducing its underperforming assets to enhance its business performance.

5.5.2 Recommendations for Further Studies

This study investigated the impact of turnaround strategies on business performance at Kenya Airways. The study recommends that future studies should widen the scope in terms of assessing the impact of turnaround strategies on business performance for other sectors like manufacturing, hospitality, education and tourism. Further studies can also be done on other variables of turnaround strategies since this study was limited to three variables including cost management practices, organizational restructuring and retrenchment.
REFERENCES


APPENDIX I: COVER LETTER

6TH AUGUST 2018

CHACHA SAMORA JOHN

P.O. BOX 14634, 00800
NAIROBI

Dear Sir/ Madam,

RE: REQUESTING YOUR PARTICIPATION IN MY STUDY

Chacha Samora, a graduate student at the United States International University (USIU-Africa) pursuing a Master’s degree in Business Administration (MBA). In a partial fulfilment of my degree, I am currently conducting a study titled “The Impact of Turnaround Strategies on Business Performance at Kenya Airways”.

This study will be beneficial to the entire airline industry since it will provide information on how turnaround strategies impact performance of the business and use this information in improving business performance. The views and opinions obtained are confidential and will only be used for the purpose of this research proposal.

Kindly take a few minutes in responding to the study questionnaire provided. Your participation is highly valued.

Yours Sincerely,

Chacha Samora
APPENDIX II: STUDY QUESTIONNAIRE

SECTION I: GENERAL INFORMATION

1. Kindly indicate your gender
   Male ☐ Female ☐

2. Kindly indicate your age range
   
   |
   | 18- 25 Years |
   | 26- 33 Years |
   | 34- 40 Years |
   | 41-47 Years |
   | 48 and Above |

3. Kindly indicate the number of years you have worked at your organization
   
   |
   | 0-1 Years |
   | 2-4 Years |
   | 5-7 Years |
   | 8-10Years |
   | Above 10 years |

4. Kindly indicate your level of management.
   
   |
   | Top Level Management |
   | Middle Level Management |
   | Lower Level Management |

5. Kindly indicate your level of education.
   
   |
   | Certificate |
   | Diploma |
   | Bachelor’s Degree |
   | Master’s Degree |
   | Doctorate Degree |
SECTION II: Impact of Cost Management Practices on Business Performance

Kindly answer the following questions to the best of your knowledge using the following Likert scale. Strongly disagree = 1, disagree = 2, neutral = 3, Agree = 4, strongly agree = 5.

<table>
<thead>
<tr>
<th>No</th>
<th>Questions</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The company saves costs on fuel based on its cost management strategy.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Fuel cost reduction policy enhances the organization’s operational cost.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Fuel cost reduction policy is crucial for cost management targets in the organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>The company has various fuel hedging strategies to enhance cost management practices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>The company has reliable fuel suppliers to support fuel needs in the company.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Increased employee productivity can save costs associated with human resources in the organization.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Reduction of cabin crew over-time improves employee productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Scheduling reasonable flight hours for the flight crew enhances employee productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>The company uses various flight operations technique in saving operational costs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Employee productivity has enhanced your cost management practices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Aircraft maintenance costs contributes to a higher expenditure of the company’s operations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>The company has a documented cost management practices.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Cost management practices enhances operational efficiency.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. Flight operational techniques are crucial for cost reduction in the company.

**SECTION III: Impact of Organizational Restructuring on Business Performance**

Kindly answer the following questions to the best of your knowledge using the following Likert scale. Strongly disagree = 1, disagree = 2, neutral = 3, Agree = 4, strongly agree = 5.

