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Influence of Skyteam Alliance on the Performance of Kenya Airways Limited

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Abstract
Business alliances are seen as stepladders to lessen the threats associated with foreign market expansion. Through alliances, foreign firms get easily accepted by foreign governments and the people. Due to the diverse nature of alliances, organizations joining tend to access diverse views of business operational approaches that boost chances of profitability. This research aims to determine the influence of SkyTeam alliance on the performance of Kenya Airways limited. The study has set out two objectives: to determine the nature of the alliance between SkyTeam and Kenya Airways Limited and to determine how the alliance between Kenya Airways Limited and SkyTeam Alliance has influenced the performance of Kenya Airways Limited. The study was anchored on three theories; Business Alliance theory, Stakeholder theory, and Resource dependence theory. The study targeted the senior management of Kenya airways limited who are the Chief Executive Officer, Chief information officer, Non-executive director, Chief financial officer, Fleet and asset development director, and The Kenya Airways Limited section heads as informants. A case study design was used for this study and interview guide as the data collection instrument.Content analysis was used to analyze the primary data obtained. The research established that the involvement of Kenya Airways limited with SkyTeam alliance was a strategy by the airline to open up international hubs, reduce cost of operation and increase profitability through the avenues provided by the alliance.The respondents recounted that Kenya airways adopted the business policy and procedures for SkyTeam alliance. These included the codeshare agreement, share of airport lounges with member alliances and round the world ticket policy. The benefits derived from the consortia included; venture for international growth, economies of scale, economies of density, economies of scope, branding and marketing benefits and controlled barrier of entry. The respondents also observed the negative influences of the alliance to the operation of Kenya airways which included domination in decision making by well-established airlines that are in the alliance and being that Kenya airways joined the alliance after it had formed and it tends to tow in to the original strategy of the alliance rather than operate within its organization strategy. The study found out that Kenya Airways Limited had gained a competitive advantage through its association with Sky Team alliance through the enhancement of its operations. It was concluded that Sky Team alliance had in fact positively influenced the performance of Kenya Airways Limited.

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I. Introduction

1.1 Background of the Study

In the wake of globalization of the airline industry, the creation of alliances with other airlines has emerged as a strategy to improve the performance of overseas businesses with low-cost resources (Clancy, 2010). Airline consortia are attractive as they provide quick access to new markets, passenger convenience in travel, and shortening of time spent traveling (Atlee, 2017). Airline alliances vary in the degree of commitment from simple marketing partnerships to just short of full mergers or acquisitions (Hammersley, 2018). Globally, business mergers and acquisitions exceeded $ 5,000 billion in 2015-2016, indicating that organizations are increasingly embarking on international partnerships to achieve their goals of expanding and improving world-class business capacity (Byasel, 2010). According to a study by Byasel (2010), in 2014-2015 alone more than 40,000 business agreements were made globally and, surprisingly, more than 50% of them are among competitors.

There is no doubt that there has been an extreme shift in the development of contracts between airlines in modern years. A large number of airlines have been linked to one of the world's four major airline agreements: Wings (1989), Star Alliance (1997), Oneworld (1998), SkyTeam (2000) - and now collectively control, 56 percent revenue passenger kilometers (Petersburg, 2002). Legislation aimed at protecting national interests means that it is almost impossible to obtain the regulatory interest in airlines in countries or commercial areas other than those owned and operated. For example, a non-US airline may have only 25% of the voting share in any US network company. The EU-owned company can buy up to 49% of its EU controls and similarly in Africa, where most national airlines operate with bilateral agreements up to the agreed freedoms of the air (Atlee, 2017).

The natural growth of Kenya Airways depends on limitations such as growth in domestic markets, the lack of permission to control access to foreign markets, or the lack of space at international airports that the airline wants to operate (Lewis, 2015). Arising from COVID19, Kenya Airways Limited needs to examine or evaluate the importance of such joint operations as in the case of its alliance with SkyTeam. It is within this context that it would be a concern to the management of Kenya Airways Limited to assess how its alliance with SkyTeam has affected its operations.

1.1.1 Strategic Alliances

Strategic alliances are consortia between two or more businesses formed with the motivation of cost reduction, service improvement and convenience to customer and profitability to businesses(Belassi, 2017). Alliances are bounded by single contract and terms of equitable or proportional risks and opportunity stake for all parties involved in an integrated manner. In addition, business alliances develop strategies of creating competitive advantage which abates competitors from venturing into the market to overturn them while allowing individual businesses. These strategies allow individual businesses to achieve more profits together than they would achieve on their own(Lewis, 2015). In many cases, alliances between organizations involve those that deal with similar types of businesses for ease of operation and merging their operations.

1.1.2 Organizational Performance

Organizational performance encompasses the actual output or results of an organization measured in comparison to its anticipated yields (Rahat, 2014). Richard (2009) states that organizational performance incorporates three specific parameters of its outcomes: financial performance, shareholder return, and product market performance. In addition to the above three parameters, Munyeri (2015) asserts that organizational growth and market share are also critical parameters for indicating organizational performance.

The financial performance of an organization measures how the organization's financial status is. It quantifies the return on investment, assets, and their value addition over a given period (Faridah, 2017). It reveals whether the debts of the organization have increased or gone down. Financial performance also quantifies the organization's operations and policies in terms of financial value, measured over a prescribed time interval. It can also be used to gauge return on investment and the value addition it has on its assets. The reference set for optimum organization performance provides the standard or benchmark along which an organization's performance is measured.

Product market performance measures the extent to which a company's market share has gained or lost value (Mwenje, 2015). It discloses whether new products or upgrades are in the pipeline and the possibility of these new products boosting the sales of company value. The product market performance focuses on the result of production or policies in the organization's mission. It reveals the size of output, quality, production efficiency and progressiveness, and techniques of production that result in product acceptance by the customer.

Shareholder return on the other hand focuses on the organization making the shareholders get a return on their investments. It focuses on increasing the value of the shares by the shareholders. Shareholder return measures the ultimate organizational success from the perspective of the shareholders. The shareholder's value is the senior management's top priority to attract more investments into the organization (Kamaru, 2017).

Organizational growth is the expansion of the organization's sources of income, and where it considers additional options of generating revenue. It is a business lifecycle whereby top management considers the satisfaction of equity value creation (Atlee, 2017). Part of the consideration for business growth is the formation of joint ventures which gives room for innovative ideas, new technologies, and access to new markets. In addition, an organization focuses its growth on product expansion through re-branding its goods and services when the old form of doing business becomes outdated (James, 2017).

Market share is the percentage of purchases of goods and services by customers that go to the organization out of all available purchases. Its significance is the measurement of consumers' preference of the organization's goods and services over the competitors. When the market expands, organizations with higher market share stand a chance to gain more than the competitors.

1.1.3Airline Industry

The airline industry includes a wide range of businesses that provide regular services for the transportation of passengers or goods via the air (Monson, 2020). Airlines are regarded as a sub-sector of the aviation sector and the wider travel industry (Parkin, 2012). In addition to the airline industry, the aviation sector comprises aircraft manufacturers, companies offering non-commercial flights (for instance United

Nations who are humanitarian driven), aerospace companies, regulatory authorities, airport authorities, security agencies among others (Lamphard, 2015). Airline transport services are offered by the use of jets, turboprop engine aircraft, and/or helicopters.

