

**TURNAROUND STRATEGY, ADAPTIVE CAPABILITY, AND SERVICE  
QUALITY IN KENYA AIRWAYS PLC**

**BY**

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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF  
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## DECLARATION

### Declaration by Candidate

This project is my original work and to the best of my knowledge, has not been presented for the award of a degree in any other University.

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## **DEDICATION**

I dedicate this project to my family and all those who supported me during my research journey.

## **ACKNOWLEDGEMENT**

First and foremost, I am grateful to God for the gift of life and good health. Secondly, I sincerely thank my superiors, Prof. Michael Korir and Dr. Razia Mbaraka who supported me in completing this project report.

## ABSTRACT

According to recent studies, poor service quality greatly affects organizations' financial performance. Further, studies show that very few airlines have succeeded in improving service quality even after implementing a turnaround strategy. In Kenya, continuous bailout of Kenya Airways by the exchequer continues to drain the government of resources that could be used in other critical sectors. The objective of this study was to determine the perceived effects of turnaround strategy on service quality among customers and employees of Kenya Airways Plc and the moderating effect of adaptive capability on this relationship. The specific objectives were to assess the effects of the retrenchment strategy, repositioning strategy and replacement strategy on the service quality in Kenya Airways Plc. The other objective was to evaluate the moderating effect of adaptive capability on the relationship between turnaround strategy and service quality in the company. In this study, the measurements of the service quality and adaptive capability variables were guided by the indicators conceptualized in the Expectancy Disconfirmation Theory and the Dynamic Capability Theory respectively. The other models that guided the study include; SERQUAL model, Porter's Generic Strategies Model and Balanced Score Card model. The study targeted Kenya Airways employees and customers using quantitative research methodology involving an explanatory survey. The targeted respondents comprised 2,000 daily passengers who fly Kenya Airways through Jomo Kenyatta International Airport, 280 customer-facing employees, and 40 senior management staff. The study used a stratified random sampling technique to ensure that each category of target respondents was fairly represented in a sample size of 402. Quantitative data analysis techniques namely, descriptive statistics, multivariate regression model, and hierarchical regression model were used. Using the direct effect regression model, the study results suggest that retrenchment strategy ( $\beta = 0.238$ ; P value=0.015), repositioning strategy ( $\beta = 0.313$ ; P value=0.017), and replacement strategy ( $\beta = 0.183$ ; P value=0.033) have a direct positive effect on service quality and this effect was significant. When control variables (gender and years of work experience) were introduced in the direct effect model, the three independent variables retained their significant positive effect i.e. retrenchment ( $\beta = 0.239$ ; P value=0.015); repositioning ( $\beta = 0.300$ ; P value=0.023) and replacement ( $\beta = 0.191$ ; P value=0.028). The ANOVA test results for the direct effect model without control variables ( $R = 0.444$ ;  $R^2 = 0.197$ ; P value=0.001) and with control variables ( $R = 0.458$ ;  $R^2 = 0.209$ ; P value=0.001) were also significant. When the independent variables were regressed with adaptive capability as a moderator in the hierarchical regression model, the strengths of the prediction of the relationship increased as the R statistic increased in every step after introducing each of the interaction terms (Step 1:  $R = 0.445$ ,  $R^2 = 0.198$ , P value=0.019; Step 2:  $R = 0.515$ ,  $R^2 = 0.265$ , P value=0.017; Step 3:  $R = 0.516$ ,  $R^2 = 0.267$ , P value=0.016; Step 4:  $R = 0.518$ ,  $R^2 = 0.269$ , P value=0.014;). Based on these results, the study concludes that the three turnaround strategy variables namely retrenchment, repositioning and replacement have a positive effect on service quality and the effect is significant. Additionally, the study concludes that adaptive capability variable has a strengthening effect on the relationship between turnaround strategy and service quality. Therefore, this study recommends that implementation of retrenchment strategy, repositioning strategy and replacement strategy in Kenya Airways plc should be undertaken jointly with adaptive capability initiatives to enhance service quality. These recommendations cannot be generalized on all airlines as this was a case study. The study suggests that other scholars should conduct a similar study in different contexts e.g. different airlines, countries, regions, cultures, etc. to verify whether the results are replicable in different contexts. This is necessary because the study was limited to one organization. Replication of the result in all contexts would confirm the universality of the relationship.

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**ABBREVIATION**

|         |                                                                  |
|---------|------------------------------------------------------------------|
| AD      | - Adaptive Capability                                            |
| AFRAA   | - African Airline Association                                    |
| BSC     | - Balanced Scorecard Model                                       |
| DC      | - Dynamic Capability                                             |
| GDP     | - Gross Domestic Product                                         |
| IATA    | - International Air Travel Association                           |
| ICAO    | - International Civil Aviation Organization                      |
| JKIA    | - Jomo Kenyatta International Airport                            |
| KLM     | - Koninklijke Luchtvaart Maatschappij (Royal Dutch Airlines)     |
| KQ      | - Kenya Airways Plc                                              |
| NACOSTI | - National Council for Science, Technology, and Innovation       |
| OLS     | - Ordinary Least Square                                          |
| PLS     | - Partial Least Square                                           |
| 4Rs     | - Retrenchment, Repositioning, Replacement, and Renewal Concepts |
| SERQUAL | - Service Quality Model                                          |

## **OPERATIONAL DEFINITION OF TERMS**

### **Adaptive Capability**

Adaptive capacity refers to the ability of an organization to adjust to potential threats whether internal or external, by taking advantage of emerging opportunities or responding positively to changing business environments and government policies (Keskin et al., 2022).

### **Retrenchment Strategy**

Retrenchment is a concept of the turnaround strategy, involving cost-cutting decisions adopted by an organization to reduce wastage and the cost of operations (Putra, 2023).

### **Repositioning Strategy**

Repositioning is another concept of turnaround strategy whose objective is to change the brand perceptions surrounding an organization's product or service through actions such as rebranding, product promotion, advertisement, pricing, partnerships, etc. (Metchum, 2024).

### **Replacement Strategy**

Replacement is a concept of turnaround strategy which involves reconfiguring the internal resources and processes of an organization to enhance internal efficiency (Waziri & Yakasai, 2023).

### **Service Quality**

Service quality refers to the perceived satisfaction experienced by a customer after consuming a particular service or a product (Parasuraman et al., 2021).

### **Turnaround Strategy**

A turnaround strategy is a collection of high-level business decisions or initiatives made by an organization whose aim is to reverse a loss-making situation to a profitability situation (Balioukas et al., 2023).

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

In the service industry such as airlines, service quality is a critical factor that drives customer attraction, retention, and loyalty. According to Mazurek (2023), among the competitive variables of an organization operating in the service industry, service quality is the most highlighted and identified as a significant competitive differentiator. It is the level of service quality that differentiates successful organizations in the service industry from their competitors, determines market share, and ultimately profitability. According to Parasuraman et al. (2021), the determination of service quality is mostly driven by customer perception and expectation before consuming a service. For a service, quality determination is different from the confirmation of the quality of tangible goods where physical characteristics play a critical role. To demonstrate this difference as an example, when purchasing goods, a customer employs many tangible attributes to judge quality; style, hardness, colour, label, packaging, taste, etc. but when purchasing services, few tangible attributes exist hence the greater reliance on customer perception.

In their conception model, Parasuraman et al. (2021), suggest various concepts, dimensions, and indicators of service quality. They posit that customer service quality is a summation of personal needs, personal desires, past experience, expected service and service disconfirmation. Past service experience drives future expectations, and from a service adaptability perspective, this enhances the dynamic capability of an organization. In short, once a service has been consumed by a customer, a customer uses previous service experience to measure the perceived quality of service to be received in future. Therefore, service quality is a perceived judgement outcome that is

derived from the customer's previous service experience, service expectation before using a new service and the value gained after using a new service (Tuncer et al., 2021).

Indeed, Parasuraman et al. (2021) argument is supported by other scholars who have investigated service quality in the airline industry such as Ragab et al. (2024). According to Ragab et al., (2024), airline service quality is anchored on various types of services, but mostly ticketing service, check-in service, in-flight service, on-time departure, and in-flight entertainment. Similar to Parasuraman et al. (2021) argument, Ragab et al. (2024), posit that airline quality should be measured from the perspective of customer's perceived satisfaction concerning the level of disconfirmation of service offered by an airline.

The literature review on airline service quality suggests that in a highly competitive environment, service quality is the second most important consideration by customers after ticket cost (Banjarnahor et al., 2024). Banjarnahor et al. (2024) posit that a customer would first consider ticket price and secondly service quality before deciding whether to purchase a ticket from a particular airline. This kind of customer behavior implies that for an airline to increase its revenue and maintain profitability, it needs to offer high-quality services compared to its competitors (Farooq et al., 2023; Pappachan, 2023).

The International Air Transport Association (IATA) has a lot of reliable publications on the global performance of the airline industry. In these publications, the three major indicators used to measure airline performance include profitability, service quality, and safety (Bahas, 2023). Bahas, 2023 posits that globally, only one out of four troubled airlines manage to successfully turnaround. This represents a turnaround success rate of 25% only. As a mitigation to avoid going bankrupt because of poor service quality,

a significant number of the airlines that failed to turn around opted to merge with other airlines to enjoy economies of scale. Others, after regulatory approvals, were liquidated before being re-established under different brand names, with financial support from their respective national governments (Bahas, 2023). For example, in India and Asia subcontinent, Air India merged with Indian Airline which was facing insolvency because of a failed turnaround and poor service quality. In Europe, FlyNiki was acquired by Air Berlin because of loss-making, poor service quality and failure to turnaround. KLM Royal Dutch Airlines merged with Air-France to enable them to share resources and ride on each other network strength to enable both to remain financially solvent and maintain a high standard of service quality. Bahas (2023)'s data is supported by other scholars such as Bakır et al. (2022); Numbi (2024); and Usman et al. (2022).

The argument that airlines on the decline or in crisis experience poor quality of service is well documented (Shah et al., 2020); Agarwal & Gowda, 2021). Poor quality of service leads to loss of customers, and ultimately revenue decline and reduced profitability

According to Numbi (2024), most of the airlines in Africa, except for Ethiopian Airlines, are experiencing huge losses to the extent that they are considered financially bankrupt and technically insolvent. Additionally, their service quality is considered very poor relative to service quality in Europe, North America, South America, and Asia (Numbi, 2024). South African Airlines is currently under receivership though discussions with the South African government are ongoing to rescue the airline (AFRAA, 2022) by engaging a strategic partner. Mostly, struggling African airlines are at various stages of implementing turnaround strategies for purposes of improving service quality.

From the literature review, few studies have extensively investigated service quality in airlines in Africa compared to studies in other parts of the world. Despite the lack of sufficient studies, Fuyane et al. (2023) investigated airline service quality by comparing airline service quality in South Africa against airline service quality in Italy and concluded that airline service quality in South Africa is extremely poor compared to Italy. Other scholars obtained similar results (Thongkruer & Wanarat, 2021); Shen & Yahya, 2021) thereby confirming that a problem of airline service quality exists in South Africa and consequently pointing to a likelihood of poor service quality in the entire African airline industry.

In Kenya, the airline industry is limited to very few registered local actors with Kenya Airways being the dominant actor which controls approximately 70% of domestic air travel and approximately 40% of international air travel (Kenya Airways, 2023). Limited literature exists on the effect of turnaround strategy on service quality in the airline industry in Kenya though Ochieng & Deya (2023) and Kulei (2024) investigated this phenomenon. The literature review did not yield much concerning service quality in the Kenyan airline industry. The most probable reason for limited research in Kenyan's airline industry could be that Kenya has very few airlines which limits research motivation by scholars.

Ochieng & Deya (2023) and Kulei (2024) investigated the effect of turnaround strategy and financial performance of Kenya Airways and concluded that turnaround strategy does not have any effect on the airline's financial performance as the airline is still in the red. The study results by Sheikh (2017) contradicted the results obtained by Ochieng & Deya (2023) and Kulei (2024) as Sheikh (2017) concluded that a turnaround strategy improved the financial performance of Kenya Airways. The difference in results between these three studies which were done almost at the same time could be

explained by differences in research methodology and data collection methods as one researcher used the qualitative method while the other two researchers used the quantitative method.

If one compares the results of the studies on turnaround strategy on the financial performance of firms listed on the Nairobi Stock Exchange in the non-airline sector, one discovers that the converse is true. The non-airline firms on the Nairobi Stock Exchange (NSE) seem to be faring better after implementing a turnaround strategy. Oduor et al. (2021) investigated corporate turnaround strategy by manufacturing firms quoted on the Nairobi Securities Exchange and established that turnaround strategy mostly translates to improved financial performance of manufacturing firms. If this is the case, and as supported by other studies, the critical question is, why is it that the turnaround strategy in the airline industry does not yield positive results in respect to financial performance or service quality? What needs to be done differently for airlines to turnaround? Is understanding the relationship between turnaround strategy and service quality the key to unlocking the mystery in the airline sector?

## **1.2 Kenya Airways Plc**

Kenya Airways Plc, more commonly known as KQ, is the nation carrier airline of the Republic of Kenya. The company was founded in 1977, after the dissolution of East African Airways. Its head office is located in Embakasi, Nairobi, with its hub at Jomo Kenyatta International Airport. Locally, Kenya Airways flies between Nairobi and Mombasa, Kisumu, Eldoret and Malindi. Internationally, the airline flies to 54 destinations mostly in Africa. It also flies to key destinations in Europe, Asia and United States. The company owns a subsidiary airline called Jambojet which is a low-cost carrier that targets the low-end market segment (Kenya Airways, 2023).

According to Kenya Airways (2024), previously, the airline was 100% owned by the Government of Kenya until 1996 when it was privatized and KLM bought a significant portion of its shares. Between 1996 and 2022, in an attempt to recapitalize its shareholding, Kenya Airways has undergone changes in its ownership share structure. Currently, the largest shareholder is the Government of Kenya (48.9%), with 38.1% being owned by KQ Lenders Company 2017 Ltd, followed by KLM, which has a 7.8% stake in the company. Private owners hold the rest of the shares. KQ shares are traded on the Nairobi Stock Exchange, the Dar es Salaam Stock Exchange, and the Uganda Securities Exchange.

Since 2010, Kenya Airways has been experiencing financial challenges which have forced the Government of Kenya to grant loans to enable it stay afloat. Because of the financial challenges and reduced quality of service, the airline has implemented turnaround strategies which have not yielded desired outcomes on its financial position. In April 2012, the airline launched a turnaround strategy named Project *Mawingu* which was aimed at increasing the number of aircrafts and destination to enhance customer satisfaction. Another notable attempt was in 2016 when the airline engaged a management consulting firm known as McKinsey Global Management Consultancy to assist in the development and implementation of a turnaround strategy christened “Operations Pride” to improve service quality (Kenya Airways, 2023). The two notable turnaround initiatives have not yielded the desired outcome as the company is still struggling with losses and poor service quality.

### **1.3 Statement of the Problem**

Globally, airline turnaround strategy is a common occurrence owing to the dynamic nature of the industry (Malighetti et al., 2023) which calls for frequent and continuous adaptations. Structurally, the airline industry is characterized by high fixed costs (e.g.,

fuel, aircraft leasing, insurance, etc.), cyclical demand for its services, high government taxes, and intense competition. In this regard, airlines have used turnaround strategies in response to performance pressures and the need for adaptation (Nyatumba & David, 2023) to the ever-changing customer service expectations. According to An et al. (2021), the revenue per unit cost has declined to an average of two per cent per year over the past 20 years because of intensifying competition and declining service quality in the industry. These views are consistent with Komolvani (2023) who argues that economic recovery of an airline through turnaround strategy is not always easy.

Regionally in Africa, besides Kenya Airways, South Africa Airways, Egypt Air, and Air Mauritius have experienced dwindling fortune and currently implementing a turnaround strategy (IATA, 2023; IATA 2024). According to Fuyane et al. (2023), one of the challenges faced by African airline is the inability to maintain high service quality compared to competitor airlines in Europe and Asia.

In Kenya, in the past fifteen years, Kenya Airways customers have been complaining of low-quality service leading to reduced passenger numbers (Kenya Airways, 2022). Consequently, Kenya Airways has experienced various symptoms of poor financial performance because of reduced customers numbers. These symptoms include increased complaints from customers on poor service quality, reduced revenues (sales) and increasing losses in its annual financial statements for the last fifteen years, increasing debt portfolio, etc. In April 2012, the airline launched a turnaround strategy named Project Mawingu which failed to yield desired outcomes. Another significant turnaround strategy called “Operation Pride” was implemented in 2016 which also did not yield desired outcomes. According to the published financial results for the period 2018-2024, the “Operations Pride” turnaround strategy seems to have not positively affected the service quality for the period 2016 to 2023, since the airline is still reporting

financial losses (Kenya Airways, 2024) and customer complaints on the quality of service are increasingly becoming common. Because of the many failed attempts in turnaround strategies, the Government of Kenya through National Treasury has been injecting cash into the airline with a view of turning around its fortunes. The continuous injection of funds into the airline without any impact may continue to drain the National Treasury of the resources that could be allocated to other critical sectors like education, healthcare and social welfare for the vulnerable in the country (Budget Policy Statement, 2024).

Several factors have been attributed to the poor financial performance of the airline namely: high operating costs, increased competition, and poor quality of service (Kenya Airways, 2023). Poor service quality has led to poor financial performance thus forcing the government of Kenya to consider nationalizing the airline to reverse its dwindling fortunes.

In the reviewed literature, analysis of major airline turnaround strategies on airline service quality shows mixed results, suggesting that turnaround strategy may not significantly return an airline to profitability and increase operational efficiency while maintaining high service quality. Few airlines have succeeded in turnaround strategy gone back to profitability and improved their service quality (Fuyane et al., 2023). Theoretically, the implementation of turnaround strategies is expected to lead to improved organisation performance. Therefore, the big question is, did the “Project *Mawingu*” and “Operations Pride” turnaround strategies fail to yield desired results and improve airline service quality, revenues, and profitability? Is the failure of Kenya Airways to turn around despite implementing several turnaround strategies an indication of a problem of inability to apply theoretical knowledge in solving a Kenya

Airways challenge? Therefore, the high frequency of unsuccessful turnaround strategies of airlines relative to service quality requires further empirical investigation.

## **1.4 Objectives of the Study**

### **1.4.1 General Objective**

The general objective of the study was to determine the perceived effects of turnaround strategy on service quality and the moderating influence of adaptive capability on this relationship in Kenya Airways Plc.

### **1.4.2 Specific Objectives of the Study**

The following specific objectives guided the study:

1. To determine the differential perception of service quality between employees and customers in Kenya Airways;
2. To examine the perceived effect of retrenchment strategy on service quality among employees and customers of Kenya Airways Plc;
3. To establish the perceived effect of replacement strategy on service quality among customers and employees of Kenya Airways Plc;
4. To assess the perceived effect of repositioning strategy on service quality among customers and employees of Kenya Airways Plc;
5. To determine the perceived moderating influence of adaptive capability on;
  - a) the relationship between retrenchment strategy and service quality of Kenya Airways;
  - b) the relationship between repositioning strategy and service quality of Kenya Airways;
  - c) the relationship between replacement strategy and service quality of Kenya Airways.

### 1.5 Hypothesis of the Study

The study was guided by the null hypotheses listed below, which formed the basis of data analysis.

- H<sub>01</sub>: There is no difference in perception of service quality between employees and the customers of Kenya Airways Plc.
- H<sub>02</sub>: Retrenchment strategy has no statistically significant relationship with service quality in Kenya Airways Plc.
- H<sub>03</sub>: Repositioning strategy has no statistically significant relationship with service quality in Kenya Airways Plc.
- H<sub>04</sub>: Replacement strategy has no statistically significant relationship with service quality in Kenya Airways Plc.
- H<sub>05</sub>: Adaptive capability has no statistically significant moderating influence in the relationship between:
  - a) retrenchment strategy and service quality of Kenya Airways Plc;
  - b) repositioning strategy and service quality of Kenya Airways Plc;
  - c) replacement strategy and service quality of Kenya Airways Plc.

To guide the measurement of these hypotheses, two control variables were introduced namely; gender and years of work experience. A control variable is an extraneous factor that is not part of the independent variables but may influence the relationship between independent variable and dependent variable. The characteristics and possible biases of the respondents guided the selection of the two control variables. This was necessary as respondent characteristic may influence biases in the responses. A control variable is normally introduced to minimize effects of noises (another extraneous variables) on a relationship being investigated.

### **1.6 Significance of the Study**

The study findings are useful to various stakeholders. Firstly, the senior management team of Kenya Airways may find the study results helpful in enriching its turnaround strategy, adaptive capability initiatives and management of service quality. Secondly, Kenya Airways being a national carrier, with the government owning majority shares, plays a critical role in the economy and its impact influences the growth of other sectors like tourism. The finding of this study will enrich turnaround strategy of Kenya Airways as the collapse of the company would have a ripple effect on the other sectors of the economy. The Kenyan aviation industry supports up to 620,000 direct and indirect employment opportunities including employment in the tourism sector (KIPPRA Economic Review, 2022).

The aviation industry contributed nearly KES 330 billion (\$3.2 billion) to Kenya's economy which translates to 5.1 per cent of the country's Gross Domestic Product (GDP) in the year 2016 (KIPPRA Economic Review, 2023). Therefore, efforts should be put in place to reverse the fortune of Kenya Airways Plc to avoid the Kenyan economy experiencing after-shock effects in case the airline collapses. As such, understanding how turnaround strategy affects Kenya Airways' service quality is critical to the stability of Kenya Airways, the airline industry in Kenya, and sectors that are dependent on the aviation industry.