<table>
<thead>
<tr>
<th>No</th>
<th>Questions</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Change in leadership has enhanced decision-making process within the organization.</td>
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<tr>
<td>2.</td>
<td>Change of leadership has repositioned KQ brand in the market.</td>
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<td>3.</td>
<td>Change in leadership has motivated employees in meeting their set targets that positively contribute to turnaround.</td>
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<tr>
<td>4.</td>
<td>The new management has rearranged the business structure to create familiar business model that will help the company turnaround.</td>
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<td>5.</td>
<td>Change in top leadership management has influenced profitability.</td>
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<tr>
<td>6.</td>
<td>Change of leadership has resulted into new products and services.</td>
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<td>7.</td>
<td>The new leadership has resulted to the effective control of the business.</td>
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<td>8.</td>
<td>The new leadership has enhanced the chain of command in the organization.</td>
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<tr>
<td>9.</td>
<td>The new leadership is focused on turning around the business.</td>
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<tr>
<td>10.</td>
<td>Change in leadership has established a new organizational culture for effective turnaround.</td>
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<tr>
<td>11.</td>
<td>The new leadership has set potential targets for each employee as part of turnaround process.</td>
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</tbody>
</table>
12. Change in organizational culture has been crucial for your business performance.

13. Change in leadership has enabled the company to launch direct flights to the United States.

14. Change in leadership has provided a positive direction of your organizational performance.

15. Efficiency has been achieved in organization through restructuring.

SECTION IV: Impact of Retrenchment on Business Performance

Kindly answer the following questions to the best of your knowledge using the following Likert scale. Strongly disagree = 1, disagree = 2, neutral = 3, Agree = 4, strongly agree = 5.

<table>
<thead>
<tr>
<th>No</th>
<th>Questions</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Layoffs has improved profitability in the organization.</td>
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<td>2</td>
<td>Layoffs has generated revenues for the company.</td>
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<td>3</td>
<td>Layoffs has enhanced employee productivity in the organization.</td>
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<td>4</td>
<td>Asset retrenchment has attracted more revenues into the company.</td>
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<td>5</td>
<td>Asset retrenchment has improved the company’s competitive advantage.</td>
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<tr>
<td>6</td>
<td>Asset retrenchment has helped the company to pay its debts.</td>
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<tr>
<td>7</td>
<td>Asset retrenchment has enhanced resources allocation in the organization.</td>
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<tr>
<td>8</td>
<td>Layoffs has helped the company cut down its operational expenses.</td>
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<tr>
<td>9</td>
<td>Layoffs has increased current employees’ commitment to their jobs.</td>
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<tr>
<td>10</td>
<td>Asset retrenchment has influenced purchase of new aircrafts to cater for most profitable market niche.</td>
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</tbody>
</table>
11. Layoffs has increased employee morale for the current staff.

12. Asset retrenchment has improved your overall productivity.

13. Asset retrenchment has made the company focus on your core business units.

14. Asset retrenchment has improved overall expenses.

15. Asset retrenchment has given the organizational a great control of the business.

Thank you for your participation
TO WHOM IT MAY CONCERN

25TH JULY 2019

Dear Sir/Madam,

REF: PERMISSION TO CONDUCT RESEARCH- SAMORA JOHN CHACHA
STUDENT ID NO. 639140

The bearer of this letter is a student of United States International University (USIU)-Africa pursuing a master’s Degree in Business Administration.

As part of the program, the student is required to undertake a dissertation on the “The Impact of Turnaround Strategies on Business Performance at Kenya Airways” requires him to collect data.

Please note that information provided will be treated with utmost confidentiality and will only be used for academic purposes.

Kindly assist the student get the appropriate data and should you have any queries contact the undersigned.

Yours Sincerely,

[Signature]

Prof. Ahros Njuguna
Dean School of Graduate Studies, Research and Extension
Tel: 730 116 442
Email: amnjuguna@usiu.ac.ke
Ref: No. NACOSTI/P/19/16821/31878

Samora John Chacha
United States International University
P.O. Box 14634 – 00800
NAIROBI

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “The impact of turnaround strategies on business performance at Kenya Airways” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 23rd July, 2020.

You are advised to report to the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.
THIS IS TO CERTIFY THAT:

MR. SAMORA JOHN CHACHA

of UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA, 0-14634 Nairobi, has been permitted to conduct research in Nairobi County on the topic: **THE IMPACT OF TURNAROUND STRATEGIES ON BUSINESS PERFORMANCE AT KENYA AIRWAYS** for the period ending: 23rd July, 2020

[Signature]

Applicant's Signature

[Signature]

Director General
National Commission for Science, Technology & Innovation

Permit No.: NACOSTI/P/19/16821/31878
Date Of Issue: 25th July, 2019
Fee Received: Ksh 1000