Airlines are often grouped into varying categories depending on the scope of operation but mainly fall into the three broad types: international airlines, national airlines, and regional airlines. International airlines are the largest and most high-profile and they operate in multiple hubs across the globe (Parkin, 2012). They focus on air transportation of passengers and cargo over large distances and employ tens of thousands of employees (Monson, 2020). An example is the American and Delta airlines. National airlines typically have smaller fleets compared to international airlines and are majorly managed by governments. They operate large-sized and medium-sized jets and fly internationally too (Lewis, 2015). They particularly rely on airline alliances to access international destinations due to the high cost of international operations (Button, 2008). Regional airlines are on the other hand smaller than the other two. They transport passengers and cargo to specific regions not offered by international and national airlines (James, 2017). Their aircraft types are smaller, and they mainly operate fewer aircraft. Regional airlines characteristically operate wider routes and may occasionally miss their schedules due to diverse unpredictable operations. These organizations are engaged in activities that include full-service carriers. They offer a variety of packages including low-cost carriers (LCCs), inclusive travel packages, connecting services, stopovers, promotional packages, charters, etc.

Airlines offer organized and/or rented services and the aviation industry forms an integral part of the wider tourism industry, enabling customers to purchase seats on aircraft and travel to different parts of the world (Parkin, 2012). Commercial airlines operate in many countries with modern jet technology, and they offer a wide range of services within major cities. Today, commercial airlines operate in many states with modern jet technology, and they offer a wide range of services within major cities (Sternberg, 2009). Typically, airline operations include full-service carriers offering a variety of service classes, low-cost carriers (LCCs), inclusive travel packages, connecting services, flying boating, promotional packages, charts, etc. The airline business is furnished with many facets necessary for aviation operation (Hammersley, 2018). Examples include short-haul, long-haul, leisure, and business categories which are necessary for travelers' different needs and requirements.

Air travel includes scheduled or non-scheduled flights to serve their customers for profit or to satisfy customer needs (Thompson, 2016). Most commercial airlines operate on a schedule; fly on regular routes, even if the plane is not full. Non-scheduled air carriers often fly at random times and are often more flexible in terms of airport selection, flight times, and loading features (Lamphard, 2015). Non-scheduled carriers provide legal passenger flights, cargo, or special flight services. In 2018, Hartsfield-Jackson Atlanta International Airport in Atlanta, Georgia, was listed as the busiest airport in the United States, with nearly 52 million passengers (Hill, 2019). Memphis International Airport Tennessee was ranked first in the U.S. Freight forwarding in 2017. Flights from there carried approximately 24 billion pounds of cargo and mail (Roeder, 2018).

1.1.4 Alliances in the Airline Industry

Alliances among airlines involve corporations amongst airlines that agree to work together to boost individual or collective interest (Ashby, 2015). It facilitates market branding to assist travelers who make international connections by air (Lewis, 2015). This branding could embody the combined effort of member airlines from the same or different countries. Alliances result in an extended network, which is usually obtained through code-sharing agreements. James (2017) suggests that cost reductions come from shared operating resources (e.g., boarding desks, ground handling equipment, and personnel, check-in platforms, electronic devices, management staff). Passengers may enjoy reduced prices and operational costs (James, 2017). Besides the advantages, airline alliances may result in higher prices when competition is canceled on particular routes or lower the frequency of flights; for example, if two planes fly three or two times a day in a row on a shared route, their alliance can fly fewer times a day on the same route (Schein, 2010).

There are six major airline alliances known globally: Star Alliance, founded in 1997 has 26 member airlines; One World, founded in 1999 has 14 member airlines; SkyTeam, founded in 2000 has 19 member airlines; Vanilla Alliance, founded in 2015 has 5 member airlines; U-Fly Alliance founded in 2016 has 5 member airlines, and Value alliance founded in 2016 has 5 member airlines (Gahlot, 2021). The size of an airline alliance is measured by average revenue per annum and the number of airlines affiliated with it (Atlee, 2017). There are other smaller airlines other than the six, but they are either bi-lateral or tri-lateral alliance regionally for a common purpose.

1.1.5SkyTeam Alliance

SkyTeam is one of the three largest airline consortia in the world (Agusdinata, 2016). Launched in June 2000, SkyTeam was the last of three major consortia to be formed. Star Alliance and One world were the first two to be formed respectively. As a consortium, SkyTeam encompasses 19 member airlines as listed in appendix I. Passengers handled by airlines affiliated with SkyTeam were over 630 million in 2019. SkyTeam Alliance is the second-largest airline alliance after Star Alliance (SkyTeam Financial report, 2020).

As of July 2022, SkyTeam was affiliated with 18 airlines from five continents and operates with the motto "Caring more about you". It also operates a consortium called SkyTeam Cargo, which works with ten carriers, all of which are members of SkyTeam (Schroeder, 2013). Its management team, SkyTeam Central, is based at the World Trade Center at Schiphol Airport on the premises of Amsterdam Airport Schiphol in Haarlemmermeer, Netherlands. A study by Quinn, (2012) reveals that as of November 2019, airlines associated with SkyTeam flew to different destinations which according to the study are more than 1,150 in more than 175 countries. More than 14,500 flights are operated daily (Monson, 2020). SkyTeam Alliance and its members have more than 750 lounges worldwide (Agusdinata, 2016).

1.1.6 Kenya Airways Limited

Kenya Airways traces its background to 1946 with the creation of East African Airways (EAA). Formerly the EAA was reputable for professionalism and integrity. With the formation of the East African Community, it went on to become jointly owned by the Governments of Kenya, Uganda, and Tanzania (Wanjiku, 2014). In 1976, East African society disintegrated, thereby placing it under liquidation. In January 1977, Kenya Airways was unified as a fully owned subsidiary of the Government of Kenya and acquired part of assets and EAA staff. It came into operation on February 4, 1977. It is now operating scheduled flights to several cities in Africa, Europe, the Middle East, and the Far East. Its base is in Jomo Kenyatta International Airport, with Nairobi as its operational hub. Kenya Airways' fleet flies to more transcontinental destinations than any other African airline. Nevertheless, there has been a gradual deterioration in operation and financial performance thereby leading to a reduction of profits and status. The airline has suffered major financial losses for 16 years. This has placed a heavy burden on the government, which ended up in its privatization in 1996 (Ng'ang'a, 2006).

The main engagements of Kenya Airways are domestic, regional, and international air transport of passengers and cargo (both import and export). It also engages in ground handling services to Kenya Airways fleet and other airlines. As the campaign for free and integrated global markets gains momentum in Africa and the rest of the world, competition is expected to grow endlessly. The more open the sky the more likely it is to affect the yield, and the extraordinary profits will appear differently. Given this potentially turbulent environment, the key to its survival lies in whether the airline can adapt to opening its international operations through an expansion strategy brought about by the alliance partnership with other airlines. Patterns of future changes, the underlying forces driving these changes, and above all, the ability to adapt its response strategies to changing business environment may determine if the pride of Africa will continue making losses or make a drastic turn of realizing profits.

1.2 Research Problem

Airline alliance is a strategy by airlines to improve business performance, reduce cost of operation and increase profitability. They provide access to new markets, passenger convenience in travel and increased profitability. While many airlines have benefited from this business arrangement, Kenya Airways is still known to be making losses despite being a member of SkyTeamAlliance. This has been consistent for a straight nine years, in spite of several bail-outs from the Kenyan government.