### **1.7 Scope of the Study**

The study investigated the effects of turnaround strategy that has been implemented by Kenya Airways Plc in the recent past on service quality. The study was restricted to customers who fly Kenya Airways and frontline employees of Kenya Airways who are customer-facing and are involved in offering services directly to the customers. The study also targeted senior managers who are involved in developing and monitoring

turnaround initiatives and adaptive capability initiatives mostly; strategy formulation, strategy implementation, and monitoring and evaluation. The study was undertaken between June and August 2023, at Jomo Kenyatta International Airport (JKIA) which is Kenya Airways' operations hub. To obtain meaningful results, the study sampled customers, customer-facing employees and senior management of Kenya Airways who offer various services such as booking and ticketing services, check-in services, inflight services, baggage services, lounges services and contact center enquiries.

The study was limited to collecting data using structured questionnaires. Whereas other methods like open-ended interviews, observations as a participant, focus group discussions were appropriate, time constraints and limited funds could not allow the researcher to employ mixed research method where all methods are employed.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviewed the available literature on the concepts of service quality, turnaround strategy, and adaptive capability. The importance of a literature review is mostly to discuss concepts and relevant theories that underpin the study variables. This discussion is critical in guiding study design.

#### **2.2 Review of Concepts**

A concept is a general idea of a given phenomenon that is universally accepted by scholars. The idea might be abstract meaning that it only exists in thoughts and has no physical existence. Conversely, a concrete idea exists in thoughts and has a verifiable physical existence. The discussions in this section present general ideas, arguments, perspectives, and dimensions of the concepts and how they relate to study variables as reviewed in the literature presented by the various scholars who have previously investigated the study variables.

##### **2.2.1 The Concept of Service Quality**

The concept of service quality evolved from the expectancy disconfirmation paradigm perspective suggested by Parasuraman et al. (2021). The expectancy disconfirmation argument has two components which suffer from measurement problems; the formation of expectations about a service and the disconfirmation of those expectations through performance comparison after consuming the service. A customer expectation levels provide a baseline around which disconfirmation judgements are made. The main problem is that disconfirmation judgements are always guided by past customer experience rather than the reality of service quality (Yuwono et al., 2024). As urged by Parasuraman et al. (2021), there is a strong correlation between service quality and

high-performing organizations. Despite this argument being universally acceptable by scholars of service quality, how to effectively measure service quality is still a topic of discussion in the literature (Yilmaz et al., 2021) because service quality is mostly driven by customer perception and therefore difficult to measure as it suffers from individual biases.

For this reason, Yilmaz et al. (2021) posit that the expectancy disconfirmation paradigm cannot universally apply to all the organizations in the service industry. To support Yilmaz et al. (2021), position, Schiebler et al. (2025) demonstrated that the expectancy disconfirmation paradigm is mostly applicable to the leisure subsector of the service industry. As suggested by Yilmaz et al. (2021), the variable stems from measurements of perceptions borrowed from social psychology rather than concrete measurements anchored in organizational behavior which is the foundation of research in strategic management.

The other element that creates confusion in the measurement of service quality is the separation of customer service quality perceptions from customer desires and biases (Parasuraman et al., 2021). In the literature, expectation in the service quality is generally measured as a reflection of what a customer anticipates or predicts a service will deliver. However, this measurement may be confused with customer desire and bias. The concept of customer desire is concerned with what a customer psychologically wants the service to deliver. These two measurement dimensions are dichotomous and diametrically opposing.

As articulated by Yuwono et al. (2024) in the disconfirmation process, if the consumed service exceeds expectations, then the customer evaluates the service as a high-quality service. If the consumed service is below expectation, then the customer evaluates the

service as a low-quality service. If the customer is a first-time consumer, most likely, service expectations would be guided by other customers' referrals or publicly available information on the service quality of respective airlines. This kind of airline customer behavior suggests that airlines can increase revenue if service quality is improved. The service quality concepts discussed above are anchored on the Service Quality Model (SERQUAL MODEL). This study adopted all the indicators of SERQUAL MODEL namely; Tangible, Reliability, Responsiveness, Assurance, and Empathy

Service quality drives strategic thinking as demonstrated in the Balanced Score Card (BSC) Model (Kaplan & Norton, 2015). Kaplan & Norton (2015) argue that organization performance should not only be viewed from a financial perspective using measures like profit, revenue, operating costs, etc. Thus, a balance needs to be struck between financial indicators and other organization's performance indicators. Besides the financial perspective, customer perspective, process and supplier perspective, employees' perspective, and research and development perspective need to be considered (Kumar et al., 2022). From the literature, service quality variable sits well with the customer perspective of the Balance Score Card Model.

### **2.2.2 The Concept of Turnaround Strategy**

Boudia & Slevogt (2024) defines organization turnaround as a business transformation, and as such, the concepts under business transformation are generally anchored on Porter's Generic Strategies Model (Porter, 1985). Porter (1985) posits that a turnaround strategy is a collection of high-level business decisions or initiatives by an organization aimed at returning a loss-making organization to profitability. Hence, Porter's Generic Strategies Model, which identifies cost leadership, product differentiation and customer focus as the three basic turnaround concepts for organizations, has dominated organizational competitive strategy for the last over 30 years (Kuloğlu, 2023).

According to Kuloğlu (2023), Porter's three concepts of generic competitive strategies (product differentiation, cost leadership and customer focus) have a bearing on influencing service quality thus customer expectations and satisfaction in service industry.

A cost leadership strategy is based on an organization's ability to organize and manage its value-adding activities to be the lowest-cost producer of a product or service within an industry. On the other hand, product differentiation strategy involves developing a product or service that offers unique attributes and values which are cherished by the customers so that the customer perceives them to be of better quality than those of competitors. From a service quality perspective, customer satisfaction is the feeling customers experience when their expectations are met or exceeded (Al-Refaei et al., 2024). As a result, customer satisfaction requires that customer focus is entrenched in satisfying the customers from all aspects of an organization.

Hence, the concept of turnaround strategy, as illustrated in Porter's Generic Strategies Model occurs when an organization, which is experiencing poor quality of service or poor financial results, attempts to recover from the declining service quality. This context can also arise when an organization's management tries to manage and stabilize the underperformance with an overall aim of returning the organization to normalcy (Jeyasingh, 2023). The objective of organization turnaround is to bring an organization back to its feet in terms of service quality, profitability, solvency, or liquidity which means sustainable cashflow. Boudia & Slevogt (2024) defined organization turnaround as situational and contextual because it is absolute and relative to industry declining performance. From literature review, most scholars suggest that the magnitude of decline determines the kind of turnaround strategy and initiatives which need be adopted by a declining organizations (Jeyasingh, 2023; Boudia & Slevogt, 2024).

Using Porter's Generic Strategies Model as an anchor model, Abdillah et al. (2024) went further and identified four major turnaround strategy sub-concepts abbreviated as 4Rs. These are the retrenchment concept, which is anchored on Porter's cost leadership strategy, the repositioning concept, which is anchored on Porter's customer focus strategy, the replacement concept which is the cost leadership strategy by Porter (1985), and lastly, renewal concept which is anchored on product differentiation strategy as illustrated by Porter (1985).

Abdillah et al. (2024) posits that organizations in the service industry undergo four problematic stages before invoking a turnaround strategy. These stages are the performing-well stage, underperforming stage, distress stage, and finally crisis stage. In each stage, there are turnaround strategies which are relevant to that stage and not relevant to the other stages. Furthermore, Abdillah et al. (2024) suggests that turnaround strategy prescriptions should be contextual and guided by the stage in which an organization find itself. Figure 2.1 below illustrates Pretorius's (2018) four-stage argument and the relationship between turnaround concepts in each stage of decline. However, critiques posit that Pretorius's (2008)'s four stage argument is not anything new as it is an improvement and reconfiguration of Porter's Generic Strategies Model (Memon et al., 2021; Abdillah et al., 2024)

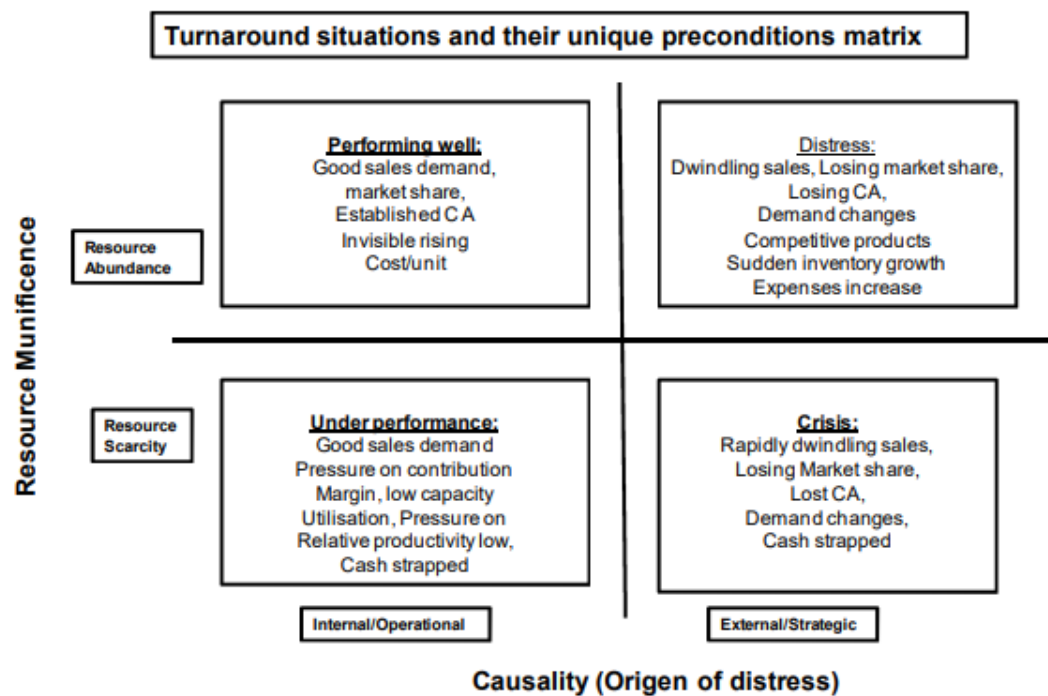


**Figure 2.1: Turnaround Situations and Precondition Matrix (Pretorius, 2018)**

### 2.2.3 Concept of Adaptive Capability

Strategic management theorists argue that for organizations to achieve sustained competitive advantage in their respective sectors, the organizations must be willing to adapt to changes happening internally and in external environments (Kuo, 2024). The emergence of the adaptive capability concept is therefore premised on this argument. According to Teece (2023), the adaptive capability could be defined as; the organization's ability to learn, integrate, build, and reconfigure internal and external competencies or resources to address rapidly changing environments. Thus, through this definition, Teece (2023), suggest that intangible assets, including the knowledge and skills of the workforce, can be reconfigured into routines to create adaptive capabilities responsive to the ambiguous and unpredictable forces of the business environment.

In the available literature, adaptive capability (AC) and dynamic capability (DC) are two concepts that have been used interchangeably as they refer to almost the same

organizational behavior. According to Pitelis et al. (2024), adaptive capability (AC) consists of organizational processes and routines that allow for the integration, learning and reconfiguration of resources through the absorption of knowledge that permits firms to achieve new resource configurations (Eisenhardt & Martin, 2000). Consequently, Pitelis et al. (2024), provided a DC-based view as a subset of the competencies or capabilities that allow an organization to develop new services or products to respond to changing business environments and customer needs using knowledge management capabilities. From a technological dimension, AC processes lead to innovations as an outcome. Adaptive capability is strongly linked to innovation and the ideation process of an organization (Kapoor & Teece, 2021).

Considering that adaptive capability enhances competitive advantage from all perspectives of an organization, it is simply a multidimensional construct as suggested by Teece (2023). Therefore, this study adopted the four sub-dimensions of adaptive capability proposed by Teece (2023). namely, sensing, learning, integrating and coordinating capabilities. The details of these sub-dimensions are shown in Table 2.1 below.

**Table 2.1: Dimensions of Adaptive Capability of an Organization**

| <b>Dimensions of Adaptive Capability</b> | <b>Key features</b>                                                                                                                 |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Sensing capability                       | The ability to spot, understand and pursue opportunities or tackle threats in the environment.                                      |
| Learning capability                      | The ability to restructure an existing function and competencies with new ideas and knowledge                                       |
| Integrating capability                   | The ability to integrate individual knowledge and inculcate it into the operational capabilities via collective group behaviour.    |
| Coordinating capability                  | The ability to facilitate reconfiguration by assigning and organizing tasks and resources in the new operational capability set-up. |

Source: Teece (2023)

## **2.3 Theoretical Review**

A theory is a set of principles, concepts, ideas, or assumptions that are devised to explain a group of facts or phenomena, especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena. Theories are fundamental analytical tools for understanding, explaining, and making predictions about a given phenomenon. This study was based on six theories, namely the Service Quality Model (SERQUAL Model), Expectancy Disconfirmation Theory and Dynamic Capability Theory which are all aligned with the dependent variable - airline service quality, and the moderating variable - adaptive capability. The fourth, fifth and sixth theories are Porter's Generic Strategies Model, and Balance Scorecard Model which are aligned to the independent variable - turnaround strategy.

### **2.3.1 Service Quality Model (SERQUAL MODEL)**

The SERQUAL model was the anchor theory of the study. The SERQUAL model is a framework designed to measure service quality using five conceptual elements of service quality suggested by Parasuraman et al. (2021) namely: reliability, assurance, tangibles, empathy, and responsiveness. The five components evaluate a service offering holistically rather than looking at the service offering from one perspective. The model deduces the principal concepts of service quality, proposes a scale for measuring the concepts, and suggests possible causes of service quality problems in an organization. In addition, the model posits that the five conceptual elements should be aligned with the customer's mental map of service quality expectations to reduce the likelihood of increased levels of customer disconfirmation. The five conceptual dimensions are discussed in the next paragraphs.

The first concept is reliability. Service reliability refers to the ability of an organization to provide service dependably and accurately as promised to the customer. This concept

highlights the need for organizations to deliver what they promised to the customer as promises that an organization makes drive customer expectations. The second concept of the SERQUAL model is service assurance. Service assurance is related to the knowledge and courtesy of employees of an organization and their ability to convey trust and confidence to the customer while offering services. This concept is basically about courteous service offerings.

The third concept is tangibility. Tangibility refers to the appearance of the product, physical facilities, equipment, personnel, and communication materials. Concerning a service, tangibility refers to aspects of a service that can be ‘felt’ without purchasing the service. The fourth concept of the SERQUAL model is empathy. Empathy relates to the provision of caring, individualized attention to the customers. This concept relates to serving a customer with an individualized and caring attitude. The last and fifth dimension is responsiveness. This concept refers to the ability of the employees to offer excellent responses or feedback to help a customer as required. It is also about the willingness of employees to help customers promptly when requested. The SERQUAL model has its roots in the expectancy-disconfirmation paradigm that informs customer expectation - customer satisfaction (Sharma et al., 2024).

Parasuraman et al. (2021) deconstructed the SERQUAL Model to identify what causes gaps in service quality. They proposed what is called the GAP Model of service quality. The GAP Model of service quality helps organizations to understand what causes customer dissatisfaction. Gap Model is best applicable in the service industry to evaluate various deviations that are occurring in the process of service delivery to customers. Also, the GAP Model of service quality helps identify the omissions between the perceived service and the expected service. The five gaps in the GAP Model of service quality are; the gap between customer expectation and service

provider perception, the gap between service quality specification and service provider perception, the gap between service quality specification and service delivery, the gap between service delivery and external communication and lastly the gap between the expected service and experienced service.

The first gap exists when an organization does not correctly analyze and understand what the customer wants or needs. So basically, it arises due to insufficient communication between customer-facing employees and customers. On the other hand, the second gap arises when an organization correctly comprehend what the customer requires, but may not set a performance standard due to poor service design. The third gap is mostly caused by customer care staff due to improper training, incapability or unwillingness to meet the set service standards. The fourth gap is mostly influenced by public statements/promises made by an organization through advertisements which cause high expectations. This gap arises when highly publicized expectations are not fulfilled at the time of delivering the service. Lastly, the fifth gap arises when the customer misunderstands the service quality. For example, an organization may keep visiting their customer to ensure quality check and customer satisfaction, but the customer may interpret this as an indication that something is fishy or there is something wrong with the service provided by the service provider staff.

Although the SERVQUAL Model is widely accepted as a model to measure service quality, it faces several criticisms. Several studies have reported that the five indicators namely reliability, assurance, tangibles, empathy, and responsiveness do not hold up when the research is replicated in different context (Yuwono et al., 2024). Also, SERVQUAL model indicators can only be measured once a customer consumes a service hence it suffers from limited applicability.

### 2.3.2 Expectancy Disconfirmation Theory

Expectancy Disconfirmation Theory (EDT) is anchored on Cognitive Dissonance Theory (CDT). Just like the SERVQUAL Model, EDT attempts to explain customer satisfaction as a measure of service quality driven by the difference between a customer's expectation and customer experience after utilizing a service (Sheth et al., 2023). This theory consists of four conceptual components: expectations, perceived performance, disconfirmation, and satisfaction. All the four conceptual components are highlighted in Figure 2.2 below and discussed in detail in the section that follows.

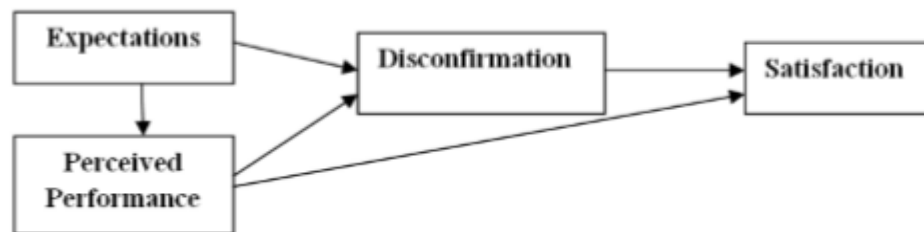


**Figure 2.2: Expectancy Disconfirmation Theory (Kopalle & Lehmann, 2001)**

The expectation component defines the customer's anticipations about the services offering (Pal, 2024). The perceived performance component defines the customer experience after using or experiencing a service while the disconfirmation component is the difference between customer expectation and perceived experience after the customer consuming a service. Therefore, disconfirmation is the difference between customer expectation before consuming a service and customer experience after consuming the service. The smaller the difference between the two concepts the higher or more favorable customer perception of service quality or satisfaction (Puspasari et al., 2022).

Additionally, the Expectancy Disconfirmation Theory defines a series of multiple steps used by customers in the purchase decision process and perception of service quality.

Firstly, a customer has an initial expectation of service quality based on their previous experience when consuming a specific service (or consuming a similar service before). Therefore, the expectation of service quality of a repeat customer who repurchases from a specific organization is closer to reality (Butkus et al., 2023). Secondly, new customers do not have first-hand experience with the performance and quality of services that they tend to purchase from an organization for the first time. The initial expectation of a new customer consists of feedback and service reviews which they receive from other customers and advertisements (Ahmed et al., 2023). Consequently, the initial customer expectations may be managed through the repositioning concept of turnaround strategy using customer referral, advertisements and service rebranding (Ahmed et al., 2023).

The perceived performance concept in the Expectancy Disconfirmation Theory investigates the customer's experience after using a service. The customer experience could be better or worse than the initial expectation before using the service Puspasari et al., 2022. Customers who do not have first-hand experience will use the services for a while before they realize the actual quality of the offered services (Butkus et.al., 2023). From the literature review, disconfirmation is divided into three types: positive disconfirmation, negative disconfirmation, and simple confirmation. When the actual performance of a specific service cannot meet the customer's expectation, negative disconfirmation will occur, and this may lead to customer dissatisfaction. Positive disconfirmation leads to customer satisfaction if the perceived performance of a specific service exceeds customer expectations.

Finally, when there is no difference between customer expectation and the actual performance of a specific service, it means perceived performance equals expectation, thus simple confirmation occurs (Nginyu et al., 2023). There are some arguments in the

reviewed literature over the accurate definition of simple confirmation. While some researchers of service quality believe satisfaction is the result of simple confirmation, others suggest that a state of neither satisfaction nor dissatisfaction leads to simple satisfaction (Pal, 2024).

### **2.3.3 Dynamic Capability Theory**

The adaptive capability concept is anchored on the Dynamic Capability (DC) theory. Dynamic capability (DC) theory is a theory that extends the theory of competitive advantage. DC theory presents concept-driven processes that allow firms to adapt to rapidly changing environments by building, integrating and reconfiguring their resource and capabilities (Pitelis et al., 2024). Therefore, the dynamic capability theory addresses the need for a sustainable competitive advantage which is based on a firm's acquisition of valuable resources to respond to emerging changes internally and externally. Therefore, dynamic capability concepts and processes are those that enable an organization to reconfigure its strategy and resources to achieve sustainable competitive advantages and superior performance in rapidly changing environments.

Teece (2023) made a major contribution to DC theory by writing about the micro-foundations for each of the following three dimensions: sensing (identification and assessment of an emerging opportunity), seizing (mobilization of resources to address an opportunity and to capture value) and transforming (continued renewal and reconfiguring the organization's intangible and tangible resources). Nevertheless, despite its conceptualization strength, DC faces intense criticism. The criticism levelled against the theory includes difficulties in determining the merits of the outcomes of the theory (Kapoor & Teece, 2021), difficulty in understanding the nature of DC and the absence of clear models to measure these capabilities and how they affect the performance of organizations (Kuo, 2024).

Pundziene et al. (2022) contributed to the dynamic capability theory by identifying three concepts which reflect the common measures of dynamic capability across most organizations. These measures are adaptive capability, absorptive capability, and innovative capability. He defined adaptive capability as an organization's ability to take advantage of emerging market opportunities while absorptive capability is referred to as the ability to identify and apply external information and convert the same into business opportunities. This means that organizations with higher absorptive capability are better able to learn from peers and business partners and transform learned knowledge into necessary skills and competencies (Dejardin et al., 2023). On the other hand, innovative capability refers to an organization's ability to develop new products or services that are not readily available in the market and offer unique value.