Airline alliances have expanded the network of affiliated airlines in the highly competitive and troubled aviation industry. This makes this strategy a major consideration for strategic policymakers in the airline industry. At the same time, the proliferation of this aviation framework requires an understanding of global driving power, domestic competition, barriers to entry into foreign markets, and stock market incentives, among others. This makes consortia a key tool in their aviation advancement efforts. Despite airline business in the aviation sector seeing continual consolidation for growth over the years, multiple carriers from around the world have gone out of business. The major cause has been poor strategies that reduced passenger and good carriage below the sustainable limit. Owing to the significance and quest for better performance in aviation alliances, several scholarly studies have been done.

A study by Tiana (2018) investigated the cost of operation in the international businesses for Eastar Jet airline. The study revealed a reduction in operational costs through joining the U-Fly alliance. This was low as compared to when the airline did it alone, before joining the alliance.

Buhalis (2015) did a study of Sri Lankan Airlines. Before joining One World Alliance, the airline was on the verge of collapse. This was due to the overwhelming cost of operation with a small fraction of international flight capacity before joining the alliance.

Anduamlak (2014) did another study on the effects of Star Alliance on the strategy of the Ethiopian Aviation Group. Such operations revealed a significant beneficial outcome since 2011. The airline has seen a tremendous rise in operation, profitability, and an increase in its fleet.

As it can be seen from these studies, it is evident that the above-mentioned airlines have revealed significant growth in the respective alliances. Scarcity of researched work on the international growth of Kenya Airways Limited through its alliance with SkyTeam has failed to illustrate how the airline made profits just a few years after joining the alliance but has continued to make losses in recent years despite its continued membership in the alliance. There is a clear indication of the need for published work to aid in information-based decision-making by the management of Kenya Airways as far as international growth is concerned.

It is based on such studies that this study also seeks to further determine how SkyTeam Alliance contributed to Kenya Airways Limited's performance. This then leads to the question, how has the alliance between Kenya Airways Limited and SkyTeam Alliance influenced the performance of Kenya Airways Limited?

1.3 Objective of the Study

The objective of this study is:

i. To determine the nature of the alliance between SkyTeam and Kenya Airways Limited.

ii. To determine how the alliance between Kenya Airways Limited and SkyTeam Alliance has influenced the performance of Kenya Airways Limited.

1.4 Value of the Study

It is anticipated that the findings and recommendations of this study will be of use to Kenya Airways Limited in conducting its international operations. To achieve this goal, the contribution of SkyTeam to Kenya Airways operations must be evaluated by writing down various factors that can enhance their outcomes.

It is also expected that the results of this study will provide useful information to airline strategic managers, project financiers, and airline operators amongst other aviation personnel and stakeholders through making informed decisions on aviation matters. The findings of this study will enhance their ability to make decisions based on profit-driven facts.

The research also aims to provide a framework for developing best practices for improving the success of new operations that may be undertaken by Kenya Airways Limited both locally and internationally, contributing to knowledge and being part of existing literature that will be reviewed as a reference for future decision making on joining of any alliance.

The research will be beneficial to the policymakers and regulatory bodies in formulating policies about airlines that may want to join alliances. The research is expected to reveal legal loopholes that airlines are likely to encounter in their association with the alliances.

The research will also contribute to the body of knowledge for future researchers who may desire to use the research as a reference to conduct research on airlines in or attempting to join alliances and the public for general knowledge purposes.

II. Literature Review

2.1 Introduction

This chapter presents an empirical review of applicable literature related to the objectives of the topic of study. It looks at the existing work done by researchers and scholars to find any similarities and gaps that need to be considered to achieve the objectives of the study. The researcher intends to review the literature based on themes drawn from the study variables namely; the nature of the alliance between SkyTeam and Kenya Airways Limited and how SkyTeam alliance has influenced the performance of Kenya Airways Limited.

2.2 Theoretical Foundation

The three theories that are determined to be of interest in this chapter are; Business Alliance theory, Stakeholder theory, and Resource dependence theory. They all focus on different areas that influence the level of involvement of Kenya Airways with other airlines in a strategic alliance.

2.2.1 Business Alliance Theory

Business alliance theory was originated by Ellam (1992). The theory has made its importance through the realization that some of the global largest companies have made it through the involvement with business alliances. The theory explains the comprehensive complexity, property, purpose, and governing style of an alliance (Burnes, 2015). The characteristics of an alliance particularly with regards to the international arrangements influence the intent of parties to the alliance. This theory is constructed on two key foundations; operational versus strategic functions. The strategic function focuses on the formation, governance characteristics, and the growth of the business through the influence of the alliance (Christensen, 2015). The operational function focuses on the processes, procedures, and practices of the airline regarding the influences it has on the airline operations.

Business alliance theory helps us understand how airlines benefit from alliances through their operational and strategic involvement. The complexity of the involvement of these airlines with alliances determines the obligatory mandate of the partnership (Huttunen, 2014). This facilitates economic growth and enhances physical resource sharing with other airlines. It, therefore, provides an environment whereby airlines reduce the operational cost internationally, typically through the building of mutual ventures. It is likely to be given greater symbiotic relation with other airlines and control and involvement will be limited to financial performance such as portfolio management.

2.2.2 The Stakeholder Theory

This theory was developed by Edward Freeman in 1984. It addresses the management and organization of entities through ethics and morals. The molding process of the theory recognizes the organization's stakeholder groups, and describes and suggests ways in which management can focus on the interests of those groups. The goal of what is crucial is mentioned and made imperative in the implementation priority (Cardosi, 2018).

This theory mainly focuses on the parties of interest within an organization such as an airline. The view of airline interest parties and that of the airline itself is regarded as a priority in the list of goals (Fulgham, 2017). The airline has an obligatory duty to put its interests on the forefront, to push forward its agenda of surpassing profitability from the alliance as compared to the success of the airline by itself. The parties intricate to this stakeholder list include the alliance, other airlines, financiers, customers, staff, communities, unions, government agencies, suppliers, political parties, and trade unions (Burnes, 2015). Rivals (particularly other airlines) are more often counted as participating agencies as their status is determined by their capability in influencing the alliance and its operations, including key decisions. The theory recognizes that airlines should benefit as they also facilitate other airlines, party to the alliance in circumstances where it incurs an almost minimum cost (Miles, 2015).

2.2.3 Resource Dependence Theory

Developed by Salancik in 1978, the resource dependence theory uses the past natural write-up to promote the asset sharing hypothesis. The asset-sharing hypothesis shares the notion that difficult circumstances are the origin of scarce assets and collaborative ventures (Gahlot, 2021). Parties with a common interest come together to share resources and to minimize the cost of the common assets for survival.

The level of asset sharing amongst airlines in an alliance may become an enabling environment or a hindrance to the level of association taking into consideration how the airlines perceive each other (Schein, 2010). The different involvements in terms of control of assets take foot even more seriously if the airlines are rivals in given aspects of the business. For non-rival partners, the association occurs with less friction as the actions of the parties do not directly affect the others. The consideration of the level of engagement, therefore, becomes a key consideration in deciding which airlines are best suited to ally with (Hollenbeck, 2015).

2.3 Strategic Alliances and Firm Success

Strategic alliances are business consortia joining two or more independent business entities to cooperate in their operations (Miles, 2014). The consortia though still managed independently collaborates in performing joint ventures, equity ventures and non-equity ventures. Daron (2017) in his study on benefits of alliance on airline business posits that the primary reasons for the formation of international business alliances are improvement of current operations, changing the competitive environment and ease of entry into foreign markets. Daron(2017) further postulates that the operational benefits emerging from joint venture with international firms are not limited to economies of scale from successful strategic alliances, ability to learn new business ideas from other partners and sharing of risks and cost amongst partners. The primary objective of the formation of international strategic alliance is increased profitability.