There are also strong criticisms against dynamic capability theory. Some scholars (Brock & Hitt, 2024; Pitelis, 2022; Ndrecanj et al., 2023) have labelled the theory as tautological with circular definitions and belief that dynamics capability approach is an oversimplified concept of strategic management borrowing heavily from Resource-Based View of a firm theory. However, Kopalle & Lehmann, 2001 countered these criticisms by producing a simplified but detailed framework which supports dynamic capability theory as shown in Figure 2.3 below. The study will adopt and measure the four sub-dimensions proposed by Teece (2023): sensing, learning, integrating and coordinating capabilities as variables to measure adaptive capability as illustrated in Table 2.1.



**Figure. 2.3: Dynamic Capability Framework by Kopalle & Lehmann (2001)**

### 2.3.4 Porter's Generic Strategies Model

In the 1980s, Michael Porter developed Porter's Generic Strategies Model. This model conceptualizes how organizations could gain competitive advantage and outshine competitors. This model is critical in the analysis and evaluation of turnaround strategy because of its ability to determine the competitiveness of an organization. According to Porter's Generic Strategies Model, there are three generic strategies: lower-cost management, product differentiation, and customer focus. Organizations pursuing turnaround initiatives would most likely choose to pursue all three broader concepts or any one of the three broader concepts to regain competitive advantage relative to their competitors (Musyoka, 2023).

Porter's Generic Strategies Model's main concepts namely cost leadership, product differentiation, and customer focus can be applied in any organization and context irrespective of the industry. Basically, Porter's Generic Strategies Model is an interaction between cost minimization initiatives, product differentiation decisions, and

market/customer focus activities of organizations (Acar, 2024). If an organization is targeting customers in most or all segments of an industry based on offering the lowest price, it is following a cost leadership strategy; If it targets customers in most or all segments based on attributes other than to command a higher price, it is pursuing a product differentiation strategy. It is attempting to differentiate itself along these dimensions favorably relative to its competition (Steinberg et al., 2025).

Porter (1985) suggested that organizations should use multiple strategies to enhance successful turnaround strategy to become competitive instead of using only one strategy. In the literature review, it was noted that combining a customer-focus strategy with a product differentiation strategy is considered the most effective means of turning around an organization in distress. On the other hand, combinations like cost leadership with product differentiation are difficult to implement due to the potential conflict between cost minimization and the additional cost of value-added differentiation (Mahdi, 2024). According to Naldi et al. (2025), empirical research has indicated that organizations pursuing both differentiation and low-cost strategies may be more successful than organizations pursuing only one of those strategies.

Although popular, Porter's Generic Strategies Model has been criticized by several scholars who have questioned the use of generic strategies claiming they lack specificity and flexibility and are limiting. In response to the criticisms, Porter (1985) argued that only one strategy should be adopted by a firm at a time and failure to do so will result in a “stuck in the middle” scenario. A firm is said to be stuck in the middle if it does not offer features that are unique enough to convince customers to buy its product offerings and its prices are too high to effectively compete based on price.

Contrary to the rationalization by Porter (1985), findings from several empirical studies suggest evidence of successful organizations practicing a “hybrid Porter generic

strategy” (Gutiérrez-Broncano et al., 2024). The findings show that organizations practicing hybrid business strategy e.g., low-cost and differentiation strategy, outperform the ones adopting one generic strategy at a time. Sharing the same viewpoint, Hansen et. al. (2015) and Siddique et al. (2024) challenged Porter's concept regarding mutual exclusivity of low-cost and differentiation strategy and further argued that a successful combination of those two strategies will result in sustainable competitive advantage. According to Hansen et al. (2015) and Siddique et al. (2024), multiple business strategies are required to respond effectively to any environmental condition. The original Porter’s Generic Strategies Model is illustrated in Figure 2.4 below.

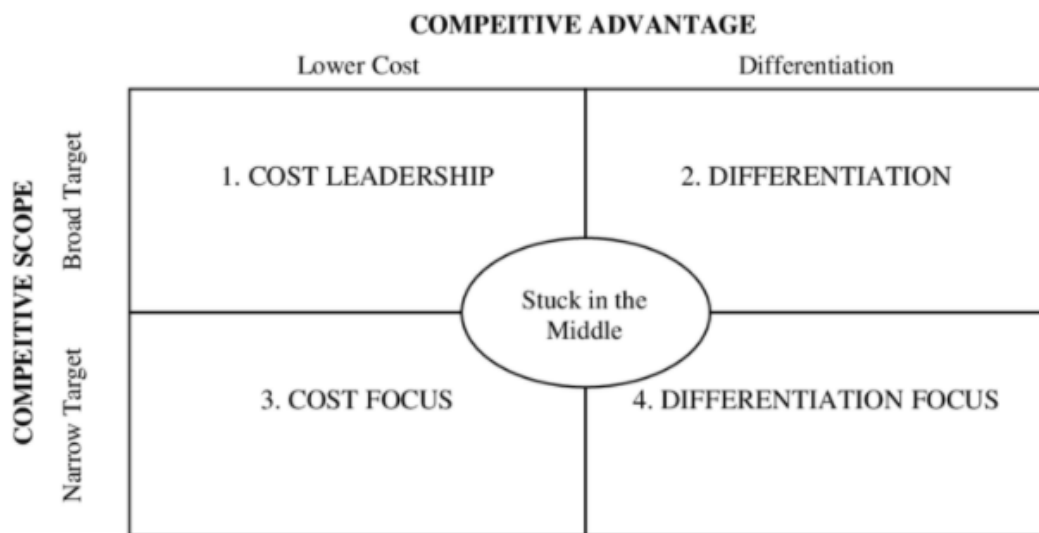


**Figure 2.4: Porter’s Generic Strategies Model (Porter, 1985)**

### 2.3.5 Balance Scorecard Model

The Balanced Scorecard by Kaplan & Norton (2015) is a widely adopted performance management framework. The model combines financial indicators and non-financial indicators in the evaluation of organization performance. Besides the financial dimension, customer dimension, process dimension, supplier dimension, employees’ dimensions, and innovation and learning dimensions need to be considered (Marcu,

2020). Improving service quality sits well with the customer dimension of the Balance Scorecard Model. The model is largely driven by the desire to embrace sustainability issues into dynamic strategic thinking in an organisation. Figure 2.5 below highlights the interconnection between financial and non-financial measures of organisation performance.

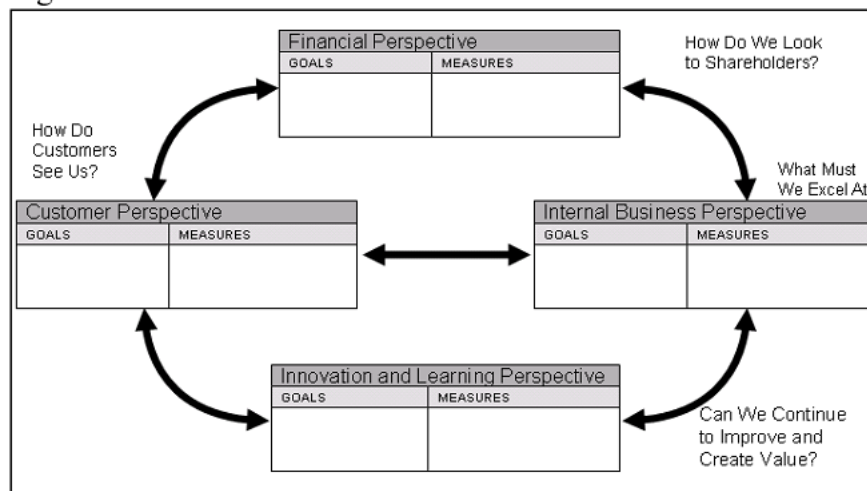


**Figure 2.5: Balanced Score Card Model (Kaplan & Norton, 2015)**

The Kaplan & Norton (2015) perspectives are interconnected so they can better influence the organizational turnaround. For example, objectives for the ‘Learning and growth’ perspective serve as enablers for the achievement of other perspectives’ objectives. For each of these perspectives, several objectives need to be identified, along with the appropriate indicators to track their achievement.

One major criticism of the Balanced Scorecard is that it strongly encourages an internal focus and less external focus. To overcome this problem, Balanced Scorecard proponents advise that organizations should always start evaluating performance using external measures i.e. measures that are externally focused (Silalahi, 2023). The five theories that underpin the study are summarized in Table 2.2 below. The table discusses

the proponents of each theory; the concepts, dimension and arguments in each theory and the relevance of each theory to the study

**Table 2.2: Study theories and their relevancy to the study**

| <b>Reviewed Theories</b>                | <b>Proponents</b>                                                                                                 | <b>Concepts, Dimension and Arguments</b>                                                                                                                                                                                                                                   | <b>Relevance to the study</b>                                                                                                                                                            |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Porter's Generic Strategies Model       | Porter (1985)<br>Gutiérrez-Broncano et al. (2024)<br>Siddique et al. (2024),<br>Naldi, Galizia & Bortolini (2025) | This model identifies cost leadership, product differentiation and customer focus as the three basic turnaround concepts for organizations.                                                                                                                                | The indicators, concepts and dimensions derived from this model were used to identify indicators to measure the independent variable- turnaround strategy.                               |
| Service Quality Model (SERQUAL MODEL)   | Parasuraman et al. (2021)<br>Sharma et al. (2024)<br>Yuwono et al. (2024)                                         | The model identifies the principal concepts of service quality, proposes a scale for measuring service quality, and suggests possible causes of service quality problems in an organization.                                                                               | By reviewing this theory, the researcher was able to identify items which were used to measure airline service quality variable, and how the research questions should be formulated.    |
| Expectancy Disconfirmation Theory (EDT) | Kopalle & Lehmann, (2001)<br>Butkus et al. (2023)<br>Ahmed et al. (2023)<br>Sheth et al. (2023)                   | EDT evaluates a series of multiple steps used by customers in the purchase decision process and perception of service quality.                                                                                                                                             | By reviewing the theory, the researcher was able to evaluate the framing of the research questions.                                                                                      |
| Dynamic Capability Theory (DCT)         | Teece (2023)<br>Pitelis et al. (2024)<br>Pundziene, Nikou & Bouwman (2022)<br>Dejardin et al. (2023)              | States that for an organization to remain competitive in the market, it needs to develop specific capabilities and continuous learning because of a new or changing market environment. Key components include organization learning, knowledge management and innovations | By reviewing the theory, the researcher was able to identify components and indicators which are used in measuring adaptive capability which is a moderating variable in this study      |
| Balanced Scorecard Model                | Kaplan & Norton (2015)<br>Marcu (2020)<br>Silalahi (2023)                                                         | The model combines financial indicators and non-financial indicators (e.g., service quality) in the evaluation of turnaround initiatives and organizational performance                                                                                                    | By reviewing the model, the researcher was able to understand the relationship between service quality and turnaround strategy, and the contingency issues surrounding the relationship. |

**Source:** Researcher (2024)

## **2.4 Empirical Review**

### **2.4.1 Retrenchment Strategy and Service Quality**

A review of Porter's Generic Strategies Model shows that retrenchment is a dimension of the cost leadership concept because retrenchment is aimed at downsizing or cutting down the cost of operations to maximize profit. According to Joyce (2024), retrenchment is a broad description of any initiative aimed at reducing internal resources and eliminating idle capacity or overstaffing within an organization. The objective of retrenchment is to optimize the use of limited resources available in the organization and reduce wastage (Wang, 2024).

In other words, when an organization decides to eliminate its redundant operations through a considerable reduction in its business operations, this is called retrenchment (Mengo & Obere, 2023). The organization can either re-align its business operations or discontinue some of them, to revitalize its financial position and service quality. From the reviewed literature, at times of performance crisis, downsizing seems to be the most preferred solution (Sengur et al., 2022) in the airline industry. Hence, it is normal for airlines to declare some employees redundant and eliminate non-profitable destinations to regain financial stability and ensure profitable investments for the future (Lawton et al., 2011).

The literature review suggests that there seems to be mixed results on the relationship between retrenchment strategy and service quality in the service industry. Whereas some studies found a positive relationship (Lufthansa Systems, 2019), others found negative relationship (Abid, 2023; Barbero et al., 2020). This is because, if not executed well, retrenchment leads to reduced number of staff and reduced physical resources to support customer demands. It may also lead to lose of institutional memory if highly knowledgeable staff leave.

Therefore, executing a retrenchment strategy as the main turnaround initiative is counterproductive (Wang, 2024). Retrenchment strategy negatively affects productivity in an organization thus directly impacting negatively on the service quality of the organization (Hassan et al., 2011). The few remaining employees may feel overworked and demoralized thus affecting customer service and service quality. Therefore, scholars like Santana et al. (2019) argue that retrenchment through staff redundancies should not be the only turnaround strategy employed by organizations. Despite the criticism, a significant number of airline literature such as Lufthansa Systems (2019) argue that retrenchment has a positive relationship with airline performance measures such as increased profitability and high service quality.

This study aimed to answer the question, does retrenchment strategy influence the quality of service in Kenya Airways Plc? This question is necessary to understand the relationship between the retrenchment concept and the service quality concept in the airline industry.

#### **2.4.2 Repositioning Strategy and Service Quality**

From Porter's Generic Strategies Model perspective, repositioning is aligned with market/customer focus concept. Repositioning strategy refers to decisions and initiatives whose objective are to make major changes to the brand of an organization or a service in the market. To successfully reposition a service, the organizations ought to change the target market's understanding and perception of their service (Mucunski et al., 2023).

According to Kamvysi et al. (2023), there is a significant positive relationship between repositioning and service quality. Although Kamvysi et al. (2023), study relates to the retailing and consumer services industry, the same may be true for the airline industry.

The same relationship was confirmed in various studies done by other scholars such as Zhang (2023) and Lo et al. (2011). Other study findings suggest that excessive service rebranding without having excellent customer care service may lead to higher expectations by the customers and thus greater disconfirmation. This could lead to negative service quality perceptions (Delgado et al., 2023). Therefore, organizations need to increase service rebranding alongside increased excellent customer care services.

Regarding the repositioning concept, this study aimed at establishing the relationship and answering the question; does repositioning strategy influence the quality of service in Kenya Airways Plc?

#### **2.4.3 Replacement Strategy and Service Quality**

Replacement strategy aligns with the three concepts of Porter's Generic Model namely; cost leadership, differentiation, and customer focus. This concept also aligns with the dynamic capability theory. Replacement is a concept of turnaround strategy which involves changing the internal resources of an organization to enhance internal dynamic capability. With a limited budget and financial constraints faced by organizations in the decline stage or crisis stage, replacing core assets, technology, business processes, etc. is not a difficult proposal to sell to senior management. In the context of an airline, there is always a need to replace ageing resources such as aircraft for the sake of enhancing service quality. As the aircraft get older, they become more expensive to maintain due to parts obsolescence, and thus, this increases the cost of operations and reduces the quality of service (Gudmundsson, 2023) and passengers' safety and comfort are compromised. The replacement of such assets becomes a necessity for an airline whose service quality is on the decline.

The other internal resource that is common with the replacement strategy is staff changes that affect the top management of an airline. Most turnaround airlines, often replace managers in senior management such as Chief Executive Officer, Chief Finance Officer, Chief Operations Officer, and Chief Technology Officer to inject new culture into the airline. There are various reasons to undertake a replacement option that targets change in top management (Raza et al., 2023). One reason is to bring in managers who have different experiences relevant to turnaround initiatives and events.

Also, for purposes of changing the organizational culture that is aligned with long-term objectives of an airline, it may be prudent to bring in new leaders who can inject into the organization a new corporate culture. The desire to bring in new critical skills and competence is also necessary to achieve the turnaround objectives. Therefore, a replacement of key employees is necessary. New positions may be created which are needed to support turnaround initiatives such as the appointment of a Chief Turnaround Officer (CTO) who is responsible for driving turnaround decisions and events (Raza et al., 2023; Mpete & Maier 2024). Other elements in a replacement strategy include issues like product redesigning and service redesign, expanding current products or services into new markets; creating new products or services to replace non-performing products etc.

The reviewed literature suggests a strong positive relationship between replacement strategy and service quality (Pang & Chen, 2023; Stepanov & Kayatkin, 2023; Karanki, 2023; Liangrokapart & Sittiwatethanasiri, 2023). The critical question for this study was, does replacement strategy influence the quality of service in Kenya Airways Plc? This was necessary to understand the relationship between the replacement concept and the service quality concept in the airline industry.

#### **2.4.4 Adaptive Capability and Service Quality**

Adaptive capability is a concept which aligns well with dynamic capability theory. Adaptive capability is an important aspect within any organization in managing customer expectations in terms of service offerings. Organizations must be able to sense changes in customer expectations, learn how to adjust their services/products to address those changes, interpret those changes and coordinate the improved services to the customer (Teece, 2023). Considering that service offerings in the service industry involve products which are highly intangible and therefore difficult to measure (Zirena-Bejarano et al., 2025), adaptability becomes very critical. To be able to enhance the adaptive capability, organizations need to put in place processes that will enhance organizational learning and spur innovations. Processes like receiving and evaluating customer feedback, conducting structured customer surveys and measuring customer satisfaction levels using various research methods, and identifying service quality gaps as explained in the service gap model, sharing recommendations with internal stakeholders on how to improve service quality, are very important (Anam, 2024).

A study by Yusuf (2023) suggest that there is a strong positive correlation between adaptive capability and perceived service quality. The perceived high quality of service is mostly achieved through the management of customer expectations and disconfirmation. Further, Parasuraman et al. (2021) noted that organizational learning and knowledge management using customer feedback that is received, evaluated, and measured by the customer service department helps in the identification of service quality gaps. As suggested by Rehman et al. (2022), the allocation of sufficient resources to an organization's learning capability – sensing changes, learning and generation of new ideas, and interpreting the business environment is critical to ensuring an effective adaptive capability.

This study aimed to establish the moderating influence of adaptive capability on the relationship between the three-turnaround strategy on the quality of service in Kenya Airways Plc. It was hypothesized that adaptive capability does not have any moderating influence in this relationship.

#### **2.4.5 Interaction between Turnaround Strategy, Adaptive Capability and Service Quality**

Literature review, shows that there is little literature on the joint interaction of the three study variables – turnaround strategy, adaptive capability, and service quality. This suggests that there have been few prior attempts to understand the relationship between the concept of a turnaround strategy, adaptive capability and their joint effect on service quality. In their study, Verhoef et al. (2009), Bolton et al. (2023) and Feng & Liu (2024) observed that adaptive capability is crucial in sustaining and retaining customers thus suggesting that there exists a strong interaction between the level of an organization's adaptive capability and quality of service.

As explained in the sections above, adaptive capability takes several perspectives and one of them is the innovativeness of an organization and continuous organization learning through effective knowledge management. Being innovative ensures that an organization undertakes continuous improvements in its service offerings. Improvements which are aligned with customer expectations enhance service quality and assure customer attraction and retention (Parasuraman et al., 2021).

According to Teece (2021), the concept of continuous alignment of resources which is key in enhancing adaptive capability in an organization has a strong relationship with improved service quality, and proper alignment of resources in service provisions ensures quality services. Furthermore, resource alignment mirrors a turnaround concept

of repositioning strategy and replacement strategy (Rehman et al. (2022)). The other perspective of adaptive capability is the application of knowledge to solve emerging problems in organizations and the industry in which the organization operates. Thus, this is a concept that is anchored on the knowledge-based view theory of a firm. In summary, the literature review shows that adaptive capability enhances service quality and is a critical input when implementing a turnaround strategy.

## **2.5 Summary of Gaps**

The chapter reviewed the main theories underpinning the study, namely; Porter's Generic Strategies Model, Service Quality Model, Expectancy Disconfirmation Theory, Dynamic Capability Theory and Balance Scorecard Model. These theories are appropriate in explaining the concepts of turnaround strategy and their effects on service quality. This study draws on evidence provided by these theories and previous empirical studies. The concepts derived from the theories are also discussed and the concepts guided the selected items or indicators which were included in the data collection instruments, measured, and analyzed.

## **2.6 Conceptual Framework**

Saputra et al. (2024) define conceptual framework as a concise description of the phenomenon under study accompanied by a visual depiction of the major variables of the study. According to Roumate, (2024), a conceptual framework is a diagrammatical representation that shows the relationship between independent variables and dependent variable. In this study, the conceptual framework investigated the perceived effect of turnaround strategy on service quality among customers and employees of Kenya Airways Plc and the influence of a moderating variable (adaptive capability) on this relationship as illustrated in Figure 2.6 below.