2.3.1 Airline Alliances and Operational Dynamics

Airline alliances are partnerships among or between airlines. The corporation between airlines from the same or different sectors is usually legally binding. This is especially so in countries with well-organized antitrust laws in as much as certain parts of the cooperation may still happen off the books (Holloway, 2003). This implicit or explicit form of co-operation can occur with immunity from antitrust laws (Latrou, 2005). Airline alliances and corporations are an integral part of the aviation business strategies of large and small airlines. A research by Munehiko (2020) on influence of international airline alliance to the growth of national airlines revealed that participation in a global airline alliance becomes a superlative and common approach for airlines business. The study revealed that airlines take this approach to evade regulatory restrictions whereas widening international networks and meeting the variation in demand from travelers pursuing seamless travel. Global airline consortia have therefore exponentially developed. In particular, there is a consensus that three alliances- SkyTeam, Oneworld, Star Alliance-have subjugated the aviation industry. Airlines participate in alliances primarily for competitive advantage (Monson, 2020).

Over the past two decades, the aviation industry has seen the formation of new alliances between the world's top airlines. Airline alliances are business relationships that co-operate in a joint venture where two or more airlines work together to achieve a shared goal while staying separate and independent (Miles, 2015). The joint ventures support core business strategy, create a competitive advantage, and prevent competitors from dominating the market (Schein, 2010). It allows the individual airlines to get more together than they could have on their own. Strategic airline alliances can take many different forms, but they usually fall into three categories; joint businesses, equity strategic alliances, and non-equity strategic alliances.

A joint venture of two or more parent airlines is maintained by sharing resources and equality in a binding agreement (Sternberg, 2009). Whether designed for a specific purpose or a continuous strategy, a joint venture has a clear purpose, and profits are split between the member airlines. In the year 2000, Delta Airline and American Airline combined their international carriers in a partnership to connect their flights to more destinations with each airline having unique strengths and varying destinations (Monson, 2020). The joint venture which originated as SkyTeam Alliance has continued to grow, bringing in more partner airlines to build resources and more destinations. Based on the agreed contract of the venture, airlines agree to coordinate on route scheduling and planning through negotiations and taking into consideration the government approvals (Carroll, 2011). Through the joint venture, airlines can have codeshares and interline agreements between airlines in the same alliance (Atlee, 2017). Airlines place their code on other airline flights and institute a revenue-sharing contract with the focus being on diversifying the options of flights to customers of the contracting airlines (Brooks, 2021). The interline agreements allow for easier ticket booking with several airlines. For instance, the agreements permit handling of check-in and baggage acceptance for airlines in the interline agreement.

Equity strategic alliance occurs when one airline buys equity from another airline (acquiring a share), or each airline buys equity from another (equity services). An example of American Airline and Japan Airline in 1970 forged a code-sharing partnership to facilitate their expansion(Hammersley, 2018). Their relationship began with buying out check-in desks from each other to create more accessibility for their customers. This grew into the operation of joint aircraft and later on grew into OneWorld Alliance which has expanded the membership to 14 airlines. Unlike debt capital, acquired through a bond or a loan, equity strategic alliance has no legal mandate to repaid investors airlines.

Non - equity strategic alliance is a kind that permits organizations to enter into a service sharing agreement without creating a separate business or equitable sharing (Agusdinata, 2016). Non-profit co-operatives are often more flexible and less organized than partnerships that involve equality. These form a large part of business partnerships. Through non-equity alliance partnerships, customers of airlines in the same consortia, for instance, take advantage of the access policy to the lounges in airports around the world (Gahlot, 2021). One of the most important aspects of this strategy is the centralization of customer relations such that when things go wrong, one airline’s customer relations may stand in on behalf of the other to fix, adjust or repair the itinerary of other airlines customers (Parkin, 2012).

Despite all the combined efforts by alliance airlines, questions are still raised if strategic airline alliances continue to bear the strategic name with the looming shortcomings (Hollenbeck, 2015). Although airline alliance cooperation is principally built on coordinating multi-lateral code-share agreements and frequent flier programs, there is still room left to integrate their networks fully (Alamdari, 2005). The achievement of the alliance is questionable if the members of the airline network compromise service quality and ultimately weaken the consumer value perceptions of the consortia.

2.3.2 Airline Alliances and Associated Benefits

The growth of international airline alliances has been viewed as a strategy by airlines to collaborate to open up international hubs, reduce cost and increase profitability through the exploitation of resources (Latrou, 2007). The achievements resulting from collaboration with other airlines are diverse (Monson, 2020). They vary from increments of routes flown, to the international brand among others. Although this section focuses on the profitability resulting from international alliances, the drawbacks of joining alliances cannot be disregarded. As a matter of fact, in some instances, alliances can hinder the growth of an airline if the nature of a partnership is skewed disproportionately (Oretti, 2007).

One of the most profound advantages of an airline alliance is economies of scale taking into consideration the size of the network and the level of service provision. As noted by Cosmus (2013), the economies of scale take effect in the size and numbers of aircraft used, fuel cost, and crew in the provision of services by the airlines (David, 2015). Available-seats-per-kilometer has greatly reduced the result of extensive marketing resulting from the network. There is potential in fuel cost reduction as a result of long-haul cabotage and avoidance of unnecessary landings of aircraft. Aircraft spend more time cruising due to longer distances traveled and a tentatively larger average number of flights (Monson, 2020). A study was conducted by Romero (2001) on the struggle for financial liberation of the European airline market. It was found that participating airlines opted for three options to utilize economies of scale through expansion: setting up low-cost carriers, airline alliances, and mergers and acquisitions (Liefbroer, 2006). It was discovered in time that an airline alliance can provide the other to expansion strategies (Parkin, 2012). Expansion strategy for many airlines in the European aviation industry opted to form or join alliances.

On a contrary perspective, Fran (2005) in his study on diseconomies of scale for airlines serving remote destinations with low frequency and limited operations concluded that a loss was inevitable as a result of the cost of solitary operation. For these airlines, Fran (2005) asserted they may want to rely on alliances that have wider networks and structures and many hubs for ease of operation on the ground i.e. passenger handling, ticket sales, facilitation, and handling of cargo. This resulted in a decrease of up to 30% of inventory by the airlines. Pooling individual airline inventory and distributing the utilization of this inventory in an international arena creates economies of scale cooperative framework. Furthermore, standardization of fleet results in gained efficiencies through the adoption of best practices through benchmarks, influence, and setting of fundamental requirements before joining alliances Kilpi (2004).

Another key benefit of airline alliances is economies of scope. This is associated with the addition of more destinations to their network. An increase in scope results in an increase in density, Oumy (2000) asserts that economy of scope is the key consideration of many airlines to join or form alliances. As soon as an airline joins an alliance, its portfolio of destinations increases the routes to be flown. It is hypothetical that the larger the alliance the larger the portfolio of routes and destinations (Sexton, 2009).

Controlled pricing on code-sharing routes based on agreements provide seamless pricing and trips for clients and results in profitability to the airlines (Bryan, 2010). This is brought alive through the understanding that airlines can collaborate in setting prices through cost-sharing agreements between mutual partners. Research conducted by Bruckner (2011) with passenger data survey indicated that passengers reported stability in pricing for competing airlines flying the same route but in alliance partnership. This model of pricing is contrary to airlines not in alliances where price variations for ticketing become significantly sharp due to solitary operations (Shappel, 2006).