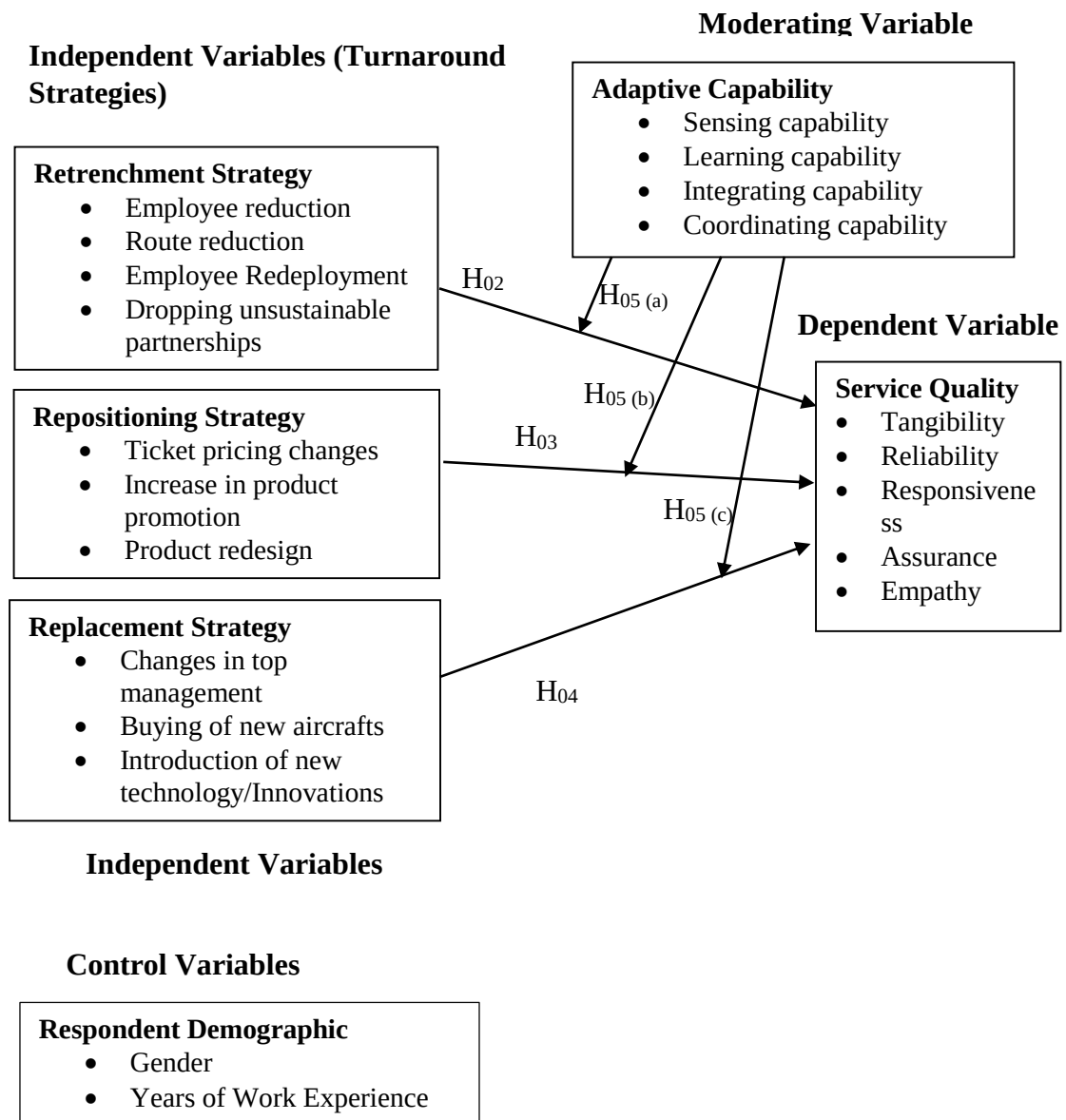


**Figure 2.6: Conceptual Framework (Researcher, 2025)**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presents the research methodology that was used to gather and analyse data to test the perceived effects of the turnaround strategy on service quality among customers and employees of Kenya Airways. The chapter is divided into various sections that discuss the research design, target respondents, sampling techniques, sample size, data collection instruments, data measurement and data transformation, test of validity and reliability, regression model, model assumptions, and hypothesis testing.

#### **3.1 Research Design**

A research design integrates the different components of a study logically, thereby ensuring that a study effectively addresses the research problem. Given the objectives of this study, a quantitative research methodology was found to be the most appropriate because of the predefined research objectives. The choice of a quantitative research methodology was justified because as Benbrahim et al. (2024) posit, quantitative explanatory research design is the most suitable where the objective is to establish a causal relationship between variables using quantitative data. Additionally, Wei et al. (2024) posits that a quantitative research method provides superior research results because of its ability to establish causal relationships between variables and makes it easy to interpret the relationship. Lastly, another justification of using a quantitative explanatory study is that it goes beyond describing the observed data and attempts to explain the reasons for the phenomenon that the descriptive study only observed. Whereas a descriptive study would look at what is happening in a given phenomenon, an explanatory study seeks to explain why it is happening (Benbrahim, et al. (2024).

### **3.2 Target Population**

The target population is defined as the entire set of organisation units for which the research data is to be used to test the hypothesis and generalise the results. The target population identifies those organization units for which the findings of a research are meant to generalise. This was a study of one organisation called Kenya Airways Plc. Kenya Airways was selected for this study because it controls over seventy per cent of the airline market and also plays a significant role in supporting other economic sectors like tourism in Kenya.

The target respondents were walk-in passengers at JKIA who travel on Kenya Airways Plc, Kenya Airways customer-facing employees who offer services directly to the passengers and senior managers who are involved in strategy formulation and overseeing the implementation of strategic initiatives. The collection of actual data took place between the 1st of July and the 4<sup>th</sup> of August 2023. Kenya Airways handled a daily passenger average of 2,000 check-in passengers at JKIA during that period. It had approximately 280 employees who serve customers at various customer touchpoints at JKIA (Kenya Airways, 2022) and approximately 40 senior managers involved in strategy formulation, implementation, and monitoring.

### **3.3 Sample Design and Size**

Sampling is a statistical analysis process in which a predetermined number of units are taken from the target population. Since this was a study of one organization, sampling of organization units was not applicable. However, a mixed sampling strategy was used to obtain the desired number of target respondents. A stratified random sampling technique was used to sample customer-facing employees while the entire population of the senior management team was contacted. Judgmental sampling was used to pick walk-in passengers at JKIA during the data collection period. The use of judgmental

sampling for customers was appropriate because there are several customer touchpoints at the airport e.g. check-in counters, baggage areas, lounges, ticket sales offices, etc.

According to Wei et al. (2024), stratified random sampling is a probability sampling procedure in which the respondents are grouped into various categories before being selected randomly. This sampling technique increases the chances of each category of employees (respondents) who serve customers being represented in the final sample of respondents thus reducing the margin of error. The stratified random sampling technique aims at getting a sample that is a true representative of the accessible respondents.

Slovin's (1960) formula was used to determine the sample size of the respondents. Slovin (1960) formula is a general equation commonly used when a researcher can estimate the respondents' population but has no idea about how the target respondents behave. This formula was appropriate for the sampling of customer-facing employees in Kenya Airways because the employees serve customers only on specific services as guided by their job description, and because of frequent staff rotations in the airline, some customer-facing employees may find themselves handling customers at all the stages of customer touchpoints in a year. The Slovin (1960) formula is illustrated as:

$$n = \frac{N}{1 + Ne^2}$$

**Where:**

n= sample size

N = estimated respondent population size

e = margin of error

With Kenya Airways having a population of 280 customer-facing employees at JKIA and 40 senior managers (Kenya Airways, 2022), using a commonly selected margin of error of 0.05, the sample size of the target respondents was computed as shown in the computation below and respondents stratified as detailed in Table 3.1 below. The

margin of error of 0.05 was selected because of the relatively large number of customer-facing employees in the airline.

$n = 280 / (1 + (280 * (0.05)^2)) = 162$  customer-facing employees, plus 40 senior management thus totalling 202 employees. There were 200 randomly selected walk-in passengers thus making a sample size of 402.

Judgmental sampling was used to randomly identify and approach walk-in passengers during ticket purchase, at the check-in counter, onboard aircraft, in the VIP lounge, and baggage collection area. Judgmental sampling was considered the most appropriate for walk-in passengers as the researcher needed to include other considerations e.g., gender, age, nationality- Kenyan or foreigner, time of walk-in (morning high peak, afternoon-low peak or evening high peak) in the sampling process.

**Table 3.1: Stratification and disproportionate sampling of target respondents**

| Employee Category                | Target Respondents | Sample Respondents | Sample as a % of 402 Respondents |
|----------------------------------|--------------------|--------------------|----------------------------------|
| Chief Officers & Senior Managers | 40                 | 40                 | 9.95%                            |
| Sales services employees         | 110                | 59                 | 14.68%                           |
| In-flight services employees     | 70                 | 50                 | 12.44%                           |
| Check-in services employees      | 60                 | 35                 | 8.71%                            |
| Lounge services employees        | 40                 | 18                 | 4.48%                            |
| Walk-in Passengers (customers)   | 2,000              | 200                | 49.75%                           |
| <b>Total</b>                     | <b>2,320</b>       | <b>402</b>         | <b>100%</b>                      |

Source: Research (2025)

### 3.4 Data Collection Instruments

One type of data collection instrument was used to collect data to achieve the objective of the study. Considering that data was collected internally from employees and externally from the customers, two separate structured questionnaires using a 5-point Likert scale were used to collect data. The use of structured questionnaires using a 5-

point Likert scale as a tool of data collection was guided by the fact it is the most appropriate measurement scale for quantitative research in social sciences (Paiuc, 2024).

The two sets of questionnaires were divided into sections that were used to measure the various indicators of service quality as conceptualized in the SERVQUAL model (i.e., tangible, reliability, responsiveness, assurance, empathy) and adopted from Parasuraman et al. (2021). The questionnaire which was given to the customers only measured service quality variables. Besides service quality, the questionnaire issued to employees also measured the various 4R concepts of turnaround strategy as discussed in chapter two under Porter's Generic Strategies Model and Dynamic Capability Theory. The items used to measure the 4Rs of turnaround strategy were adopted from Porter (1985); Gutiérrez-Broncano et al. (2024); Siddique et al. (2024), and Naldi, Galizia & Bortolini (2025). The last part of the questionnaire which was issued to employees measured the concept of adaptive capability in Kenya Airways, which was analyzed as a moderating variable. The items to measure adaptive capability were borrowed from the concepts in Dynamic Capability Theory as discussed in Chapter Two.

### **3.5 Data Collection Procedures**

Firstly, a research permit was obtained from NACOSTI before approval from the human resource department of Kenya Airways Plc to undertake the study was sought. After the authority was granted by the human resources department, the researcher randomly issued the questionnaires to customers and frontline employees at Jomo Kenyatta International (JKIA) Airport on different dates and times between the 1st of July and the 4<sup>th</sup> of August 2023.

Employees and customers were issued with two separate questionnaires because the customers would not have any information on KQ turnaround strategy that have been implemented for the last 15 years. The only variable customer could respond fairly and objectively was service quality as they are the final consumer of the service.

The data collection procedure for customer-facing employees involved the researcher walking to their places of work which are mostly customer touchpoints and requesting them to complete the questionnaire. This was done randomly during peak traffic hours and low traffic hours from Monday to Sunday for five weeks. For senior management, structured interviews using the questionnaire were used as their busy schedules might hinder objective and candid responses. Thus, a meeting request was sent to each of the 40 senior management staff requesting an interview. After the completion of the questionnaires by the respondents, the researcher collected the questionnaires and started coding, and indexing for data analysis on 7<sup>th</sup> of August 2023.

### **3.6 Data Measurement and Transformation**

Data transformation is the process of changing the format, structure, or values of data by indexing and ordering the original raw data. A 5-point Likert scale was used to measure items for each variable in the questionnaire. Likert scale is the sum of responses on several questionnaire items as it is an ordinal scaling method, measuring either positive or negative responses to a statement as follows: Strongly Disagree (measured as 1 score), Disagree (measured as 2 scores), Neither - Agree nor Disagree (measured as 3 scores), Agree (measured as 4 scores), and Strongly Agree (measured as 5 scores). Table 3.2 below illustrates the operationalization and measurement of the study variable.

**Table 3.2: Operationalization and Measurement of Variables**

| Study Variables             | Conceptualized Items/Indicators                                                                                                                | Scale of Measure |        | No. of Items | Source                                                                                                                             |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------|--------------|------------------------------------------------------------------------------------------------------------------------------------|
| Dependent Variable          |                                                                                                                                                |                  |        |              |                                                                                                                                    |
| Service Quality             | 1. Tangible<br>2. Reliability<br>3. Responsiveness<br>4. Assurance<br>Empathy                                                                  | 5-point Scale    | Likert | 5            | Parasuraman <i>et al.</i> (2021)<br>Sharma, <i>et al.</i> , 2024<br>Yuwono, Kasie & Sugiharto, (2024)                              |
| Independent Variables       |                                                                                                                                                |                  |        |              |                                                                                                                                    |
| H02: Retrenchment Strategy  | 1. Reduction in workforce<br>2. Route reduction<br>3. Disposal of idle assets<br>4. Elimination of partnerships                                | 5-point Scale    | Likert | 4            | Porter (1985)<br>Gutiérrez-Broncano, <i>et. al.</i> , 2024<br>Siddique <i>et. al.</i> , (2024), Naldi, Galizia, & Bortolini (2025) |
| H03: Repositioning Strategy | 1. Ticket price change<br>2. Increased promotion activities<br>3. Product or service redesign<br>4. Rebranding<br>Introduction of new services | 5-point Scale    | Likert | 5            | Porter (1985)<br>Gutiérrez-Broncano, <i>et. al.</i> , 2024<br>Siddique <i>et. al.</i> , (2024), Naldi, Galizia, & Bortolini (2025) |
| H04: Replacement Strategy   | 1. Top management changes<br>2. New aircrafts<br>3. Introduction of new technology<br>4. New partnerships<br>5. Change in business processes   | 5-point Scale    | Likert | 5            | Porter (1985)<br>Gutiérrez-Broncano, <i>et. al.</i> , 2024<br>Siddique <i>et. al.</i> , (2024), Naldi, Galizia, & Bortolini (2025) |
| H05: Adaptive Capability    | 1. Sensing capability<br>2. Learning capability<br>3. Integrating capability<br>Coordinating capability                                        | 5-point Scale    | Likert | 4            | Teece (2023)<br>Pitelis, <i>et. al.</i> , (2024)<br>Pundziene, Nikou & Bouwman (2022)<br>Dejardin, <i>et. al.</i> , (2023)         |

**Source:** Researcher (2025)

### 3.7 Validity and Reliability of the Data Collection Instrument

Estremera & Sarmiento (2024) argue that the validity and reliability test should be undertaken to detect weaknesses in research design and data collection instruments.

According to Lechien *et al.* (2024), the test of validity and reliability is an activity that assists the researcher in determining if there are flaws, limitations or other weaknesses

within the data collection instruments. So, reliability and validity tests on the data collection instrument were undertaken.

### **3.7.1 Reliability Test**

Reliability is the consistency of a set of measurement items while validity indicates that the instrument is testing what it should test (Estremera & Sarmiento (2024). Reliability is the consistency of your measurement or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. It is the probability of the study's measurement arriving at the same results. Reliability does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring.

A response is considered reliable if a respondent's score on the same test if given twice or thrice, is similar. Reliability is not measured, it is estimated. The study used the most common internal consistency measure known as Cronbach's alpha ( $\alpha$ ) to measure reliability. It indicates the extent to which a set of test items can be treated as measuring a single variable (Cronbach, 1951). The recommended value of 0.6 was used as a cut-off of reliability.

### **3.7.2 Validity Test**

Validity is used to check whether the data collection instrument is measuring what it purports to measure (Govindasamy et al., 2024). Generally, validity impacts the strength of research conclusions, inferences, or propositions. Govindasamy et al. (2024) define validity as the best available approximation to the truth or falsity of a given inference, proposition, or conclusion. One method to test validity is to subject the data collection instrument to a pilot test.

### **3.8 Pilot Test**

One of the ways to assess the validity of a questionnaire is to pilot it with a few respondents. The validity of the questionnaire for this study was tested through piloting. To verify the validity and reliability of the questionnaire, a pilot study was done with 40 respondents of which twenty were customers and twenty were employees at Mombasa International Airport in June 2023. JKIA was avoided during the pilot study because it was the main place of the main study, and thus the possibility of not getting reliable data during the main study would have occurred. To avoid a respondent filling in the questionnaire twice during the pilot and actual data collection, the respondents were asked whether they had responded to the questionnaire before. It is always recommended that at least 1% of the sample size should constitute the pilot, thus pilot test on 40 respondents out of the target sample of 402 was within this recommendation (10%). This helped the researcher identify weaknesses in the data collection instrument that require corrections.

### **3.9 Data Analysis and Presentation**

Data preparation was done on the completed questionnaires by editing, coding, entering in SPSS software version 27.0.1, and cleaning the data. The collected data was analyzed using descriptive statistics namely; mean, standard deviation, variance and inferential statistics test of hypothesis using multivariate regression modelling's correlation coefficient and hierarchical regression model.

#### **3.9.1 Analytical Model Specifications**

The study used a multivariate regression model and a hierarchical regression model to analyze the data. The use of the multivariate regression model and a hierarchical regression model was motivated by the fact that both models compute the joint effect of the independent variables against the dependent variable. Further, hierarchical

multiple regression enables a researcher to enter independent variables into the regression equation in a certain order to establish the effect of each addition on the model to accommodate the analysis of moderating variables. According to Alshanbari et al. (2023), multivariate regression computes the joint effect of independent variables while the hierarchical regression model attempts to fit another regression model using an additional independent variable. As suggested by Cui (2023), if the statistical parameters (Pearson coefficient- $r$ ; Coefficient of determination- $R^2$ , t-test values; F-test values) in the second model after hierarchical regression is significantly higher than in the previous model, this means the second model is better or there is a moderating effect.

#### **Multivariate Regression Model for direct effect.**

The mathematical model below was used to measure the direct effect of the independent variables on the dependent variable:

**Model 1(a):**  $Y_i = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \varepsilon \dots\dots\dots$  (without control variables)

**Model 1(b):**  $Y_i = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} \text{Gender} + \beta_{i4} \text{YearsOfWorkExperience} + \varepsilon \dots$  (with control variables)

#### **Hierarchical Models for Moderating Effect (Models I, II, III and IV)**

The study used the hierarchical regression approach where a moderator variable is computed as a product of two variables, i.e. a moderator and independent variable and later another variable is introduced in the subsequent models. The mathematical models below were used to measure the moderating effect of the moderating variables on the relationship between the independent variables and the dependent variable:

**Moderating effect model I**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i4} + \beta_{i5} MO_i + \epsilon$$

**Moderating effect model II**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i4} + \beta_{i5} MO_i + \beta_{i6} X_{i1} * MO_i + \epsilon$$

**Moderating effect model III**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i4} + \beta_{i5} MO_i + \beta_{i6} X_{i1} * MO_i + \beta_{i7} X_{i2} * MO_i + \epsilon$$

**Moderating effect model IV**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i4} + \beta_{i5} MO_i + \beta_{i6} X_{i1} * MO_i + \beta_{i7} X_{i2} * MO_i + \beta_{i8} X_{i3} * MO_i$$

**Where;**

$Y_{SQi}$  = Service Quality variable

$X_1$  = Retrenchment variable

$X_2$  = Repositioning variable

$X_3$  = Replacement variable

$MO$  = Adaptive capability variable

$\beta_0$  = coefficient of intercept

$i$  = serial number of the respondents

$\beta_i$  = Unstandardised regression coefficient (Slopes coefficients)

$\epsilon_i$  = Error term

**3.9.2 Hypothesis Testing**

To test the hypothesis and measure the strength of multivariate regression effects and hierarchical regression effects of the study variables, the ANOVA (F-test) was applied to regression models at a 95% level of confidence ( $p < 0.05$ ) to identify the statistical significance of the models. For each specific hypothesis, the decision to reject or accept the null hypothesis was based on the outcome of the statistical significance coefficient ( $p < 0.05$ ) of the related variables in the fitted multivariate regression models and

hierarchical regressions model. Furthermore, the correlation coefficient ( $R$ ) which is a measure of the strength of the prediction of the dependent variable on the dependent variable was used in estimating the direct effects of the relationships. Also, the coefficient of determination ( $R^2$ ) which is the proportion of variance in the dependent variable that is explained or accounted for by the independent variable was analyzed in testing the hypothesis. Table 3.3 below illustrates the statistical parameters which were analyzed in testing the identified hypothesis.