Another key advantage of alliances is the benefit of joint purchasing. The power in negotiation when dealing with suppliers results in the achievement of better deals. This is due to the size of the partnership in the alliance. Oretti (2007) mentions the cost of catering, airport charges, and prices of fuel, maintenance, spare parts, and joint cabin training as sources of cost reduction. SkyTeam Alliance saved up to 22 million U.S. dollars in 2008 in as much as the alliance acknowledged that there was room for an even greater reduction of cost.

Airline alliances also provide control to barriers of entry. As noted by Young (2019) a major consideration in entering an international alliance is the breaking of barriers of entry strategy. One of the key assets that an airline provides to the alliance members is its hub, airport slots, as well as traffic rights with international airlines (Annovi, 2010). Time intervals available (airport slots) for countries practicing Air Traffic Flow Management (ATFM) at capacity-constrained airports is a key barrier to entry for international airlines not affiliated to that destination (James, 2017).

A research by Ashby (2015) on influence of deregulation on performance of airline alliances in the USA revealed that deregulation led to formation of large alliance portfolio. Although collaboration with airlines led to partial foreign ownership of domestic destinations by other airlines, the overall benefits of the alliances would turn to be beneficial to the local airlines in terms of passenger numbers and quality of travel.

2.3.3 Airline Alliances and Performance of Individual Airlines

Airline cooperation is an integral tool to be used as a self-protective tactic. It crafts such strong geographic supremacy by a single alliance that it creates barriers of entry for other airlines in their hubs (Evans, 2002). Airline alliances having a strategic move to remain unaligned to each other’s mode of operation becomes a unique key benefit to member airlines (Wairia, 2008). Failure to become aligned to this trend for any airline would mean losing passengers to other airlines affiliated with alliances (Gahlot, 2021). This is because of the operational patterns of alliances which, besides creating a business-friendly environment for air travel, reduce prices for passengers making it an attractive avenue for passengers (Thompson, 2016). Of the many advantages, airlines can secure as a result of joining or forming alliances are more destinations to fly and an increase in passenger numbers (Sternberg, 2009). This happens through the connection of flights to all destinations flown by the alliance members.

The impact of alliance on the convenience of passenger travel is enormous (Sternberg, 2009). The number of passengers for airlines that opt to join alliances greatly increases due to the increased number of destinations and reduction of ticket acquisition processes, owed to the affiliation with alliances (Parkin, 2012). For instance, the average annual number of passengers Kenya Airways has handled since joining SkyTeam is 4 million as compared to 2.5 million it handled before joining the alliance (Kenya Airways annual report for 2006 and 2016). The biggest increase in passengers has particularly been observed in destinations involving hub to hub (Fulgham, 2017). As observed by Christine (2010) most of the airline flights with destinations outside the airline continents would fly half-capacity to three-quarter way filled and there would be many similar halfway filled flights before the establishment of airline alliances (Ayman, 2018). However, with the discovery of alliances, many airline fleets have flown full capacity thereby efficiently reducing the operational cost in the majority of the routes (Belassi, 2017). Airlines are also able to purchase bigger aircraft such as the Boeing 777 and Dreamliner which have increased passenger capacity whilst at the same time increasing profitability due to the number of passengers (Sternberg, 2009).

One of the key requirements to join and participate in an alliance is the minimum quality of service that each member airline should be able to match up (Brooks, 2021). This goes hand-in-hand with requirements on minimum standards for capacity provision, service quality scheduling, and ticket pricing. These standards have kept alliance member airlines at par with the international air transport players (Youker, 2016). Passenger loyalty is guaranteed when passengers are comfortable with good quality of services while the prices remain reasonable (Sexton, 2009).

Buhalis, (2015), in his study of Sri Lankan Airlines before joining the One-World Alliance, revealed that the airline was on the verge of collapse. This was due to the overwhelming cost of operation with a small fraction of international flight capacity. Upon joining OneWorld Alliance, the cost of operation was reduced while the passenger capacity increased. There is a need to further elaborate the advantageous rewards Ethiopian Airlines enjoys by being part of the Ethiopian Airport Authority in contrast to other national airlines, for instance, Kenya Airways Limited which is a separate entity from the Kenya Airport Authority.

In a study by Whalen (2017) on influence of price reduction by Airline in alliance and overall profitability, the findings were associated with generally increased passenger volumes and subsequent increased profitability. Although increased passenger was also associated with increased handling expenses from the airline, the resultant profits were more than those airlines that had not joined any alliance.

2.4 Summary of Literature Review and Knowledge Gap

Airline alliances are consortia between or among airlines with an agreement to work together. This is to share flying routes and resources in addition to the extension of reciprocal benefits to each other’s frequent fliers (Alamdari, 2015). This provides a larger capacity for airlines to fly more passengers and provides business networks for the airline. In addition to giving flexibility and convenience in travel, airline alliances allow passengers to earn frequent flier miles on a partnership program of the flown airline (Jenatabadi et al., 2007).

SkyTeam Alliance, Star Alliance, and OneWorld Alliance are the three largest airline alliances that account for greater than half of the global volume of passengers and air traffic (Morrish et al., 2014). Ideally, the increase of load factor, traffic, expansion to international destinations as well as the growth of revenue is identified as the most pertinent paybacks to airlines in their associations with alliances (Chen, 2017). Alamdari (2015) further illustrated that alliance partnership has a strong influence on routes between hubs of the carrier members, and those routes linking non-hub destinations to the airline hubs. This in turn has a resilient bearing on code-shares of the interconnectivity of the members of the alliance. Lazzarini (2007) asserts that part of the reasons for airlines joining alliances is the reduction of costs in their international ventures. This occurs due to already advertised and established hubs from members of the alliance.

Airlines that fail to participate in consortia face international isolation and miss to embrace the competitive advantage that comes with being in an alliance (Hamilton, 2002). Airlines are in constant pursuit of expansion of networks and air routes, but regulatory restrictions associated with international markets keep them off. Consequently, airlines that stand alone are barred with these restrictions and are dwarfed from growth. Holloway (2013) in his research on the benefits of alliances to airlines revealed that cooperation amid organizations from the same sector of the economy is commonly prohibited by governments in countries with efficient antitrust laws. However, airlines are exempted from this law, and can still form strategic alliances. Deregulation in the United States of America in 1978 and privatization in the European airline service industry in 1986 granted freedom to airlines in the operation of aviation routes and airfares (Latrou, 2013). This freedom has been extended to airlines in other countries through alliances. Participation in international consortia, therefore, becomes a superlative and mutual strategy for airlines to circumvent regulatory limitations while broadening international links and meeting the needs of passengers pursuing seamless travel.

Nevertheless, few studies have focused on the maintenance of individual airline brands amidst the consortia. Emphasis has been on building the consumer point of view towards the alliance and sometimes individual airlines do not get the much needed international recognition by the passengers. Besides, Wekesa (2017) raises a concern that the results of many studies are from a western perspective. Such research explores cases of dominant airlines that are well reputable such as KLM, British Airways, and Lufthansa, and neglect smaller airlines such as Kenya Airways Limited and their associated challenges. The alliance may have prospective annual statistics on its growth, but the question remains whether the smaller airlines are part of these statistics.

III. Research Methodology

3.1 Introduction

This chapter provides a framework that was used for research in data collection, analysis, and presentation. The areas covered in this chapter are; research design, data collection and data analysis.

3.2 Research Design

The research design refers to how the researcher puts together the research to answer the research questions. A case study design was used for this study. This is because case study research designs are an in-depth comprehensive and detailed examination of a particular case within a real-world that encompasses a unique context (Shuttleworth 2008). Further, it is the best tool to use when a single unit of analysis is involved, Kenya Airways in this case. Information involving SkyTeam that influences the operations of Kenya Airways Limited was analyzed.

3.3 Data Collection

Carroll (2011) defines data collection instruments as the tools used to measure the variables in the research questions. Through the data collection instrument, the research questions can be answered by the respondents. The researcher used an interview guide designed to fit the items of inquiry from the respondents. Case study design was used due to its capability to depict a precise description of events and choices leading to the management choosing Kenya Airways. Data collection is on basis of the application of an interview guide which is used to secure and administer information from various senior managers in Kenya Airways Limited. The interview guide contained specific questions to different managers aimed at obtaining specific questions regarding Kenya Airways and SkyTeam Alliance. Interview guide was chosen due to an in-depth knowledge of the respondents regarding the subject matter. The senior managers interviewed include: the Chief Executive Officer, Chief Information Officer, Non-Executive Chairman, Chief Financial Officer, Fleet DevelopmentManager, and The Kenya Airways Limited section heads as informants. Managers were chosen as respondents each at a time for the study as a result of their wide exposure on the subject matter.

The Chief Executive Officer was chosen owing to his overall leadership of Kenya Airways. He makes the final decision on an item that is to be submitted to the Executive Board. He is further charged with the overall responsibility to oversee implementation of policies made in Kenya Airways.

The Chief Information Officer was also chosen as the management of information all through the organization lies on his back. He is responsible for storage and analysis of information, critical to the airlines strategies.

The Non-Executive Chairman, having a vast knowledge in business and having come from a previous firm that has economically flourished as the CEO was an ideal respondent on the subject. He was chosen because of the vast experience and his impartial presence in the Executive Board.

The Chief Financial Officer on the other hand has custody of all financial aspects of the airline. He was the best respondent to expound on the financial trend even before Kenya Airways joined the alliance to date.

The Fleet Development Manager had all information regarding the particular use of aircraft in the scheduled flights. The recent disposal of old fleet, acquisition of newer fleet and shared flights in code shares is an important aspect in determination of the airlines performance.

The researcher interviewed the managers one at a time as it was not possible to get all of them in one day. Further, separate interviews was preferred so that ample time was allocated to the diverse fields of expertise by the managers.

3.4 Data Analysis

The examination of data through scientific and analytical logic reasoning institutes data analysis. Content analysis was used to analyze the primary data obtained. Content analysis is a systematic qualitative description of the composition of items of study. The researcher opted for content analysis as a result of the research objectives to find the message and purpose of joining alliance for Kenya Airways limited. Content analysis was used as a result of its capability to give inferences on the study based on the responses. The respondents were questioned separately on specific questions on the guide based on their areas of specialization in the organization decision making stake. Once the responses were obtained, they were categorized according to the questions to determine their views on the study objectives. A comparison was made between the responses obtained and that of the empirical reviews of other studies. This comparison aided the researcher arrive at conclusions on how SkyTeam Alliance influences Kenya Airways Limited.

IV. Data Analysis, Findings And Discussion

4.1 Introduction

The basis of this report is to assess the influence of SkyteamAlliance on the performance of Kenya Airways Limited. Results from the study are presented in order of the research objectives which are to determine the nature of the alliance between SkyTeam and Kenya Airways Limited and to determine how the alliance has influenced the performance of Kenya Airways Limited. Data collection was done using interview guide administered to the senior managers who are the Chief Executive Officer, Chief Information Officer, Non-Executive Director, Chief Financial Officer, Fleet DevelopmentManager, and The Kenya Airways Limited section heads as informants.

4.2Data Analysis

The respondents were questioned about the nature of strategic alliance between Kenya Airways and SkyTeam Alliance. They recounted that Kenya Airways Limited allied with SkyTeam alliance in 2007 when the alliance had only nine airlines. To this date the alliance has 19 members (Appendix I). The respondents alluded to the fact that SkyTeam Alliance was designed on the basis of multilateral agreements amongst airlines of different nationalities. The respondents unequivocally pronounced that the involvement of Kenya Airways Limited with SkyTeamAlliance was viewed as a customer focused strategy with the aim of the airline providing customers with comprehensive access to an extensive global travel network. The alliance was viewed as a strategy by the airline to collaborate to open up international hubs, reduce cost of operation and increase profitability through the exploitation of resources owned by the alliance members. Upon joining the alliance, Kenya Airways adopted the business policy and procedures for SkyTeam Alliance. These included the codeshare agreement, share of airport lounges with member alliances and round the world ticket policy.

4.2.1 Codeshare Agreement

The Chief Executive officer stated that Kenya Airways has had code share agreement with the airlines affiliated to SkyTeam Alliance since it joined. A code share agreement is a business arrangement whereby multiple airlines make collaborative publishing and marketing of their combined flights under the same airline designator or flight number (airline flight code) as part of their regular flight schedule or program (Bill, 2017). With this arrangement, a flight is typically operated by one airline which is the administrative carrier whereas all co-operating airlines sell tickets for that flight using their sole designator and flight number. Kenya Airways has had the SkyTeam code sharing partnership with the airlines in the alliance since joining. This has enabled Kenya Airways sell tickets to destinations not flown but which are flown by member airlines in SkyTeam. Formerly, Kenya Airways did not have flights to America and it capitalized on code share with the Skyteam to cater for the American destined customers through collaboration with airlines that flew to America. Moreover, since Kenya Airways made its maiden flight to New York, the respondents illustrated that the necessity to capitalize more on codeshare agreements has heightened for the access of the multiple destinations in America besides New York. The code share agreement with other airlines has enabled Kenya Airways maintain its customers who are able to access multiple destinations including those not flown by Kenya Airways.

By having the code share agreement, Kenya airways has been able to receive customers from various airline bookings. This has enabled Kenya airways book tickets to destinations not flown as well but those that are flown by airlines in SkyTeam alliance. This implies that many passengers who could potentially fly in other airline alliances chose to remain in SkyTeamalliance due to the options available. This indicates the potential for growth for Kenya Airways and other airlines within SkyTeam.

4.2.2 Share of Airport Lounges

The fleet development manager alluded to the comfort offered by airport lounges for flights in SkyTeam Alliance that is enjoyed by Kenya Airways passengers flying to SkyTeam Alliance member hubs. These lounges offer Kenya Airways passengers comfort beyond those offered to regular passengers at common airport terminals. They include better customer service, access to more serene atmosphere, quieter environment, faster wireless internet access, meeting rooms and other business services that offer comfort to passengers among others. First time flyers may not notice these additional benefits; but forprevious frequent flyers, these privileges attract them to Kenya Airways with the knowledge that they receive more than ordinary passengers.

The respondents asserted that the lounges have previously been used to provide extra-ordinary airport experience by VIPs, celebrities and business elites to avoid the ordinary terminal hustle. These lounges have in modern days been accessible to airlines, particularly those that have their hubs in the airports. Affiliation of Kenya Airways with SkyTeam Alliance has given their customers an opportunity to enjoy experiences of these hubs in many international destinations that SkyTeam member are located.