**Table 3.3: Hypothesis Testing Techniques**

| Study Objectives                                                                                                                                                    | Study Hypothesis                                                                                                                                                                     | Statistical parameters which were analyzed                                                                                                                                                | Accept or Reject Hypothesis                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. To determine the differential perception of service quality between employees and customers;                                                                     | H <sub>01</sub> : There is no difference in perception of service quality between employees and customers                                                                            | Descriptive statistics:<br>Weighted Mean, Ranking of<br>Weighted Mean                                                                                                                     | Accept if the means of the two groups are not significantly different for each service quality sub-variables                                                                                                  |
| 2. To examine the perceived effect of retrenchment strategy on service quality among customers and employees of Kenya Airways.                                      | H <sub>02</sub> : Retrenchment strategy has no statistically significant relationship with the service quality of Kenya Airways.                                                     | Beta Coefficient $\beta$<br>P-values between 0 and 1<br>Pearson coefficient – r<br>Correlation coefficient (R)<br>Coefficient of determination – R <sup>2</sup><br>ANOVA F-test statistic | Reject if the significance coefficient $p \leq 0.05$ for the statistical tests.<br><br>For $p > 0.05$ , accept the hypothesis                                                                                 |
| 3. To assess the perceived effect of repositioning strategy on service quality among customers and employees of Kenya Airways.                                      | H <sub>03</sub> : Repositioning strategy has no statistically significant relationship with service quality of Kenya Airways.                                                        | Beta Coefficient $\beta$<br>P-values between 0 and 1<br>Pearson coefficient – r<br>Correlation coefficient (R)<br>Coefficient of determination – R <sup>2</sup><br>ANOVA F-test statistic | Reject if the significance coefficient $p \leq 0.05$ for the statistical tests.<br><br>For $p > 0.05$ , accept the hypothesis                                                                                 |
| 4. To establish the perceived effect of replacement strategy on service quality among customers and employees of Kenya Airways.                                     | H <sub>04</sub> : Replacement strategy has no statistically significant relationship with service quality of Kenya Airways.                                                          | Beta Coefficient $\beta$<br>P-values between 0 and 1<br>Pearson coefficient – r<br>Correlation coefficient (R)<br>Coefficient of determination – R <sup>2</sup><br>ANOVA F-test statistic | Reject if the significance coefficient $p \leq 0.05$ for the statistical tests.<br><br>For $p > 0.05$ , accept the hypothesis                                                                                 |
| 5(a) To determine the perceived moderating influence of adaptive capability on the relationship between retrenchment strategy and service quality of Kenya Airways. | H <sub>05a</sub> : Adaptive capability has no statistically significant moderating influence on the relationship between retrenchment strategy and service quality of Kenya Airways. | Beta Coefficient $\beta$<br>P-values between 0 and 1<br>Pearson coefficient – r<br>Correlation coefficient (R)<br>Coefficient of determination – R <sup>2</sup><br>ANOVA F-test statistic | Reject if the significance coefficient $p \leq 0.05$ for the statistical tests and there is no change in R <sup>2</sup><br><br>For $p > 0.05$ , accept the hypothesis and there is a change in R <sup>2</sup> |

| Study Objectives                                                                                                                                                          | Study Hypothesis                                                                                                                                                                      | Statistical parameters which were analyzed                                                                                                                                                                            | Accept or Reject Hypothesis                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 (b) To determine the perceived moderating influence of adaptive capability on the relationship between the repositioning strategy and service quality of Kenya Airways. | H <sub>05b</sub> : Adaptive capability has no statistically significant moderating influence on the relationship between repositioning strategy and service quality of Kenya Airways. | Beta Coefficient $\beta$<br>P-values between 0 and 1<br>Pearson coefficient – r<br>Correlation coefficient (R)<br>Coefficient of determination – R <sup>2</sup><br>ANOVA F-test statistic                             | Reject if the significance coefficient $p \leq 0.05$ for the statistical tests and there is no change in R <sup>2</sup><br><br>For $p > 0.05$ , accept the hypothesis and there is a change in R <sup>2</sup> |
| 5 (c) To determine the perceived moderating influence of adaptive capability on the relationship between replacement strategy and service quality of Kenya Airways.       | H <sub>05c</sub> : Adaptive capability has no statistically significant moderating influence on the relationship between replacement strategy and service quality of Kenya Airways.   | Beta Coefficient $\beta$<br>P-values between 0 and 1<br>Pearson coefficient – r<br>Correlation coefficient (R)<br>Coefficient of determination – R <sup>2</sup><br>Change in R <sup>2</sup><br>ANOVA F-test statistic | Reject if the significance coefficient $p \leq 0.05$ for the statistical tests and there is no change in R <sup>2</sup><br><br>For $p > 0.05$ , accept the hypothesis and there is a change in R <sup>2</sup> |

**Source:** Researcher (2025)

### 3.9.3 Model Assumptions

The multivariate regression model and hierarchical regression model with an interaction term were selected because they obey the Ordinary Least Square (OLS) normality assumptions. The first assumption in regression modelling relates to linearity (Verma & Abdel-Salaam, 2019). Sometimes, data collected may not be statistically normal and linear, and so to ascertain data normality and linearity, diagnostic tests for data normality/model fit analysis were done on the raw datasets to confirm that the dataset does not violate the normality assumptions (Wang, 2023). If normality assumptions are violated, statistical problems like multicollinearity, heteroscedasticity, and homogeneity may occur, and this may lead to misleading research findings (Santos & Cirillo, 2023).

Multicollinearity is the occurrence of high intercorrelations among two or more independent variables in a multivariate regression model (Zhang & Yan, 2023). This occurrence violates the normality assumption that states that the observations of the error term are uncorrelated with each other, and the error term should have a population mean of zero. One observation of the error term should not predict the next observation (Zhang & Yan, 2023).

On the other hand, heteroscedasticity is a systematic change in the spread of the residuals over the range of measured values. In regression analysis, heteroscedasticity is a normality problem that occurs when ordinary least squares (OLS) regression assumes that all residuals are drawn from a population that has a constant variance (Wang, 2023). If this occurs, that study data is considered not to be normal. To satisfy the regression assumptions and be able to trust the study results, the residuals should have a constant variance.

Homogeneity of variance is another assumption in regression model analysis which is mostly key if ANOVA and t-test parametric statistics are to be used. The assumption of homogeneity of variance is an assumption of the independent samples stating that all comparison groups have the same variance (Zhang & Yan, 2023). The independent samples t-test and ANOVA utilize the t-statistics and F-statistics respectively, which are generally robust to violations of the assumption as long as group sizes are equal. If group sizes are vastly unequal and homogeneity of variance is violated, then the F-statistics will be biased when large sample variances are associated with small group sizes (Samprit & Jeffrey, 2012). To ascertain that the above statistical problems do not exist, an inter-item correlation matrix was used to test for multicollinearity.

The study assumed a linear relationship between the independent variables and the dependent variable. The study further assumed that the control variables do not have any effect on the relationship thus ensuring internal validity. The data that was collected assumes a normal distribution and exhibits characteristics of a normal curve (Samprit & Jeffrey, 2012). Although the respondents can respond based on their personal experience, perceptions, and intuition, it was assumed the respondents answered the research questions candidly and rationally without bias or an intentional desire to misrepresent facts.

### **3.10 Ethical Considerations**

Any empirical study should conform to the ethical issues in research. There are three ethical issues in research namely minimizing the risk of harm to the subjects, obtaining informed consent, and protecting anonymity and confidentiality (Chaaban, 2025). In this study, respondents' confidentiality and anonymity were assured by not requiring them to indicate their names or any personally identifiable information on the questionnaire. The researcher received a letter of introduction from the University of

Moi. The authority to undertake this study was also obtained from NACOSTI and the resultant authorization letter was used to obtain consent from Kenya Airways Plc's human resource department before the commencement of the research. Consent was also requested from the respondents before issuing them with a questionnaire. The questionnaire explicitly stated the need for consent as part of the introduction and therefore any respondent who returned the questionnaire was assumed to have consented to the study. The consent statement was aligned with the provisions of Kenya's Data Protection Act of 2019.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION, AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents the study findings and results of the descriptive statistical analysis and regression analysis on the data that were collected in the study. Data analysis was done in line with five specific objectives and the five hypotheses of the study. Descriptive statistics using mean, standard deviation, and variance were used to describe data relating to the study variables. Furthermore, the associations and relationships between variables, and their level of significance were tested, investigated, interpreted, and implications drawn from the multivariate regression analysis results. The quantitative data used for this study were analyzed using IBM SPSS Software version 27 and presented in the form of tables only.

This chapter is organized as follows; it starts with the response rate of the respondents then followed by demographic analysis of the respondents. After demographic analysis of the respondents, the chapter presents reliability tests which were undertaken before descriptive analysis of the study data. This is later followed by normality tests then multivariate regression analysis without control variables. Lastly, the chapter ends with multivariate regression analysis without control variables and later hierarchical regression analysis to determine the effect of moderating variable on the relationship.

#### **4.2 Response Rate**

After the pilot study in June 2023 at Mombasa International Airport, actual data was collected between the 1st of July and the 4<sup>th</sup> of August 2023 at JKIA. The response rates for employee data and customer data are discussed in the sections below.

#### 4.2.1 Response Rate for Employees' Data

The study had two sets of questionnaires which targeted employees and customers separately. Out of the 202 questionnaires administered to employees, 133 were completed and returned, which represented a 65.84% response rate. Table 4.1 below presents the details of the response rate. The response rate for employees was fairly good because of the authorization letter from human resource department which was attached to the questionnaire, thus giving them confidence to respond.

**Table 4.1: Response Rate for Employees**

| Questionnaires             | Frequency | Percentage |
|----------------------------|-----------|------------|
| Questionnaire administered | 202       | 100        |
| Questionnaires returned    | 133       | 65.84      |

Source: Field Data (2025)

#### 4.2.2 Response Rate for Customer Data

Out of the 200 questionnaires administered to customers, 117 were completed and returned, which represents a 58.50% response rate. The response rate for the customer was lower compared to employees' response rate as some of the customers cited data protection laws as being the basis of their unwillingness to provide information relating to a third-party airline. Table 4.2 below presents the response rate of the customers. The response rate for customers was not very good as some customers declined to complete the questionnaire by citing privacy and data protection laws. Also, some walk-in customers were too busy with airport activities e.g. check-in activities, baggage collection, ticket verification, etc. and this presented a challenge for them to settle and complete the questionnaire.

**Table 4.2: Response Rate for Customer Data**

| Questionnaires             | Frequency | Percentage |
|----------------------------|-----------|------------|
| Questionnaire administered | 200       | 100        |
| Questionnaires returned    | 117       | 58.50      |

Source: Field Data (2025)

As Benbrahim, et al. (2024) observed, a 50% response rate is adequate, 60% is good, and 70% is rated very good. This observation is consistent with Wei et al. (2024) who asserts that a response rate of 50% is adequate, while a response rate greater than 70% is very good. The average response rate for the two categories of respondents was 63.67%. Based on Benbrahim et al. (2024) and Wei et al. (2024) suggestions, the response rate of 68.84% for employee data and 58.50% for customer data was considered adequate and satisfactory to make conclusions for the study. The response rate for employees was higher than the response rate for the customers mainly because the letter from HR gave the employees comfort in responding to the questionnaire. Some customers may have shied away from responding because of privacy issues.

### **4.3 Demographic Analysis of the Employees**

Demographic analysis of the respondents was done based on gender and years of work experience in Kenya Airways as conceptualized in the conceptual framework in Chapter Two. Demographic analysis helps to know the classifications of respondents and checks the distribution of the variables which helps in explaining the results of the inferential statistics and descriptive statistics (Benbrahim, et. al. (2024). Additionally, gender and years of work experience were the only control variables in the study.

#### **4.3.1 Gender Analysis for Employee and Customer Data Combined**

As shown in Table 4.3 below, the majority of the respondents were female at 48.80% (N=112) while male was 42.80% (N=107). The respondents who did not declare their

gender were 8.40% (N=21). Disclosure of gender-related issues has raised ethical concerns recently as gender is now considered private information that touches on an individual's privacy, so it was expected that not all respondents would answer the question on gender.

**Table 4.3: Respondents Distribution by Gender**

| <b>Gender</b> | <b>Employee Data</b> | <b>Customer Data</b> | <b>Total Frequency</b> | <b>Percentage</b> |
|---------------|----------------------|----------------------|------------------------|-------------------|
| Female        | 69                   | 53                   | 122                    | 48.80%            |
| Male          | 64                   | 43                   | 107                    | 42.80%            |
| Undeclared    | 0                    | 21                   | 21                     | 8.40%             |
| <b>Total</b>  | <b>133</b>           | <b>117</b>           | <b>208</b>             | <b>100.00%</b>    |

Source: Field Data (2025)

#### **4.3.2 Work Experience in Kenya Airways**

Employees were requested to indicate the number of years they have worked for Kenya Airways. As shown in Table 4.4 below, the majority of the employees had worked between 5-10 years (35.34%) while very few have worked for more than 15 years (17.29%). The low number of respondents who have worked for KQ for the longest time could be explained by the frequent staff retrenchments that have happened in the company in the recent past where employee send-off package is always designed to favor long-serving employees. The representation of employees with 5-10 years of work experience (35.34%) in KQ was higher because most of the employees in the sales service department, inflight service department and check-in service department are normally employed on short-term renewable contracts (between 1 to 3 years) so the employee turnover rate and replacement rate in these roles would be expected to be high.

**Table 4.4: Years of Work Experience in Kenya Airways**

| Items                | Frequency  | Percentage |
|----------------------|------------|------------|
| Less than 5 Years    | 24         | 18.05      |
| Between 5 – 10 Years | 47         | 35.34      |
| Between 10-15 Years  | 39         | 29.32      |
| More than 15 Years   | 23         | 17.29      |
| <b>Total</b>         | <b>133</b> | <b>100</b> |

Source: Field Data (2025)

#### 4.4 Reliability and Validity Tests

##### 4.4.1 Reliability Test Using Cronbach's Alpha ( $\alpha$ )

The first step in any study is to perform reliability tests or diagnostics to confirm the appropriateness and completeness of the collected data. Reliability is a measure which is established by testing for both consistency and validity. The reliability diagnostic tests whether a questionnaire can produce consistent and stable measurements while validity tests test whether the items in the questionnaire are indeed measuring what they are supposed to measure as theorized.

Cronbach's alpha ( $\alpha$ ) test was computed because it is the most common reliability coefficient which estimates internal consistency by determining how all variables on a test relate to all other variables. The rule of Luh, 2024, follows that if  $\alpha > 0.7$  the data is highly reliable,  $\alpha > 0.6$  (Acceptable reliability),  $0.6 < \alpha > 0.5$  (Questionable reliability),  $\alpha < 0.5$  (Poor and Unacceptable reliability). Reliability of 1 means that some items are redundant and therefore need to be eliminated. As shown in Table 4.5 (a) for employee data and Table 4.5 (b) for customer data, the internal consistency measures of the twelve sub-variables were highly reliable and valid since most of the Cronbach's Alpha ( $\alpha$ )  $> 0.7$ .

**Table 4.5 (a): Detailed Reliability Test Per Study Variable**

| Study Variables                          | No. of Items | Cronbach's Alpha ( $\alpha$ ) | Interpretation of the results |
|------------------------------------------|--------------|-------------------------------|-------------------------------|
| <b>Turnaround Strategy Sub-Variables</b> |              |                               |                               |
| Retrenchment Strategy                    | 5            | 0.869                         | Highly Reliable               |
| Repositioning Strategy                   | 5            | 0.887                         | Highly Reliable               |
| Replacement Strategy                     | 5            | 0.798                         | Highly Reliable               |
| <b>Service Quality Sub-Variables</b>     |              |                               |                               |
| Empathy                                  | 5            | 0.809                         | Highly Reliable               |
| Responsiveness                           | 4            | 0.858                         | Highly Reliable               |
| Assurance                                | 4            | 0.880                         | Highly Reliable               |
| Tangibility                              | 4            | 0.825                         | Highly Reliable               |
| Reliability                              | 5            | 0.782                         | Highly Reliable               |
| <b>Adaptive Capability Sub-Variables</b> |              |                               |                               |
| Integrating Capability                   | 5            | 0.872                         | Highly Reliable               |
| Coordinating capability                  | 5            | 0.759                         | Highly Reliable               |
| Sensing Capability                       | 4            | 0.773                         | Highly Reliable               |
| Learning Capability                      | 5            | 0.825                         | Highly Reliable               |

Source: Field Data (2025)

**Table 4.5 (b): Detailed Reliability Test for Service Quality Variable (Customer Data)**

| Study Variables                      | No. of Items | Cronbach's Alpha ( $\alpha$ ) | Interpretation of the results |
|--------------------------------------|--------------|-------------------------------|-------------------------------|
| <b>Service Quality Sub-Variables</b> |              |                               |                               |
| Empathy                              | 5            | 0.797                         | Highly Reliable               |
| Responsiveness                       | 4            | 0.729                         | Highly Reliable               |
| Assurance                            | 4            | 0.847                         | Highly Reliable               |
| Tangibility                          | 4            | 0.778                         | Highly Reliable               |
| Reliability                          | 5            | 0.824                         | Highly Reliable               |

Source: Field Data (2025)

#### 4.4.2 Reliability Test Using Kaiser-Meyer-Olkin and Bartlett's Tests

The other technique of testing the reliability of a dataset is to undertake Kaiser-Meyer-Olkin and Bartlett's tests. Kaiser-Meyer-Olkin and Bartlett's tests were done to determine variability among datasets i.e. how correlated variables are to each other i.e. interdependencies between variables. Also, KMO test and Bartlett's test are used to assess and verify sampling adequacy.

**Table 4.6: Kaiser-Meyer-Olkin test and Bartlett's test**

| Test                                            |                    | Result  |
|-------------------------------------------------|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy |                    | 0.682   |
| Bartlett's test of Sphericity                   | Approx. Chi-Square | 196.287 |
|                                                 | df                 | 66      |
|                                                 | Sig. (P value)     | 0.001   |

Source: Field Data (2025)

As shown in Table 4.6 above, the KMO test returned a value of 0.682 while the Bartlett test returned a P value of 0.01 which is less than 0.05. According to Kaiser and Meyer (1974), a KMO test value of greater than 0.6 is acceptable for factor analysis while greater than 0.7 is considered very good. The obtained value of 0.682 was considered acceptable to proceed with factor analysis. According to Bartlett (1954), a p-value of less than 0.05 is required to confirm that the KMO value is significant.

#### **4.5 Descriptive Analysis of Study Variables – Data from Employees**

The questionnaire contained ordinal responses which were assigned to ordinal numbers as Strongly Disagree (1), Disagree (2), Neutral/Unsure/undecided (3), Agree (4), Strongly Agree (5). There are various approaches to undertaking data analysis for data which is ordinal. One can choose to analyze the data as ordinal items where ranking and frequency become the main techniques of analysis. In some cases, especially where inferential statistics are used, one should transform ordinal data into continuous numeric data using weighted average mean statistics (Benbrahim et al., 2024; Wei et al., 2024).

For each statement in the questionnaire that the respondents answered, a weighted average score based on all the responses received was computed and judgement for each statement was guided by Table 4.7 below.

**Table 4.7: Weighted Average Score Judgment/Opinion**

| <b>Weighted Mean Score Range</b> | <b>Judgement</b>         | <b>Interpretation (How strongly present is the indicator in KQ)</b> |
|----------------------------------|--------------------------|---------------------------------------------------------------------|
| 1 - 1.79                         | Strongly Disagree        | Weak Presence                                                       |
| 1.80 - 2.59                      | Disagree                 | Below average presence                                              |
| 2.60 - 3.39                      | Neutral/Unsure/Undecided | Average presence                                                    |
| 3.40 - 4.19                      | Agree                    | Above average presence                                              |
| 4.20 - 5.00                      | Strongly Agree           | Strong presence                                                     |

Source (Schwab et al., 2020)

#### **4.5.1 Quality of Service in Kenya Airways**

Table 4.8 below presents the results of the descriptive analysis of the items/indicators of service tangibility. Generally, employees were neutral on the state of service tangibility in Kenya Airways as the weighted average score for the service tangibility variable was 2.79 (Neutral). The scores for the four statements for this item ranged between 2.69 (neutral) and 3.05 (neutral). As shown in Table 4.8 below, the values for skewness and kurtosis are within the acceptable range. According to Zuo et al. (2023), data is considered to be normal if skewness is between -2 to +2 and kurtosis is between -7 to +7.

**Table 4.8: Descriptive Analysis of Service Tangibility in Kenya Airways (Employee Data)**

| Item                                                                                                                         | Mean        | Std. Dev         | Skewness | Kurtosis |
|------------------------------------------------------------------------------------------------------------------------------|-------------|------------------|----------|----------|
| Kenya Airways has modern-looking equipment                                                                                   | 2.69        | 0.949            | 0.134    | -0.355   |
| Kenya Airways' physical facilities are visually appealing                                                                    | 2.70        | 0.946            | 0.030    | -0.276   |
| Kenya Airways' reception desk employees are neat in appearance                                                               | 2.71        | 0.944            | 0.128    | -0.104   |
| Materials associated with the service (such as welcome, no smoking statements, etc.) are visually appealing at Kenya Airways | 3.05        | 0.930            | -0.100   | 0.118    |
| <b>Weighted Average / Judgement</b>                                                                                          | <b>2.79</b> | <b>: Neutral</b> |          |          |

Source: Field Data (2025)

Table 4.9 below presents the results of the descriptive analysis for the service reliability variable.

As indicated in Table 4.9 below, on average, the employees were neutral with the statements on the existence of service reliability in Kenya Airways as the weighted average score was 2.62 (neutral). The scores for the five statements were very close to each other and ranged between 2.60 (neutral) and 2.67 (neutral). The values for skewness and kurtosis are within the acceptable range.

**Table 4.9: Descriptive Analysis of Service Reliability in Kenya Airways (Employee Data)**

| Item                                                                         | Mean        | Std. Dev         | Skewness | Kurtosis |
|------------------------------------------------------------------------------|-------------|------------------|----------|----------|
| When Kenya Airways promises to do something by a certain time, it does so    | 2.60        | 0.979            | 0.329    | -0.249   |
| When you have a problem Kenya Airways shows a sincere interest in solving it | 2.60        | 0.980            | 0.189    | -0.410   |
| Kenya Airways performs the service right the first time                      | 2.67        | 0.978            | 0.219    | -0.325   |
| Kenya Airways provides its service at the time it promises to do so          | 2.64        | 1.033            | 0.180    | -0.563   |
| Kenya Airways insists on error-free records                                  | 2.61        | 0.995            | 0.434    | -0.203   |
| <b>Average Weighted Score / Judgement</b>                                    | <b>2.62</b> | <b>: Neutral</b> |          |          |

Source: Field Data (2025)

Table 4.10 below presents the results of the descriptive analysis of the items/indicators of service responsiveness.

**Table 4.10: Descriptive Analysis of Service Responsiveness in Kenya Airways (Employee Data)**

| Item                                                                        | Mean        | Std. Dev         | Skewness | Kurtosis |
|-----------------------------------------------------------------------------|-------------|------------------|----------|----------|
| Employees in Kenya Airways tell you exactly when services will be performed | 2.66        | 0.862            | 0.322    | 0.180    |
| Employees in Kenya Airways give you prompt service                          | 2.62        | 0.859            | 0.423    | 0.253    |
| Employees in Kenya Airways are always willing to help you                   | 2.61        | 0.870            | 0.384    | 0.209    |
| Employees in Kenya Airways are never too busy to respond to your request    | 2.60        | 0.861            | 0.311    | 0.338    |
| <b>Average Weighted Score</b>                                               | <b>2.62</b> | <b>: Neutral</b> |          |          |

Source: Field Data (2025)

On service responsiveness in Kenya Airways, employees were generally neutral that there exists a good level of service responsiveness. The weighted average score was 2.62 (neutral). The scores for the four statements were also very close to each other and ranged between 2.60 (Disagree) and 2.66 (neutral). The values for skewness and kurtosis are within the acceptable range.

Table 4.11 below shows the results of the descriptive analysis of the items/indicators of service assurance. The employees generally agreed that there exists a good level of service assurance in Kenya Airways' service portfolio. The weighted average score was 3.41 (agree) and scores for the four items ranged between 3.39 (neutral) and 3.47 (neutral). The values for skewness and kurtosis are within the acceptable range as they ranged from -0.148 to -0.029 for skewness and -0.402 and -0.367 for kurtosis.

**Table 4.11: Descriptive Analysis of Service Assurance in Kenya Airways (Employee Data)**

| Item                                                                   | Mean        | Std. Dev       | Skewness | Kurtosis |
|------------------------------------------------------------------------|-------------|----------------|----------|----------|
| The behavior of employees in Kenya Airways instills confidence in you  | 3.39        | 0.925          | -0.148   | -0.367   |
| You feel safe in your transactions with Kenya Airways                  | 3.40        | 0.944          | -0.029   | -0.402   |
| Employees in Kenya Airways area consistently courteous with you        | 3.47        | 0.949          | -0.064   | -0.388   |
| Employees in Kenya Airways have the knowledge to answer your questions | 3.40        | 0.944          | -0.029   | -0.402   |
| <b>Average Weighted Score /Judgement</b>                               | <b>3.41</b> | <b>: Agree</b> |          |          |

Source: Field Data (2025)

Table 4.12 below shows the results of the descriptive analysis of the items/indicators of service empathy.

**Table 4.12: Descriptive Analysis of Empathy in Kenya Airways (Employee Data)**

| Item                                                              | Mean        | Std. Dev       | Skewness | Kurtosis |
|-------------------------------------------------------------------|-------------|----------------|----------|----------|
| Kenya Airways gives you individual attention                      | 3.45        | 0.922          | -0.359   | -0.323   |
| Kenya Airways has operating hours convenient to all its customers | 3.42        | 0.929          | -0.370   | -0.135   |
| Kenya Airways has employees who give you personal attention       | 3.47        | 0.941          | -0.404   | -0.116   |
| Kenya Airways has your best interest at heart                     | 3.50        | 0.923          | -0.440   | -0.242   |
| The employees of Kenya Airways understand your specific needs     | 3.50        | 0.950          | -0.220   | -0.375   |
| <b>Average Weighted Score</b>                                     | <b>3.47</b> | <b>: Agree</b> |          |          |

Source: Field Data (2025)

On service empathy, employees generally agreed that KQ services are full of empathy. The weighted average score was 3.47 (agree). The scores for each of the five items ranged between 3.42 (agree) and 3.50 (agree). The scores for the statements were very close thus confirming that responses were reliable.

From the results of the descriptive analysis, service empathy ranked highest with a weighted average score of 3.47 (agree), followed by service assurance with a score of 3.41 (agree). The third-ranked was service tangibility which had a score of 2.79 (neutral/uncertain/undecided) while service reliability ranked fourth with a weighted average score of 2.623 (neutral/uncertain/undecided). The last ranked was service responsiveness, which came last with a score of 2.60 (neutral/uncertain/undecided). Table 4.13 below presents the details of the rankings of service quality sub-variables from employees' perspectives.

**Table 4.13: Summary of Results of Service Quality Descriptive Statistics (Employee Data)**

| Indicator                          | Rank | Mean         | Interpretation (presence of the item in KQ service offerings) |
|------------------------------------|------|--------------|---------------------------------------------------------------|
| Empathy                            | 1    | 3.467        | Agree (service empathy is above average)                      |
| Assurance                          | 2    | 3.413        | Agree (service empathy is above average)                      |
| Tangibility                        | 3    | 2.790        | Neutral (Service Tangibility is average)                      |
| Reliability                        | 4    | 2.623        | Neutral (Service Reliability is average)                      |
| Responsiveness                     | 5    | 2.600        | Neutral (Service Responsiveness is average)                   |
| <b>Average for Service Quality</b> |      | <b>2.979</b> | <b>Neutral (Service Quality is average)</b>                   |

Source: Field Data (2025)

#### **4.5.2 Turnaround Strategies in Kenya Airways (Employee Data)**

The same approach was used to undertake a descriptive analysis of the variables of the turnaround strategy. Table 4.14 below shows the results of the descriptive analysis of the items/indicators of the Retrenchment Strategy.

**Table 4.14: Descriptive Analysis of Retrenchment Strategy in Kenya Airways (Employee Data)**

| Item                                                                                                | Mean        | Std. Dev       | Skewness | Kurtosis |
|-----------------------------------------------------------------------------------------------------|-------------|----------------|----------|----------|
| Kenya Airways has reduced its workforce to make it leaner                                           | 3.81        | 0.888          | -0.559   | 0.406    |
| Kenya Airways has undertaken route reduction to optimize operations                                 | 3.83        | 0.843          | -0.507   | 0.257    |
| Some of the employees in Kenya Airways have been redeployment to other areas to optimize operations | 3.76        | 0.931          | -0.698   | 0.547    |
| Kenya Airways has sold/decommissioned its idle assets (e.g., land, aircraft, etc.)                  | 3.80        | 0.853          | -0.590   | 0.719    |
| Kenya Airways has eliminated unsustainable partnerships or Memorandum of Understanding (MOUs)       | 3.79        | 0.858          | -0.614   | 0.698    |
| <b>Average Weighted Score / Judgement</b>                                                           | <b>3.80</b> | <b>: Agree</b> |          |          |

Source: Field Data (2025)

The weighted average score for the retrenchment strategy was high at 3.80 (Agree). This result is consistent with data available in Kenya Airways end of financial year publications. According to Kenya Airways (2022), the number of airline destinations dropped from 54 to 42 across its network and staff numbers dropped from approximately 4,200 to 3,800 between 2019 and 2023. In addition, some aircraft have been sold, and so the number of aircraft dropped from 59 aircraft to only 32 operational aircraft.

Table 4.15 below shows the results of the descriptive analysis of the items/indicators of the repositioning strategy.

**Table 4.15: Descriptive Analysis of Reposition Strategy in Kenya Airways (Employee Data)**

| Item                                                                        | Mean        | Std. Dev          | Skewness | Kurtosis |
|-----------------------------------------------------------------------------|-------------|-------------------|----------|----------|
| Kenya Airways has reviewed its ticket pricing to counter competition        | 2.41        | 0.749             | 0.363    | 0.533    |
| Kenya Airways has increased the promotion and advertisement of its products | 2.33        | 0.700             | 0.478    | 0.226    |
| There has had significant product and service redesign or changes           | 2.32        | 0.849             | 0.490    | 0.136    |
| Kenya Airways has rebranded its products and services                       | 2.32        | 0.648             | 0.503    | 0.366    |
| Kenya Airways has launched news services for its customers                  | 2.25        | 0.687             | 0.892    | 2.005    |
| <b>Average Weighted Score / Judgement</b>                                   | <b>2.33</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

The respondents generally disagreed with the statements about the repositioning strategy in KQ as the mean weighted score was 2.33 (disagree). This means that the repositioning strategy is not very dominant in KQ's turnaround initiatives. The score of each item ranged between 2.25 and 2.41.

Table 4.16 below shows the results of the descriptive analysis of the items/indicators of the replacement strategy.

On average, the respondents agreed that Kenya Airways has a replacement strategy as part of its turnaround efforts as the weighted mean score for replacement strategy was 3.89 (agree). The scores for each item ranged between 3.82 and 3.96. These results are consistent with data available from Kenya Airways' publication on financial accounts. According to Kenya Airway (2021), Kenya Airways increased its partnership with other airlines across the world because of its reduced destination (see descriptive analysis and discussions on retrenchment strategy) and this necessitated KQ to connect its customers using other airlines. The company sold some aircraft to cut down on

operation costs, so it would not be expected to introduce new equipment/technology/innovations in service delivery soon.

**Table 4.16: Descriptive Analysis of Replacement Strategy in Kenya Airways (Employee Data)**

| Item                                                                                               | Mean        | Std. Dev       | Skewness | Kurtosis |
|----------------------------------------------------------------------------------------------------|-------------|----------------|----------|----------|
| There have been significant changes in senior management.                                          | 3.93        | 0.873          | -0.787   | -0.034   |
| There is an increase in initiatives to buy new aircrafts to replace the ageing aircraft            | 3.89        | 0.783          | -0.549   | 0.380    |
| There has been an introduction of new technology/innovations in service delivery                   | 3.82        | 0.796          | -0.367   | 0.572    |
| Kenya Airways has been changing routes (source and destinations) to align with customers' desires. | 3.87        | 0.774          | -0.643   | 0.529    |
| Kenya Airways has entered into partnerships with other airlines to enhance route connectivity.     | 3.96        | 0.810          | -0.593   | 0.380    |
| <b>Average Weighted Score / Judgement</b>                                                          | <b>3.89</b> | <b>: Agree</b> |          |          |

Source: Field Data (2025)

In summary, the respondents agreed that Kenya Airways has a replacement strategy as part of its turnaround efforts as the weighted mean score for the replacement strategy was 3.89 (agree). These results are consistent with data available from Kenya Airways' publication on financial accounts. According to Kenya Airway (2021), Kenya Airways increased its partnership with other airlines across the world because of its reduced destination (see descriptive analysis and discussions on retrenchment strategy) and this necessitated KQ to connect its customers using other airlines. The company sold some aircraft to cut down on operation costs, so it would not be expected to introduce new equipment/technology/innovations in service delivery soon.

As shown in summarized Table 4.17 below, the replacement strategy which had a weighted mean score of 3.89 (agree) seems to be the most dominant strategy followed

by the retrenchment strategy with a weighted mean score of 3.80 (agree). Repositioning strategy seems to be the less dominant strategy in Kenya Airways as it ranked last with a weighted mean score of 2.33 (disagree).

**Table 4.17: Averaged Descriptive Statistics for Turnaround variables (Employee Data)**

| Predictor Variables    | Rank | Weighted Mean | Interpretation (Dominancy in KQ)                                |
|------------------------|------|---------------|-----------------------------------------------------------------|
| Replacement strategy   | 1    | 3.89          | Agree (Dominance of replacement strategy is above average)      |
| Retrenchment strategy  | 2    | 3.80          | Agree (Dominance of retrenchment strategy is above average)     |
| Repositioning strategy | 3    | 2.33          | Disagree (Dominance of repositioning strategy is below average) |

Source: Field Data (2025)

#### 4.5.3 Descriptive Analysis of Adaptive Capability in Kenya Airways

Table 4.18 below shows the results of the descriptive analysis of the items/indicators for sub-variables of sensing capability.

**Table 4.18: Descriptive Analysis of Sensing Capability in Kenya Airways (Employee Data)**

| Item                                                                                                      | Mean        | Std. Dev          | Skewness | Kurtosis |
|-----------------------------------------------------------------------------------------------------------|-------------|-------------------|----------|----------|
| KQ frequently scans the environment to identify new business opportunities.                               | 2.38        | 0.767             | 0.582    | 0.610    |
| KQ periodically reviews the likely effect of changes in its business environment on customers.            | 2.34        | 0.802             | 0.492    | 0.398    |
| KQ often reviews its product development efforts to ensure they are in line with what the customers want. | 2.49        | 0.828             | 0.399    | -0.039   |
| KQ devotes a lot of time implementing ideas for new products and improving its existing products          | 2.35        | 0.814             | 0.507    | 0.325    |
| <b>Average Weighted Score / Judgement</b>                                                                 | <b>2.39</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

On average, as shown in Table 4.18 above, the respondents generally disagreed with the statements on sensing capability in Kenya Airways because the weighted average score was 2.39 (disagree). The scores for the four items were very close to each other and ranged between 2.34 (disagree) and 2.49 (disagree) for the items of sensing capability.

**Table 4.19: Descriptive Analysis of Learning Capability in Kenya Airways (Employee Data)**

| Item                                                                                                 | Mean        | Std. Dev          | Skewness | Kurtosis |
|------------------------------------------------------------------------------------------------------|-------------|-------------------|----------|----------|
| KQ has effective routines to identify, value, and import new information and knowledge.              | 2.40        | 0.821             | 0.888    | 1.319    |
| KQ has adequate routines to assimilate new information and knowledge.                                | 2.23        | 0.929             | 0.726    | 0.606    |
| KQ is effective in transforming existing information into new knowledge.                             | 2.16        | 0.966             | 0.749    | 0.425    |
| KQ is effective in utilizing knowledge into new products.                                            | 2.25        | 0.906             | 0.784    | 0.831    |
| KQ is effective in developing new knowledge that has the potential to influence product development. | 2.28        | 0.887             | 0.870    | 1.363    |
| <b>Average Weighted Score / Judgement</b>                                                            | <b>2.26</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

The weighted mean score for learning capability in Kenya Airways was below average at 2.26 (disagree) as computed in Table 4.19 above. The scores for the items were very close to the mean as they ranged between 2.16 (disagree) and 2.40 (disagree).

**Table 4.20: Descriptive Analysis of Integrating Capability in Kenya Airways (Employee Data)**

| Item                                                                                                     | Mean        | Std. Dev          | Skewness | Kurtosis |
|----------------------------------------------------------------------------------------------------------|-------------|-------------------|----------|----------|
| KQ employees are forthcoming in contributing our individual input to the group.                          | 2.20        | 0.928             | 0.676    | 0.580    |
| KQ employees have a global understanding of each other's tasks and responsibilities.                     | 2.17        | 0.937             | 0.819    | 0.727    |
| KQ employees are fully aware who in the group has specialized skills and knowledge relevant to our work. | 2.24        | 0.885             | 0.827    | 1.078    |
| KQ employees carefully interrelate their actions to each other to meet changing conditions.              | 2.23        | 0.873             | 0.979    | 1.397    |
| KQ employees manage to successfully interconnect with their activities                                   | 2.12        | 0.842             | 0.951    | 1.898    |
| <b>Average Weighted Score / Judgement</b>                                                                | <b>2.19</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

Table 4.20 above shows the results of the descriptive analysis of the items/indicators for variables of integrating capability. The weighted average score for integrating capability was 2.19 (disagree) thus suggesting that the respondents disagreed about the existence of integrating capability in Kenya Airways.

Table 4.21 below shows the results of the descriptive analysis of the items/indicators for the variable of coordinating capability.

**Table 4.21: Descriptive Analysis of Coordinating Capability in Kenya Airways (Employee Data)**

| Item                                                                                                            | Mean        | Std. Dev         | Skewness | Kurtosis |
|-----------------------------------------------------------------------------------------------------------------|-------------|------------------|----------|----------|
| KQ employees ensure that the output of their work is synchronized with the work of others.                      | 2.62        | 0.942            | 0.589    | 0.098    |
| KQ employees ensure an appropriate allocation of resources (e.g., information, time, reports) within our group. | 2.54        | 1.000            | 0.379    | -0.269   |
| KQ employees are assigned to tasks commensurate with their task-relevant knowledge and skills.                  | 2.66        | 0.945            | 0.488    | -0.531   |
| KQ employees ensure that there is compatibility between group members' expertise and work processes.            | 2.67        | 0.952            | 0.415    | -0.037   |
| Overall, KQ employees are well ordained                                                                         | 2.51        | 0.848            | 0.628    | 0.609    |
| <b>Average Weighted Score / Judgement</b>                                                                       | <b>2.60</b> | <b>: Neutral</b> |          |          |

Source: Field Data (2025)

The weighted mean score for coordinating capability was 2.60 (disagree). This result suggests that respondents disagreed with the statement that there is a strong coordinating capability in Kenya Airways.

In summary, the results of the descriptive analysis of the variables of adaptive capability show that the level of adaptive capability in Kenya Airways is below average as all the adaptive capability variables had a weighted mean score of below 2.60. In terms of ranking, as shown in Table 4.22 below, coordinating capability ranked highest with a score of 2.60 (disagree) followed by sensing capability with a score of 2.39 (disagree). The third-ranked was learning capability which had a score of 2.26 (disagree) while the last ranked was integrating capability with a score of 2.19 (disagree).

**Table 4.22: Ranking of Averaged Descriptive Statistics – Adaptive Capability Sub-Variables**

| <b>Moderating Variables</b> | <b>Sub-Rank</b> | <b>Rank</b> | <b>Weighted Mean</b> | <b>Interpretation (Presence in KQ)</b>             |
|-----------------------------|-----------------|-------------|----------------------|----------------------------------------------------|
| Coordinating Capability     | 1               | 2.60        |                      | Neutral (coordinating capability is average)       |
| Sensing Capability          | 2               | 2.39        |                      | Disagree (Sensing capability is below average)     |
| Learning Capability         | 3               | 2.26        |                      | Disagree (Learning capability is below average)    |
| Integrating Capability      | 4               | 2.19        |                      | Disagree (Integrating capability is below average) |

Source Field Data (2025)

#### **4.6 Descriptive Analysis of Study Variables – Customer Data**

##### **4.6.1 Demographic analysis of travel with KQ**

Customers were asked to state whether it was their first time to fly with Kenya Airways. 62.39% (N=73) responded with a “NO” while 37.61% (N=44) responded with a “YES”. In addition, the customers were asked how frequent they travel with Kenya Airways. 31.03% (N=37) said they fly KQ most frequently (high frequency), 47.86% (N=56) responded that they fly KQ moderately frequent (moderate frequency) while 20.51% (N=24) said they do not fly frequently with KQ. With over 83% stating that they either fly most frequently or moderately frequently with KQ, it suggests that KQ has a higher number of repeat customers. Repeat customers are a good source of evaluating a firm’s service quality as they have a good understanding of service expectations and provision spanning a longer period. Table 4.23 below has more details on the responses.

**Table 4.23: Demographic analysis of travel with KQ**

| <b>First time travelling with KQ?</b> |                  |                   |
|---------------------------------------|------------------|-------------------|
| <b>Response</b>                       | <b>Frequency</b> | <b>Percentage</b> |
| No                                    | 73               | 62.39             |
| Yes                                   | 44               | 37.61             |
| <b>Total</b>                          | <b>117</b>       | <b>100.00</b>     |
| <b>Frequency of Travel with KQ</b>    |                  |                   |
| High frequency                        | 37               | 31.03             |
| Moderate frequency                    | 56               | 47.86             |
| Low frequency                         | 24               | 20.51             |
| <b>Total</b>                          | <b>117</b>       | <b>100.00</b>     |

Source: Field Data (2025)

Table 4.24 below shows the results of the descriptive analysis of the items/indicators of service tangibility in Kenya Airways on customer data.

**Table 4.24: Descriptive Analysis of Service Tangibility in Kenya Airways (Customer Data)**

| <b>Item</b>                                                                                                                  | <b>Mean</b>  | <b>Std. Dev</b>   | <b>Skewness</b> | <b>Kurtosis</b> |
|------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|-----------------|-----------------|
| Kenya Airways has modern-looking equipment                                                                                   | 2.39         | 0.969             | 0.788           | 0.742           |
| Kenya Airways' physical facilities are visually appealing                                                                    | 2.32         | 0.869             | 0.731           | 0.926           |
| Kenya Airways' reception desk employees are neat in appearance                                                               | 2.33         | 0.831             | 0.674           | 1.217           |
| Materials associated with the service (such as welcome, no smoking statements, etc.) are visually appealing at Kenya Airways | 2.45         | 0.859             | 0.783           | 1.236           |
| <b>Average Weighted Score / Judgement</b>                                                                                    | <b>2.372</b> | <b>: Disagree</b> |                 |                 |

Source: Field Data (2025)

From Table 4.24 above, the weighted mean score for service tangibility from 2.372 (disagree). This score was below average and also below the score obtained from the data collected from employees.

Table 4.25 below shows the results of the descriptive analysis of the items/indicators of service reliability in Kenya Airways.

**Table 4.25: Descriptive Analysis of Service Reliability in Kenya Airways (Customer Data)**

| Item                                                                         | Mean         | Std. Dev          | Skewness | Kurtosis |
|------------------------------------------------------------------------------|--------------|-------------------|----------|----------|
| When Kenya Airways promises to do something by a certain time, it does so    | 2.20         | 1.087             | 0.766    | -0.067   |
| When you have a problem Kenya Airways shows a sincere interest in solving it | 2.08         | 0.991             | 0.643    | -0.252   |
| Kenya Airways performs the service right the first time                      | 2.08         | 1.014             | 0.726    | -0.218   |
| Kenya Airways provides its service at the time it promises to do so          | 2.08         | 1.025             | 0.630    | -0.434   |
| Kenya Airways insists on error-free records                                  | 2.31         | 1.103             | 0.683    | -0.141   |
| <b>Average Weighted Score / Judgement</b>                                    | <b>2.154</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

The service reliability variable had a weighted mean score of 2.154 (disagree). Again, this was lower than the results obtained from employee data. This result means that customers and employees generally agreed that service reliability is below average in Kenya Airways.

Table 4.26 below shows the results of the descriptive analysis of the items/indicators of service responsiveness in Kenya Airways.

**Table 4.26: Descriptive Analysis of Service Responsiveness in Kenya Airways (Customer Data)**

| Item                                                                        | Mean         | Std. Dev          | Skewness | Kurtosis |
|-----------------------------------------------------------------------------|--------------|-------------------|----------|----------|
| Employees in Kenya Airways tell you exactly when services will be performed | 2.15         | 0.947             | 0.451    | -0.290   |
| Employees at Kenya Airways give you prompt service                          | 2.36         | 1.110             | 0.451    | -0.569   |
| Employees in Kenya Airways are always willing to help you                   | 2.45         | 1.246             | 0.637    | -0.290   |
| Employees in Kenya Airways are never too busy to respond to your request    | 2.17         | 0.979             | 0.633    | 0.148    |
| <b>Average Weighted Score</b>                                               | <b>2.282</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

The weighted mean score for service responsiveness was 2.282 (disagree) which was below the score obtained from employees. This statistic was below a score of 3.0 thus suggesting that service responsiveness is below average. Table 4.27 below shows the results of the descriptive analysis of the items/indicators of service assurance in Kenya Airways.