4.2.3 Round the World Ticketing

The chief information officer accredited the importance of round the world ticketing offered by SkyTeamAlliance that is available to Kenya Airways customers. Also recognized as round the world fare, this service permits customers to travel multiple destinations with one ticket. The respondents pointed out that this service provides a seamless booking and travel for the Kenya Airways passengers due to the number of destinations flown by the SkyTeam member airlines. Putting same itinerary in one of the airline alliances gives not only a cheaper price, but a comprehensive travel plan that can prevents the customer from multiple hassles. The respondents further mentioned that this service may be very expensive to the airline and Kenya Airways customers if not a member of any alliance. The respondent attributed the round the world ticketing to codeshare agreement that Kenya Airways has with its partners in the alliance.

The chief information officer noted that round the world ticketing had increased the Kenya Airways customers who flew various destinations particularly tourists to and from numerous destinations from which member alliances were. This led to increase in number of destinations flown by Kenya Airways without need to increase the fleet for those destinations.

4.3Findings

The respondents were questioned on how SkyTeam has influenced the performance of Kenya Airways limited since its commencement of affiliation to the consortium. They acknowledged the influences of SkyTeam on Kenya Airways as highlighted in the following sub-headings.

4.3.1 International Growth

The Chief Executive Officer responded that the main reason for Kenya Airways joining SkyTeam Alliance was as a strategy for growth. Venture into international airline alliances aided Kenya Airways Limited collaborate to open up international hubs from destinations flown by member alliances, for instance Charles de Gaulle, Copenhagen, Guangzhou, Milan Malpensa among others. Similar responses were obtained from the Non-Executive Director. In addition to the growth, Kenya Airways greatly reduced the cost of these international ventures as a result of the SkyTeam Alliance association. The new destinations already had SkyTeam member airlines in operation with customer base already established. This set platform for profitability through the exploitation of SkyTeam network. As a result of joining the consortium, the number of hubs increased from 34 to 56. Through these hubs, more passengers are able to access Kenya Airways airline services.

The CEO pointed out that Kenya Airways has experienced a steady international growth as a result of the alliance through volume of passengers and increase in the number of destinations. This growth has led to more profitability to the airline and international presence.

4.3.2 Economies of Scale

The Fleet Development Manager and the Chief Information Officer asserted that one of the most profound benefits Kenya Airways achieved from its involvement with Skyteam Alliance is economies of scale. This takes into consideration the size of the network and the level of service provision. The economies of scale took effect in the size and numbers of aircraft used, fuel cost, and crew in the provision of services by the airlines. Available-seats-per-kilometer greatly increased as a result of extensive marketing from the network by other member airlines. The fuel cost reduction happened significantly as a result of long-haul cabotage and avoidance of unnecessary landings charges. Upon Kenya Airways joining SkyTeam Alliance, its fleet spent more time cruising due to longer distances traveled and a tentatively larger average number of flights than before it joined the alliance. It was discovered in time that the alliance provided other expansion strategies unique to the European aviation sector. These included the operation in multi-hub networks with liberalization of the aviation business and deregulation of the domestic markets of alliance members that opened way for Kenya Airways go gain grounds to opening its market in over sea destinations.

4.3.3 Economies of Density

The Chief Financial Officerand the Chief Information Officer corroborated and acknowledged that the unit cost of Kenya Airways transportation reduced as a result of economies of density brought about by the SkyTeam Alliance. This meant that Kenya Airways Limited required larger aircraft as more passengers became available for air transportation through the available SkyTeam networks. Operation of larger aircraft and operation that is of full capacity resulted in reduced cost of operation for Kenya Airways Limited. Economies-of-scale increased traffic density while the cost of operation reduced due to fewer aircraft handling larger number of passengers with almost the same cost of operation. Partnering with airlines of diverse strategies including their former competitor airlines increased the economies of density for Kenya Airways airline through consolidation of operations. An example was illustrated where Kenya Airways and China Airlines would both fly with half capacity to Bangkok. Upon joining the consortium, the airlines were able to merge their operations and have full capacity flights, reduced operation cost while still serving the customers optimally.

4.3.4 Economies of Scope

The Chief Financial Officer highlighted that another key benefit of Kenya Airways joining SkyTeamAlliance was economies of scope. This was associated with the addition of more destinations to their network. The Non-Executive Director also pointed out that an increase in scope resulted in an increase in density for Kenya Airways. Economy of scope was a key consideration of Kenya Airways as it did not only increase its portfolio of destinations for passengers but also carried cargo to these destinations.

4.3.5 Branding and Marketing Benefits

The Chief Financial Officer acknowledged immense branding and marketing benefits that resulted from the alliance. Kenya Airways adopted the branding reputation that had existed in the alliance over many years. By being part of SkyTeam Alliance, it was able to reach a wider choice of clients and travel destinations courtesy of the already advertised markets. Customers already knew the reputation of SkyTeam, and assumed the same standards offered by other airlines in the alliance would be maintained by Kenya Airways. Other airlines were also able to build on the reputation of Kenya Airways in its primary hub.

4.3.6 Controlled Barrier to Entry

The Chief Development Manager noted that SkyTeam Alliance provided control over barriers to entry for Kenya Airways. The consortium comprising of many airlines from international destinations had bilateral and multilateral agreements already in place. Kenya Airways broke many barriers to entry to international destinations as a result of key assets that SkyTeam provides to the alliance members which are hubs, airport slots, as well as traffic rights with international airlines. Time intervals available (airport slots) for countries practicing Air Traffic Flow Management (ATFM) at capacity-constrained airports is a key barrier to entry for international airlines not affiliated to that destination. This was achieved in the various European destinations by joining the alliance.

4.3.7 Drawbacks of Being in SkyTeam Alliance

The chief executive officer nevertheless noted that despite the many advantages that come with being in an alliance, Kenya Airways has experienced certain drawbacks as a result of being in SkyTeam Alliance. One of the major setbacks is the domination in decision making by well-established airlines in the alliance. Being that SkyTeam Alliance consists of airlines in Europe, America and Asia, with Kenya Airways being the only African airline, most decision making results would lean towards the benefit of the airlines in majority regions.

Secondly, Kenya Airways joined the alliance after it had already formed and it tends to tow in to the original strategy of the alliance rather than operate within its organization strategy. These strategies that originally led to the formation of the alliance may not offer equivalent solutions to the problems unique to Kenya Airways. It would have been more beneficial to Kenya Airways had it have been part of the pioneering members of the alliance on inception.

4.4 Discussion

The acknowledgement from the respondents that indeed there were substantial benefits of being in an alliance is an indication of the constructive nature of alliances in support of airline international relations. The subsequent allies of the alliance create a significant level of cooperation and harmony in operational strategy of an airline. These strategies are not limited to indications of chances of success in specified goals based on reasonable assurances of prospective directions the airlines' tactical direction is. This implies that the alliance influence would facilitate Kenya Airways Limited achieve specific operational alterations to accomplish its strategic goals.

The ultimate considerations as per the key enablers of expansion in the formation of airline alliances were: penetration of potential markets that could be deal-breaker but had been impenetrable as a result of incompatible cultures, dissuasion of competitors, market presence, cost-cutting practices and increased profitability. The wealth of knowledge and business sense of the member airlines was a fundamental consideration of choice of alliance. This is as a result of length of business presence of the member airlines together with their analytical resourcefulness in decision making over the years. This included the general acceptance of the member airlines across the globe and with varied cultures based on their business track record. The respondents pointed out the nature of the strategic involvement of Kenya Airways with SkyTeam Alliance. This nature exhibited the features of codeshare agreement, share of airport lounges with member alliances and round the world ticket policy. Kenya Airways was therefore able to make several achievements including international growth, economies of scale, economy of density, economies of scope, branding and marketing benefit, and elimination of barriers of entry to foreign markets among others.