**Table 4.27: Descriptive Analysis of Service Assurance in Kenya Airways (Customer Data)**

| Item                                                                   | Mean         | Std. Dev          | Skewness | Kurtosis |
|------------------------------------------------------------------------|--------------|-------------------|----------|----------|
| The behavior of employees in Kenya Airways instills confidence in you  | 2.43         | 1.063             | 0.497    | -0.152   |
| You feel safe in your transactions with Kenya Airways                  | 2.79         | 1.122             | 0.067    | -0.601   |
| Employees in Kenya Airways area consistently courteous with you        | 2.52         | 1.010             | 0.333    | -0.228   |
| Employees in Kenya Airways have the knowledge to answer your questions | 2.31         | 1.113             | 0.596    | -0.258   |
| <b>Average Weighted Score / Judgement</b>                              | <b>2.512</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

Results from the descriptive analysis of service assurance returned a weighted mean of 2.512 (disagree). This was lower than the results obtained from employee data. While the weighted mean score from employee data was above average, the weighted mean score from customer data was below average.

Table 4.28 below shows the results of the descriptive analysis of the items/indicators of service empathy in Kenya Airways.

**Table 4.28: Descriptive Analysis of Service Empathy in Kenya Airways (Customer Data)**

| Item                                                              | Mean         | Std. Dev          | Skewness | Kurtosis |
|-------------------------------------------------------------------|--------------|-------------------|----------|----------|
| Kenya Airways gives you individual attention                      | 2.25         | 1.174             | 0.683    | -0.291   |
| Kenya Airways has operating hours convenient to all its customers | 2.36         | 1.099             | 0.591    | -0.237   |
| Kenya Airways has employees who give you personal attention       | 1.97         | 0.958             | 0.720    | -0.059   |
| Kenya Airways has your best interest at heart                     | 2.06         | 1.004             | 0.729    | -0.176   |
| The employees of Kenya Airways understand your specific needs     | 1.90         | 0.836             | 0.933    | 1.290    |
| <b>Average Weighted Score/ Judgement</b>                          | <b>2.108</b> | <b>: Disagree</b> |          |          |

Source: Field Data (2025)

As shown in Table 4.28 above, the weighted mean score for service empathy was 2.108 (disagree). This was far below the results obtained from employee data. As shown in Table 4.29 below, from customer data, empathy ranked number one, followed by assurance which was ranked second. The third ranking was taken by tangibility while the fourth ranking was taken by responsiveness. Reliability was ranked last by the customers. The ranking from the customer perspective was significantly lower than the ranking from an employee perspective as shown in the first column of Table 4.29 below (Ranking by employees). This difference could be explained by the different perspectives and the likelihood of response bias by employees. Employees might be biased when it comes to measuring indicators that reflect negatively on their overall performance in customer service e.g., timely responses and being empathic, etc.

**Table 4.29: Averaged Descriptive Statistics – Service Quality Variables**

| Service Quality Variables | Rank By Employees | Weighted Average Mean | Ranking By Customer (Weighted Mean) | Difference in Perception between Customers & Employees | Interpretation (Presence of the indicator in KQ services) |
|---------------------------|-------------------|-----------------------|-------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|
| Empathy                   | 1                 | 3.467                 | 5 (2.108)                           | 1.359                                                  | Employees agree but customers disagree                    |
| Assurance                 | 2                 | 3.413                 | 1 (2.512)                           | 0.901                                                  | Employees are neutral/uncertain, but customers disagree   |
| Tangibility               | 3                 | 2.790                 | 2 (2.372)                           | 0.418                                                  | Employees are neutral/uncertain, but customers disagree   |
| Reliability               | 4                 | 2.623                 | 4 (2.154)                           | 0.469                                                  | Employees and customers disagree                          |
| Responsiveness            | 5                 | 2.60                  | 3 (2.282)                           | 0.318                                                  | Both employees and customers disagree                     |

Source: Field Data (2025)

## 4.7 Regression Assumptions Tests

### 4.7.1 Normality Test

The main assumption in multiple linear regressions is that the theoretical residual errors are independent and normally distributed. It is always recommended to test this assumption and other normality assumptions before undertaking data regression analysis.

#### 4.7.1.1 Homoscedasticity test Using Breusch-Pagan test

A sequence of random variables is homoscedastic if all its random variables have the same finite variance. This is also known as homogeneity of variance. The F-Statistic was used to test the presence of homoscedasticity in the dataset. As shown in Table

4.30 below, the Breusch/Pagan F-test returned a value of 2.014 with a mean value of 0.202. The test result shows that the assumption for homoscedasticity is not violated. If the Breusch-Pagan test statistic has a mean value of more than 0.05 it confirms that homoskedasticity is not present.

**Table 4.30: Homoscedasticity test Using F-Statistics**

|                |       |           |       |
|----------------|-------|-----------|-------|
| F- Statistic : | 2.014 | Prob. F : | 0.202 |
|----------------|-------|-----------|-------|

Source: Field Data (2025)

#### **4.7.1.2 Autocorrelation Test using Durbin Watson**

The Durbin-Watson test analysis was conducted to verify the existence of autocorrelation. The values for Durbin-Watson values normally range from 0 to 4. As shown in Table 4.31 below, the absence of autocorrelation is confirmed if the value is near 1. Positive autocorrelation is confirmed if the value is near 0, and negative autocorrelation between independent variables is indicated by a value near 4. The results from the Durbin-Watson test showed the Durbin-Watson statistic of 1.318 which is between 1.0 and 2.0 thus this indicated no autocorrelation exists in the dataset.

**Table 4.31: Autocorrelation Test using Durbin Watson**

| <b>Model</b>          | <b>Durbin – Watson</b> |
|-----------------------|------------------------|
| Direct Effect Model 1 | 1.318                  |

Source: Field Data (2025)

#### **4.7.1.3 Autocorrelation Using Pearson Correlation Analysis**

From the data in Table 4.32 below which presents the correlation coefficients (r) among the independent and moderating variable variables, it is clear that there was no significant correlation between most items of the independent variable and moderating variable, as all correlation coefficients were below the level considered undesirable, which is generally 0.80 or higher. Therefore, the correlation between the items in the

independent variables was less than the starting point (0.80) which is considered problematic and significant at  $p < 0.01$  (Shatz, 2024). Consequently, the study concluded that there was no presence of autocorrelation among the independent variables.

**Table 4.32: Results of Autocorrelation Using Pearson Correlation Analysis**

|                         |                     | Retrenchment | Repositioning | Replacement  | Sensing Capability | Learning Capability | Integrating Capability | Coordinating Capability |
|-------------------------|---------------------|--------------|---------------|--------------|--------------------|---------------------|------------------------|-------------------------|
| Retrenchment            | Pearson Coefficient | <b>1.000</b> |               |              |                    |                     |                        |                         |
|                         | Sig. (2-tailed)     | <b>0.000</b> |               |              |                    |                     |                        |                         |
| Repositioning           | Pearson Coefficient | 0.704**      | <b>1.000</b>  |              |                    |                     |                        |                         |
|                         | Sig. (2-tailed)     | 0.000        | <b>0.000</b>  |              |                    |                     |                        |                         |
| Replacement             | Pearson Coefficient | 0.569**      | 0.641**       | <b>1.000</b> |                    |                     |                        |                         |
|                         | Sig. (2-tailed)     | 0.000        | 0.000         | <b>0.000</b> |                    |                     |                        |                         |
| Sensing Capability      | Pearson Coefficient | 0.080        | 0.165*        | 0.140*       | <b>1.000</b>       |                     |                        |                         |
|                         | Sig. (2-tailed)     | 0.220        | 0.011         | 0.031        | <b>0.000</b>       |                     |                        |                         |
| Learning Capability     | Pearson Coefficient | 0.063        | 0.034         | 0.079        | .168*              | <b>1.000</b>        |                        |                         |
|                         | Sig. (2-tailed)     | 0.322        | 0.593         | 0.219        | 0.013              | <b>0.000</b>        |                        |                         |
| Integrating Capability  | Pearson Coefficient | 0.088        | 0.061         | 0.005        | 0.081              | 0.044               | <b>1.000</b>           |                         |
|                         | Sig. (2-tailed)     | 0.173        | 0.342         | 0.942        | 0.232              | 0.513               | <b>0.000</b>           |                         |
| Coordinating Capability | Pearson Coefficient | 0.035        | 0.041         | 0.048        | 0.001              | 0.108               | 0.073                  | <b>1.000</b>            |
|                         | Sig. (2-tailed)     | 0.579        | 0.525         | 0.456        | 0.585              | 0.103               | 0.274                  | <b>0.000</b>            |

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

\*. Correlation is significant at the 0.05 level (2-tailed).

#### 4.7.1.4 Collinearity Test

The other normality test which was done on the raw data was multicollinearity. To test multicollinearity, the researcher used statistics on the Variance Inflation Factor (VIF) and the Tolerance level. As shown in Table 4.33 below, the VIF values ranged between 1.019 and 1.142 thus less than 10. These values confirmed the absence of multicollinearity between the independent variables and moderating variables. A threshold of between 1 and 5 is an ideal confirmation of the absence of multicollinearity

(Kyriazos & Poga, 2023). In addition, the values for the tolerance level as per the analysis were all greater than 0.10. Any value below 0.10 is considered problematic (Shatz, 2024).

**Table 4.33: Collinearity Test Results**

| Variable                | Collinearity |       |
|-------------------------|--------------|-------|
|                         | Tolerance    | VIF   |
| Retrenchment            | 0.876        | 1.142 |
| Repositioning           | 0.823        | 1.215 |
| Replacement             | 0.925        | 1.081 |
| Sensing Capability      | 0.940        | 1.063 |
| Learning Capability     | 0.964        | 1.037 |
| Integrating Capability  | 0.959        | 1.043 |
| Coordinating Capability | 0.982        | 1.019 |

Source: Field Data (2025)

## **4.8 Multiple Regression Analysis for Direct Effect between Turnaround Strategy and Service Quality**

### **4.8.1 Model Summary**

#### **Model 1(a): Direct Effect Model Multivariate Regression Model without Control Variables**

$$Y_{SQi} = \beta_{0i} + \beta_{1i} (TA-RETR) + \beta_{2i} (TA-REPO) + \beta_{3i} (TA-REPL) + \epsilon_i;$$

Where:

$Y_{SQi}$  = Service Quality Variable

$\beta_i$  = Unstandardized Beta Coefficient

$\epsilon$  = Error Term

TA-RETR = Retrenchment Strategy

TA-REPO = Repositioning Strategy

TA-REPL = Replacement Strategy

**Table 4.34: Multivariate Regression Statistics of Turnaround Strategy Variables and Service Quality Variable**

| R Statistics |          |                         |                     |    | Change Statistics        |          |     |     | P-Value |
|--------------|----------|-------------------------|---------------------|----|--------------------------|----------|-----|-----|---------|
| R            | R Square | Adjusted R <sup>2</sup> | Error of Estimation | of | Change in R <sup>2</sup> | F-change | Df1 | Df2 | Sig     |
| 0.444        | 0.197    | 0.177                   | 0.4734              |    | 0.197                    | 9.585    | 3   | 117 | 0.001   |

Dependent Variable: Service Quality

Independent Variable: Replacement Strategy; Retrenchment Strategy; Repositioning Strategy

Source: Field Data (2025)

To discover the unique joint contribution of each of the independent variables in explaining service quality, multivariate regression analysis was undertaken. The direct effect model summarized in Table 4.34 above shows that the multiple regression coefficient suggests a positive linear relationship ( $R=0.444$ ) i.e., 44.40% joint prediction, using all the predictors simultaneously. R-square is the amount of variance in a service quality variable in the direct effect model explained by a combination of all the turnaround strategy variables. In this study, all three independent variables jointly explain approximately 19.70% of the variance ( $R^2=0.197$ ) and 17.7% of the adjusted variance (adjusted  $R^2=0.177$ ) in relation to service quality. This result suggests that turnaround strategy variables jointly account for 19.70% of the variability of service quality in Kenya Airways. The P value was 0.001 suggesting that the R value,  $R^2$  value and changes in  $R^2$  were significant.

**Table 4.35: ANOVA Results for Turnaround Strategy and Service Quality**

| Statistics   | Sum of Squares | Df         | Mean Square | F     | Sig. (P-value) |
|--------------|----------------|------------|-------------|-------|----------------|
| Regression   | 6.446          | 3          | 2.149       | 9.585 | 0.001          |
| Residual     | 26.228         | 117        | 0.224       |       |                |
| <b>Total</b> | <b>32.674</b>  | <b>120</b> |             |       |                |

Dependent Variable: Service Quality

Independent Variable: Retrenchment Strategy; Repositioning Strategy; Replacement Strategy

Source: Field Data (2025)

The ANOVA analysis (Table 4.35 above) shows that  $F(3, 120) = 9.585$  and is significant as  $P\text{-value} = 0.001$  ( $p < 0.05$ ). This result suggests that the combination of the turnaround strategy variables has a significant joint effect on Service Quality since  $P = 0.001$  which is less than 0.05.

**Table 4.36: Beta Coefficients of Turnaround Strategy on Service Quality**

| Statistic                 | Unstandardized<br>B ( $\beta$ )<br>Coefficient | Standardized<br>Beta<br>Coefficient | Std.<br>Error | t     | P-value |
|---------------------------|------------------------------------------------|-------------------------------------|---------------|-------|---------|
| Intercept                 | 1.513                                          |                                     | 0.329         | 4.597 | 0.000   |
| Retrenchment<br>Strategy  | 0.238                                          | 0.220                               | 0.096         | 2.481 | 0.015   |
| Repositioning<br>Strategy | 0.313                                          | 0.220                               | 0.130         | 2.413 | 0.017   |
| Replacement<br>Strategy   | 0.183                                          | 0.186                               | 0.085         | 2.154 | 0.033   |

Dependent Variable: Service Quality

Independent variable: Retrenchment Strategy; Repositioning Strategy; Replacement Strategy

Source: Field Data (2025)

The Beta Coefficients (Table 4.36 above) suggest that the overall direct effect model fits the data well as expressed by the unstandardized  $\beta$  coefficients of 0.238, 0.313, and 0.183. Thus, the direct effect model is expressed as:

**Model 1 (a) :**  $Y_{SQi} = \beta_{0i} + \beta_{1i}(\text{TA-RETR}) + \beta_{2i}(\text{TA-REPO}) + \beta_{3i}(\text{TA-REPL}) + \epsilon_i$ ;

$Y_{SQ} = 1.513 + 0.238(\text{TA-RETR}) + 0.313(\text{TA-REPO}) + 0.183(\text{TA-REPL}) + 0.4734$

From the unstandardized  $\beta$  coefficients in Table 4.36 above, the t-value and the significance columns opposite each independent variable indicate whether that variable is significantly contributing to the model for predicting service quality from the whole set of independent variables. Therefore, the retrenchment strategy positively contributed to the service quality ( $\beta = 0.238$ ;  $p = 0.015 < 0.05$ ) and this was statistically significant. The repositioning strategy was also positively ( $\beta = 0.313$ ;  $p\text{-value} = 0.017 < 0.05$ ) contributing to service quality and this was significant. Also, the

replacement strategy was positively contributing ( $\beta = 0.183$ ;  $p = 0.033 < 0.05$ ) to service quality and the relationship was significant.

### **Model 1(b): Direct Effect Model Multivariate Regression Model with Control Variable**

The two control variables namely gender and years of work experience were introduced in the model. The introduction of a control variable in a direct effect model enhances the internal validity of a study by limiting the influence of other extraneous factors. This helps a study to establish an accurate and genuine causal relationship between study variables thus eliminating research bias caused by extraneous variables. An extraneous variable is any factor that is not part of the independent variables that can influence a dependent variable.

$$Y_{SQ_i} = \beta_{0i} + \beta_{1i} (TA-RETR) + \beta_{2i} (TA-REPO) + \beta_{3i} (TA-REPL) + \beta_{4i} (Gender) + \beta_{5i} (WorkExperience) \epsilon_i ;$$

Where:

$Y_{SQ_i}$  = Service Quality Variable

$\beta_i$  = Unstandardized Beta Coefficient

$\epsilon$  = Error Term

TA-RETR = Retrenchment Strategy

TA-REPO = Repositioning Strategy

TA-REPL = Replacement Strategy

Gender = Gender Control Variable

Work Experience = Years of Work Experience Control Variable

**Table 4.37: Multivariate Regression Statistics of Turnaround Strategy Variables, Service Quality Variables and Control Variables**

| R Statistics |          |                         |                     | Change Statistics        |          |     |     | P-Value |
|--------------|----------|-------------------------|---------------------|--------------------------|----------|-----|-----|---------|
| R            | R Square | Adjusted R <sup>2</sup> | Error of Estimation | Change in R <sup>2</sup> | F-change | Df1 | Df2 | Sig     |
| 0.458        | 0.209    | 0.175                   | 0.4739              | 0.209                    | 6.093    | 5   | 115 | 0.001   |

Dependent Variable: Service Quality

Independent Variable: Replacement Strategy; Retrenchment Strategy; Repositioning Strategy

Control variables: Gender; Years of Work Experience

Source: Field Data (2025)

To discover the effect of control variables on the joint effect of the independent variables in explaining service quality, two control variables were introduced in the multivariate regression model. The regression model summarized in Table 4.37 above suggests that the multiple regression coefficient illustrates a positive linear relationship ( $R=0.458$ ) i.e., 45.8% joint prediction, using all the predictors simultaneously. R-square is the amount of variance in a service quality variable in a multiple regression explained by a combination of all the turnaround strategy variables. When the control variables are included in the direct effect model, all three independent variables jointly explain approximately 20.9% of the variance ( $R^2=0.209$ ) and 17.5% of the adjusted variance (adjusted  $R^2=0.175$ ) in relation to service quality. This indicates that turnaround strategy variables jointly with control variables account for 20.9% of the variability of service quality in Kenya Airways.

**Table 4.38: ANOVA Results for of Turnaround Strategy Variables, Service Quality Variable and Control Variables**

| Statistics   | Sum of Squares | Df         | Mean Square | F     | Sig. (P-value) |
|--------------|----------------|------------|-------------|-------|----------------|
| Regression   | 6.843          | 5          | 1.369       | 6.093 | 0.001          |
| Residual     | 25.831         | 115        | 0.225       |       |                |
| <b>Total</b> | <b>32.674</b>  | <b>120</b> |             |       |                |

Dependent Variable: Service Quality

Independent Variable: Retrenchment Strategy; Repositioning Strategy; Replacement Strategy

Control Variables: Gender; Work Experience

Source: Field Data (2025)

The ANOVA analysis (Table 4.38 above) shows that  $F(5, 120) = 6.093$  and is significant as  $P\text{ value} = 0.001 (p < 0.05)$ . This indicates that the combination of the turnaround strategy variables jointly with control variables has a significant joint effect on Service Quality since  $p = 0.001$  which is less than 0.05. Therefore, this study suggests that turnaround strategy variables jointly with control variables have a significant effect on service quality.

**Table 4.39: Beta Coefficients of Turnaround Strategy on Service Quality**

| Statistic              | Unstandardized B ( $\beta$ ) Coefficient | Standardized Beta Coefficient | Std. Error | t     | P-value |
|------------------------|------------------------------------------|-------------------------------|------------|-------|---------|
| Intercept              | 1.311                                    |                               | 0.367      | 3.568 | 0.000   |
| Retrenchment Strategy  | 0.239                                    | 0.221                         | 0.097      | 2.473 | 0.015   |
| Repositioning Strategy | 0.300                                    | 0.211                         | 0.130      | 2.305 | 0.023   |
| Replacement Strategy   | 0.191                                    | 0.193                         | 0.086      | 2.232 | 0.028   |
| Gender                 | 0.067                                    | 0.063                         | 0.088      | 0.758 | 0.450   |
| Work Experience        | 0.050                                    | 0.092                         | 0.046      | 1.097 | 0.275   |

Dependent Variable: Service Quality

Independent variable: Retrenchment Strategy; Repositioning Strategy; Replacement Strategy

Control Variables: Gender; Work Experience

Source: Field Data (2025)

The  $\beta$  Coefficients (Table 4.39 above) indicate that the overall model fits the data well as expressed by the unstandardized  $\beta$  coefficients of 0.239 ( $P\text{ value} = 0.015 < 0.05$ ), 0.300

(P value=0.023<0.05), and 0.191 (P value=0.028<0.05) for the independent variables. On the other hand, control variables i.e. gender and work experience returned weak  $\beta$  coefficients of 0.067 (P value=0.450>0.05) and 0.050 (P value=0.275>0.05) respectively. The values of the P values for the control variables suggest that the effect of the control variables on the direct effect model is not significant. Therefore, model 1 (b) with control variable is expressed as:

**Model 1 (b) :**  $Y_{SQi} = \beta_{0i} + \beta_{1i} (TA-RETR) + \beta_{2i} (TA-REPO) + \beta_{3i} (TA-REPL) + \beta_{4i} (Gender) + \beta_{5i} (Work\_Experience) \epsilon_i$ ;

$Y_{SQi} = 1.311 + 0.239(TA-RETR) + 0.300(TA-REPO) + 0.191(TA-REPL) + 0.067(Gender) + 0.050 (Work\_Experience) + 0.4739$ ;

With the P values for the control variable being more than 0.05, the results strongly suggest that control variables did not influence the relationship between turnaround strategy and service quality thus increasing confidence in the results of the tests on the direct effect model. This enhanced the internal validity of the regression testing and confirmed that the results were not biased by the control variables.

#### 4.8.2 Moderating Effect of Adaptive Capability

The moderating effect was tested by introducing the moderating variables in the multiple regression model in four hierarchical steps with each step having a separate model. Hierarchical regression helps identify the changes in the coefficient of determination ( $R^2$ ) after an extra predictor variable (interaction term) is introduced to the model at every step. The moderated hierarchical regression equation was estimated and categorized into four models: Model I indicated the regression of variables with the moderator while Model II, Model III and Model IV showed the regressed interaction between the independent variables, moderator and independent variable (multiplying

moderator with each independent variable). Below are the mathematical representations of the four moderating models.