V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter outlines the summary of the findings of the study. The objectives were to determine the nature and influence of SkyTeamAlliance on the performance of Kenya Airways Limited. It further outlines the conclusions, limitations and recommendations for the study in addition to the policy and practices.

5.2 Summary of Findings

The purpose of the study was to determine the nature of the alliance between SkyTeam Alliance and Kenya Airways Limited and to determine how the alliance has influenced the performance of Kenya Airways Limited. The design of the study employed was a case study with five of the top management personnel of Kenya airways interviewed. The interviewed staff were; Chief Executive Officer, Chief Information Officer, Non-Executive Director, Chief Financial Officer and the Fleet and Asset Development Director. The study findings revealed that Kenya Airways Limited top management recognized the purpose of joining the SkyTeam Alliance. They acknowledged that indeed there were substantial paybacks just as anticipated. The subsequent allies of the alliance were adjudged based on level of cooperation and harmony in operational strategy. These strategies were not limited to indications of chances of success in specified goals based on reasonable assurances of prospective directions the airlines were moving. This would facilitate Kenya Airways Limited achieve specific operational alterations to accomplish its strategic goals.

The main considerations of the partner airlines that Kenya Airways pondered on were: penetration of potential markets that could be deal-breaker but had been impenetrable as a result of incompatible cultures, dissuasion of competitors, market presence, cost-cutting practices and increased profitability. SkyTeam Alliance was selected due to the wealth of knowledge and business sense of the member airlines. This is as a result of length of business presence of the member airlines together with their analytical resourcefulness in decision making over the years. This included the general acceptance of the member airlines across the globe and with varied cultures based on their business track record. The respondents pointed out the nature of the strategic involvement of Kenya Airways with SkyTeam Alliance. This nature exhibited the features of codeshare agreement, share of airport lounges with member alliances and round the world ticket policy. Kenya Airways was therefore able to make several achievements including international growth, economies of scale, economy of density, economies of scope, branding and marketing benefit, and elimination of barriers of entry to foreign markets among others.

According to Santana (2017), business alliances form with the sole purpose of establishing a symbiotic relationship. In this kind of relationship, all parties have to benefit for the longevity of the alliance. All parties are in constant tactic to gain most from the alliance through capitalizing on their strengths. Kenya Airways has benefited from the alliance, but a lot still needs to be done to maximize on its strength in order to benefit more in enhancing its operations to suit the opportunities available at the SkyTeamAlliance.

5.3 Limitations of the Study

The accuracy of the study essentially was governed by the truthfulness of the information derived from the discussion with the respondents. To mitigate this, the researcher attempted to seek congruency in the information provided by the respondents. For variations amongst the responses, the researcher chose the most common response to a common interview question. The research targeted high management team personnel from Kenya Airways.

It was cumbersome to set appointment with them due to their overly busy schedule. The researcher made use of common aviation stakeholder meetings to set appointment with those who could not be accessed in regular appointment plan.

5.4 Recommendations for Further Research

This study investigated the influence of SkyTeam Alliance on the performance of Kenya Airways Limited. Further studies need to be done on how other airlines that have not joined alliances would benefit from this business model. The researcher also recommends further research on the number of airlines in an alliance beyond which it may be impracticable to operate an alliance due to its size.

5.5 Recommendations for Policy and Practice

Findings of this research back those of previous researches and literature on influence of strategic alliances on the operation of airlines. Considering the reviews from the respondents, the researcher discovered that in as much as the performance of airlines in alliances depend on the purpose and tactics of the alliance, the airline itself cannot ignore best practices to push itself forward. Such practices from the airline for instance effective internal management, best practices within the airline, proper financial management, personnel management among others have to be well in place. Besides, the compatibility of the airline's strategic goals must be at par with that of the alliance. The similarity index of the strategy and mission of the alliance and that of the airline that it joins are fundamental features that stimulate success. These features include shared expectations, compatibility in image and reputation, organization cultures, marketing styles, top management commitment among others.

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APPENDIX I: MEMBERS OF SKY TEAM ALLIANCE

i. Aeroflot
ii. AerolíneasArgentinas
iii. Aeroméxico
iv. Air Europa
v. Air France
vi. China Airlines
vii. China Eastern Airlines
viii. Czech Airlines
ix. Delta Air Lines, Inc.
x. Garuda Indonesia

xi. ITA
xii. Kenya Airways
xiii. KLM Royal Dutch Airlines
xiv. Korean Air
xv. Middle East Airlines
xvi. Saudia
xvii. TAROM
xviii. Vietnam Airlines
xix. XiamenAir

APPENDIX II: INTERVIEW GUIDE

The aim of this interview guide is to gather research information on the**i**nfluence of SkyTeam Alliance on the performance of Kenya Airways Limited.

SECTION A: General Profile

1. Which department do you belong to?
2. Which position are you in?
3. What is the highest level of education you have achieved?
4. How long have you worked for the company?
5. How long have you worked in your current position?

SECTION B: To determine the nature of the alliance between SkyTeam and Kenya Airways Limited

1. When did the idea of allying with SkyTeam Alliance come about? How did Kenya Airways arrive at this particular alliance?
2. What kind of business alliance is Kenya Airways involved in with SkyTeam Alliance in terms of the following parameters?

i financial responsibility,
ii shareholder return and
iii product market share

3. How does Kenya Airways relate with other allies within the alliance? Does it get equal chances to engage in opportunities with other airlines within the alliance? If not, do other airlines dominate the operations? How does Kenya Airways Limited cope with this?
4. Do differences in opinion arise within the members of the alliance? If yes, briefly explain some of the common differences that arise? How does Kenya Airways handle such differences in opinion on various issues with the partner airlines without hampering the relationship?
5. How does Kenya Airways cope with differences such as social, cultural and economic dissimilarities amongst the alliance members?

SECTION C: To determine how the alliance between Kenya Airways Limited and SkyTeamAlliance has influenced the performance of Kenya Airways Limited

1. What strategic goals and objectives did Kenya Airways intend to achieve in joining SkyTeam Alliance?
2. Within the last 10 years, what are the achieved goals Kenya Airways has had through its involvement with SkyTeam Alliance? How has the profitability trend been over this period?Within the same period, what are some of the failures/unachieved goals and objectives for Kenya Airways in its involvement with the alliance?
3. Are there any limitation and challenges Kenya Airways Limited has faced as a result of its involvement with SkyTeam Alliance? If yes, what are some of these limitations?
4. What strategy does Kenya Airways Limited use to manage these challenges faced in its involvement with SkyTeam? How effective were these strategies?
5. Are there any lost opportunities that Kenya Airways has faced as a result of its involvement with SkyTeam alliance? If yes, what are some of these lost opportunities?
6. Are there any new ways of business Kenya Airways learnt from its involvement with other airlines in the alliance? If yes, what are some of these ways?
7. Is there internal competition amongst member airlines within the alliance? If yes, describe a few operational aspects that experience most competition? How do you handle this competition?
8. Did Kenya Airways Limited have its cost of operations reduced as a result of being in the alliance? How has the trend been in the last 10 years?

9. With the historical trend of hub acquisition being 27 hubs over the last 10 years, what are the projected number of hubs Kenya Airways anticipates to acquire over the next 5 years? Which markets do you intend to explore?