**Moderating effect model I (Step 1)**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i1} + \beta_{i5} MO_i + \varepsilon$$

**Moderating effect model II (Step 2)**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i1} + \beta_{i5} MO_i + \beta_{i6} (X_{i1} * MO_i) + \varepsilon$$

**Moderating effect model III (Step 3)**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i1} + \beta_{i5} MO_i + \beta_{i6} (X_{i1} * MO_i) + \beta_{i7} (X_{i2} * MO_i) + \varepsilon$$

**Moderating effect model IV (Step 4)**

$$Y_{SQi} = \beta_0 + \beta_{i1} X_{i1} + \beta_{i2} X_{i2} + \beta_{i3} X_{i3} + \beta_{i4} X_{i1} + \beta_{i5} MO_i + \beta_{i6} (X_{i1} * MO_i) + \beta_{i7} (X_{i2} * MO_i) + \beta_{i8} (X_{i3} * MO_i) .$$

The results of the hierarchical regression are shown in Table 4.40 below.

**Table 4.40: Results of Moderating Effects from Hierarchical Regression Models**

| Variables/Statistics       | Model I       |              |              |              | Model II      |              |              |              | Model III     |              |              |              | Model IV      |              |              |              |
|----------------------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
|                            | B ( $\beta$ ) | Beta         | t Value      | P value      | B ( $\beta$ ) | Beta         | t Value      | P value      | B ( $\beta$ ) | Beta         | t Value      | P value      | B ( $\beta$ ) | Beta         | t Value      | P value      |
| Constant ( $\beta_0$ )     | 1.610         |              | 3.431        | <b>0.001</b> | 2.819         |              | 1.963        | <b>0.052</b> | 2.925         |              | 1.485        | <b>0.014</b> | 2.645         |              | 1.314        | <b>0.021</b> |
| Retrenchment (X1)          | 0.237         | 0.219        | 2.465        | <b>0.015</b> | 0.231         | 0.213        | 3.584        | <b>0.012</b> | 0.227         | 0.210        | 3.034        | <b>0.010</b> | 0.238         | 0.219        | 3.108        | <b>0.007</b> |
| Repositioning (X2)         | 0.310         | 0.219        | 2.378        | <b>0.019</b> | 0.331         | 0.233        | 2.636        | <b>0.016</b> | 0.399         | 0.281        | 0.456        | <b>0.013</b> | 0.470         | 0.331        | 0.533        | <b>0.011</b> |
| Replacement (X3)           | 0.179         | 0.181        | 2.066        | <b>0.031</b> | 0.150         | 0.151        | 1.782        | <b>0.027</b> | 0.150         | 0.152        | 1.773        | <b>0.022</b> | -0.203        | -0.205       | -0.405       | <b>0.019</b> |
| Adaptative Capability (MO) | <b>0.034</b>  | <b>0.025</b> | <b>0.289</b> | <b>0.023</b> | 1.806         | 1.308        | 3.127        | <b>0.022</b> | 1.851         | 1.341        | 2.273        | <b>0.021</b> | 1.729         | 1.252        | 2.073        | <b>0.019</b> |
| X1*MO                      |               |              |              |              | <b>0.861</b>  | <b>2.272</b> | <b>3.249</b> | <b>0.008</b> | 0.848         | 2.238        | 2.714        | <b>0.006</b> | 0.889         | 2.344        | 2.793        | <b>0.002</b> |
| X2*MO                      |               |              |              |              |               |              |              |              | <b>0.029</b>  | <b>0.067</b> | <b>0.079</b> | <b>0.027</b> | 0.064         | 0.147        | 0.170        | <b>0.025</b> |
| X3*MO                      |               |              |              |              |               |              |              |              |               |              |              |              | <b>0.156</b>  | <b>0.383</b> | <b>0.716</b> | <b>0.018</b> |
| <b>R</b>                   | <b>0.445</b>  |              |              |              | <b>0.515</b>  |              |              |              | <b>0.516</b>  |              |              |              | <b>0.518</b>  |              |              |              |
| <b>R<sup>2</sup></b>       | <b>0.198</b>  |              |              |              | <b>0.265</b>  |              |              |              | <b>0.267</b>  |              |              |              | <b>0.269</b>  |              |              |              |
| <b>P- Value</b>            | <b>0.019</b>  |              |              |              | <b>0.017</b>  |              |              |              | <b>0.016</b>  |              |              |              | <b>0.014</b>  |              |              |              |

Source: Field Data (2025)

In Model 1 of the hierarchical model, all the independent variables; retrenchment ( $B=0.237$ ;  $Beta=0.219$ ,  $P$  value  $=0.015$ ), repositioning ( $B=0.310$ ,  $Beta=0.219$ ,  $P$  value $=0.019$ ) and replacement ( $B=0.179$ ,  $Beta=0.18$ ,  $P$  value  $= 0.031$ ) retained their positive effects on service quality even after the introduction of the moderator. Additionally, the moderator variable returned a positive moderating effect ( $B= 0.034$ ,  $Beta =0.025$ ,  $P$  value $=0.023$ ) and this effect was significant as the  $P$  value was less than 0.05.

When the moderating interaction terms for each independent variable were introduced in Model 2 ( $B= 0.861$ ;  $Beta= 2.272$ ;  $P$  value $=0.008$ ), Model 3 ( $B=0.029$ ;  $Beta = 0.067$ ;  $P$  value $=0.027$ ), and Model 4 ( $B=0.156$ ;  $Beta=0.383$ ;  $P$  value $=0.018$ ), they returned positive  $\beta$  values and  $P$  values of less than 0.05 for both unstandardized and standardize data. In addition, the independent variables retrenchment, repositioning, and replacement retained positive  $\beta$  coefficient values, and their  $P$  values were less than 0.05 in Model 2, Model 3, and Model 4. Furthermore, the  $R$  and  $R^2$  increased ( $R=0.445>0.515=0.516>0.518$ ;  $R^2= 0.198>0.265=0.267>0.269$ ) with each introduction of new interaction moderating terms in the four models.

#### **4.9 Discussions of the Study Findings**

*Hypothesis H0<sub>1</sub> stated that there is no difference in perception of service quality between employees and the customers in Kenya Airways Plc*

The results from descriptive data analysis suggest that customers' perception of service quality in Kenya Airways is lower than the perception of employees. The weighted mean for empathy variable by the customers was 2.108 while for employees it was 3.467. For the Assurance variable, the customer's weighted mean was 2.512 while the employee's mean was 3.412. The customer's mean for Tangibility variable was 2.372

while the employees' score was 3.013. Lastly, Responsiveness and Reliability variables had similar trends as customers weighted mean scores were lower than the employees' scores. The weighted average score for service quality for employees was 3.201 (Agree) while for customers, it was 2.856 (Neutral/undecided).

This difference in perception could be explained by the different perspectives and the likelihood of response bias by employees. Studies that touch on employee response behaviors suggest that employees are most likely to be biased when it comes to measuring indicators that reflect on their overall performance in customer service e.g., timely responses and being empathic, etc. For example, a study by Leonardo et al. (2023) established that employees may be extremely biased in responding to any measure that reflects on their performance. Results from Grimmond et al. (2025) suggested the same employee response bias.

***Hypothesis H0<sub>2</sub>*** stated that *retrenchment strategy has no statistically significant relationship with service quality in Kenya Airways Plc.*

The results from data analysis suggest that the retrenchment strategy has a positive relationship with service quality. In the direct effect model without control variables, the retrenchment strategy positively contributed to the service quality ( $\beta = 0.238$ ;  $p = 0.015 < 0.05$ ) and this was statistically significant. The same positive effect ( $\beta = 0.239$ ;  $p = 0.015 < 0.05$ ) was retained when the control variables were introduced in the direct effect model.

This result is not consistent with results obtained from other studies such as Wang (2024); Mengo & Obere (2023); Sengur et al. (2022). In these studies, retrenchment, especially one that focuses on staff reduction, was found to have a negative effect on service quality as the remaining staff feel overworked and demotivated.

***Hypothesis H0<sub>3</sub>*** stated repositioning strategy has no statistically significant relationship with service quality in Kenya Airways Plc.

The results of the data analysis show that repositioning strategy has a positive effect on the service quality as the repositioning strategy was also positively contributing ( $\beta = 0.313$ ;  $p\text{-value} = 0.017 < 0.05$ ) to service quality and this relationship was significant. When the control variables were introduced, the same positive effect was retained ( $\beta = 0.300$ ;  $P\text{ value} = 0.023 < 0.05$ ).

This result is very consistent with results from similar studies. For example, according to Buhalis (2000), there is a significant positive relationship between repositioning and service quality. A positive relationship was confirmed in various studies done by other scholars such Mucunski et al. (2023); Kamvysi et al. (2023); and Delgado et al. (2023). However, this result was inconsistent with findings in Mensah & Brew (2024) who posits that excessive service rebranding without having excellent customer care service may lead to higher expectations by the customers and thus greater disconfirmation

***Hypothesis H0<sub>4</sub>*** stated that replacement strategy has no statistically significant relationship with service quality in Kenya Airways Plc

From the results of the data analysis, replacement strategy has a positive effect on the service quality as the replacement strategy was positively contributing ( $\beta = 0.183$ ;  $p = 0.033 < 0.05$ ) to service quality and the relationship was significant. When the control variables were introduced in the direct effect model, the strength and direction of the relationship was retained ( $\beta = 0.191$ ;  $p = 0.028 < 0.05$ ).

This finding is consistent with the results of similar studies. The reviewed literature suggests a strong positive relationship between replacement strategy and service quality (Raza et al., 2023); Pang & Chen, 2023); Stepanov & Kayatkin, 2023); Karanki, 2023).

***Hypothesis H0<sub>5a</sub>*** stated that adaptive capability has no statistically significant moderating influence in the relationship between retrenchment strategy and service quality of Kenya Airways Plc

The results of the hierarchical regression analysis show that adaptive capability has a positive effect as the value of R statistic and R<sup>2</sup> statistic increased from 0.445 to 0.515 and from 0.198 to 0.265 with a P value of 0.017 respectively. Also, the interaction term between adaptive capability and retrenchment strategy returned a positive value ( $\beta_{5a}=0.861$ ; P value = 0.008<0.05) and this moderating effect was significant.

This result is consistent with studies that have investigated effect of adaptive capability on firm competitiveness. Rehmann et al., (2022) established that leveraging knowledge in the innovation and learning process enhances organisation service quality. If retrenchment leads to loss of knowledgeable staff is implemented without improvements in organisation learning, service quality may reduce.

***Hypothesis H0<sub>5b</sub>*** stated adaptive capability has no statistically significant moderating influence in the relationship between repositioning strategy and service quality of Kenya Airways Plc

The finding of the data analysis shows that adaptive capability has a positive effect on the relationship between repositioning strategy and service quality ( $\beta_{5b}=0.029$ ; P value=0.027<0.05). Also, the value of R statistic and R<sup>2</sup> increased from 0.515 to 0.516 and from 0.265 to 0.267 with a P value of 0.016 respectively.

This result is consistent with studies that have investigated effect of adaptive capability on firm competitiveness. An example includes Zirena-Bejarano et al. (2025) who established that repositioning through organizational alignment increases the competitive advantage of an organisation. Rehman et al. (2022) obtained similar results

***Hypothesis H0<sub>5c</sub>*** stated that *Adaptive capability has no statistically significant moderating influence in the relationship between replacement strategy and service quality of Kenya Airways Plc;*

Similarly, the results of the data analysis show that adaptive capability has a positive effect on the relationship between replacement strategy and service quality but this relationship is not significant ( $\beta_{5c}=0.0156$ ; P value =  $0.018 < 0.05$ ). Also, the value of R statistics and  $R^2$  increased from 0.516 and 0.518 and 0.267 to 0.269 with a P value of 0.014 respectively.

This result is consistent with studies that have investigated effect of adaptive capability on firm competitiveness. Valiev et. al. (2024) identified equipment aging and obsolescence alongside organizational innovation and learning as key to improved service quality in the service industry. Similarly, a study by Mohammed, Saoudi & Younes (2024) found the same results. Summary of hypothesis testing is summarized in Table 4.41 below.

**Table 4.41: Summary of Hypothesis Testing**

|                  | <b>Hypothesis</b>                                                                                                                                                     | <b>P Value or<br/>Weighted Mean<br/>Average</b>                                              | <b>Decision</b> |
|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------|
| H0 <sub>1</sub>  | There is no difference in perception of service quality between employees and the customers in Kenya Airways Plc                                                      | Customer<br>(Mean 2.28 - Below<br>Average)<br>-----<br>Employees<br>(Mean 2.97 –<br>Average) | Reject          |
| H0 <sub>2</sub>  | Retrenchment strategy has no statistically significant relationship with service quality in Kenya Airways Plc.                                                        | 0.015<0.05                                                                                   | Reject          |
| H0 <sub>3</sub>  | Repositioning strategy has no statistically significant relationship with service quality in Kenya Airways Plc.                                                       | 0.0017<0.05                                                                                  | Reject          |
| H0 <sub>4</sub>  | stated that replacement strategy has no statistically significant relationship with service quality in Kenya Airways Plc                                              | 0.033<0.05                                                                                   | Reject          |
| H0 <sub>5a</sub> | Adaptive capability has no statistically significant moderating influence in the relationship between retrenchment strategy and service quality of Kenya Airways Plc  | 0.008<0.05                                                                                   | Reject          |
| H0 <sub>5b</sub> | Adaptive capability has no statistically significant moderating influence in the relationship between repositioning strategy and service quality of Kenya Airways Plc | 0.027<0.05                                                                                   | Reject          |
| H0 <sub>5c</sub> | Adaptive capability has no statistically significant moderating influence in the relationship between replacement strategy and service quality of Kenya Airways Plc;  | 0.018<0.05                                                                                   | Reject          |

**Source:** Researcher (2025)

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents a summary of the major findings of the study, conclusions, and recommendations. The study sought to establish the effect of the turnaround strategy on service quality in Kenya Airways. The summary of key findings, conclusions and recommendations was done in line with the objectives of the study as discussed in Chapter One, based on the results of the descriptive and inferential statistical analysis done on the regression models used to test the hypothesis of the study.

#### **5.2 Summary of the Findings**

This section discusses the summary of the study findings on the relationship between Turnaround Strategies and Service Quality variable.

##### **5.2.1 Differential Perception of Service Quality between Employees and Customers**

The first objective was to determine the differential perception of service quality between employees and customers. The hypothesis  $H_{01}$  of the study was that there is no difference in perception of service quality between employees and customers. From the descriptive analysis, customers rated all the indicators (empathy, assurance, tangibility, responsiveness and reliability) of service quality lower than the ratings by employees. The hypothesis  $H_{01}$  is therefore rejected. This study suggests that there is a differential perception of service quality between employees and customers of Kenya Airways Plc.

##### **5.2.2 Effect of Retrenchment Strategy on Service Quality in Kenya Airways**

The second objective of the study was to determine the perceived effect of the retrenchment strategy on service quality in Kenya Airways. Hypothesis  $H_{02}$  stated that

retrenchment strategy has no statistically significant relationship with service quality in Kenya Airways Plc. The results from the direct model regression tests show that the retrenchment strategy has a positive relationship with service quality and this relationship is significant. After the introduction of control variables, the positive effect was retained and the relationship remained significant. Therefore, the hypothesis H0<sub>2</sub> is rejected. This study suggests that there is a statistically significant positive relationship between retrenchment strategy and service quality in Kenya Airways Plc.

### **5.2.3 Effect of Repositioning Strategy on Service Quality in Kenya Airways**

The third objective was to determine the perceived effect of the repositioning strategy on service quality in Kenya Airways. Hypothesis H0<sub>3</sub> of the study stated repositioning strategy has no statistically significant relationship with service quality in Kenya Airways Plc. The regression analysis shows that the repositioning strategy has a positive and significant relationship with service quality. This effect was retained even after introducing control variables in the direct model. The study therefore rejects hypothesis H0<sub>3</sub>. This study suggests that there is a statistically significant positive relationship between retrenchment strategy and service quality in Kenya Airways Plc.

### **5.2.4 Effect of Replacement Strategy on Service Quality in Kenya Airways**

The fourth objective of the study was to determine the perceived effect of the replacement strategy on service quality in Kenya Airways. Hypothesis H0<sub>4</sub> of the study stated that replacement strategy has no statistically significant relationship with service quality in Kenya Airways Plc. The results from tests on the direct effect model showed that the replacement strategy has a positive and significant relationship with service quality. This effect was retained after introducing control variables in the model. This study rejects H0<sub>4</sub>.

### **5.2.5 Moderating Effect of Adaptive Capability on the Relationship between Turnaround Strategy and Service Quality in Kenya Airways**

The fifth objective of the study was to determine the perceived moderating influence of adaptive capability on (a) the relationship between retrenchment strategy and service quality of Kenya Airways, (b) the relationship between repositioning strategy and service quality of Kenya Airways and (c) the relationship between replacement strategy and service quality of Kenya Airways.

The hypotheses were: Hypothesis H0<sub>5a</sub> stated that adaptive capability has no statistically significant moderating influence in the relationship between retrenchment strategy and service quality of Kenya Airways Plc; Hypothesis H0<sub>5b</sub> stated adaptive capability has no statistically significant moderating influence in the relationship between repositioning strategy and service quality of Kenya Airways Plc; and Hypothesis H0<sub>5c</sub> stated that Adaptive capability has no statistically significant moderating influence in the relationship between retrenchment strategy and service quality of Kenya Airways Plc;

The study results show that adaptive capability has a positive moderating effect on the relationship between turnaround strategy and service quality. The strength of prediction (R-value) of the moderating model increased from 0.445 (before moderation) to 0.518 (after moderation). Also, the amount of variance ( $R^2$ ) in service quality explained by the turnaround strategy increased from 0.198 (before moderation) to 0.269 (after moderation). The level of significance for the models (before the introduction of the moderator and after the introduction of the moderator) were 0.001 and 0.001 respectively. The P value for the model after the introduction of a moderator was below 0.05 ( $P = 0.001$ ) thus suggesting that the moderating effect of adaptive capability was significant. Hypothesis H0<sub>5a</sub>, H0<sub>5b</sub> and H0<sub>5c</sub> are therefore rejected because study results

show that adaptive capability has a moderating effect on the relationship between turnaround strategy and service quality.

The study findings are consistent with results obtained in similar studies e.g. Rangaswamy & Chaudhary (2022) as adaptive capability enhances competitiveness of a firms by acting as a mediator and may offset, through attenuation, the adverse impact of limited resources. Adaptive capability also enhances creativity, innovation and knowledge which are critical components for a firm to remain dynamic.

### **5.3 Conclusions**

The regression results and other findings of this study concluded that the retrenchment strategy has a positive direct effect on service quality as the Beta ( $\beta$ ) value was positive in all the model tests (direct effect model and hierarchical regression model) and this effect was significant. Also, the repositioning strategy had a positive effect on service quality and this effect was statistically significant. Lastly, the replacement strategy had a positive effect on service quality and this effect was also statistically significant as the P-value was less than 0.05.

Concerning the moderating effect of adaptive capability, the study concludes that adaptive capability strengthens the effects of the retrenchment strategy, repositioning strategy and replacement strategy on service quality. The R-value and  $R^2$  value increased after the introduction of the moderator in the models and the P-value remained below 0.05 (95% level of significance). Also, the interaction between adaptive capability and retrenchment strategy, repositioning strategy and replacement strategy returned positive values with P values of less than 0.05 in the hierarchical regression model.

## **5.4 Recommendations**

### **5.4.1 Effect of Retrenchment Strategy on Service Quality in Kenya Airways**

Contrary to other studies, the study findings suggest that if implemented correctly, a retrenchment strategy will improve service quality. Therefore, this study recommends that the implementation of a retrenchment strategy to cut down on costs in Kenya Airways should be accompanied by the implementation of adaptive (innovative) capability elements in the organization. This is necessary because the study results suggest that adaptive capability has a strengthening effect on the relationship between retrenchment strategy and service quality.

### **5.4.2 Effect of Repositioning Strategy on Service Quality in Kenya Airways**

In respect to repositioning strategy, the study findings suggest that repositioning strategy has a positive effect on service quality; therefore, the study recommends that Kenya Airways should concentrate on repositioning strategy as a dominant strategic move. Alongside implementation of repositioning strategy, Kenya Airways should implement other innovative initiatives that directly influence customer perception. Appropriate marketing and promotion messages communicate to the customers quality expectations thus eliminating situations where customer use other sources to measure service expectations.

### **5.4.3 Effect of Replacement Strategy on Service Quality in Kenya Airways**

Regarding replacement strategy, the study findings suggests that replacement strategy has a positive effect on service quality, thus this study recommends that Kenya Airways should place more turnaround efforts on the implementation of a replacement strategy that leads to the acquisition of new aircraft, business process reengineering, and infusing new leadership in the top management motivates employees as this may positively impact service quality.

#### **5.4.4 Moderating Effect of Adaptive Capability on the Relationship between Turnaround Strategy and Service Quality in Kenya Airways**

Lastly, the results obtained from testing the moderating effect of adaptive capability show that adaptive capability strengthens the relationship between turnaround strategy and service quality. The study therefore recommends that Kenya Airways should implement more adaptive capability initiatives alongside a turnaround strategy. This recommendation is consistent with the results of similar studies. As an example, according to Teece (2023), Zirena-Bejarano et al. (2025) and Anam (2024) for any turnaround strategy to be successful, multiple capabilities contingent on the existing business environment are required for strategies to respond effectively to any environmental condition. The same results were found by Yusuf (2023) and Rehman et al. (2022).

#### **5.5 Theoretical Contribution**

This study offered an original contribution to the existing bodies of knowledge on service quality and turnaround strategy. The variables presented in this study brought forth the understanding of the effects of turnaround strategy on service quality and the moderating effect of adaptive capability. The existing studies on this phenomenon have been criticized for producing contradictory results on the effects of turnaround strategy on service quality, especially in the service industry. Indeed, the debate as to whether the implementation of a retrenchment strategy and replacement strategy leads to improved service quality or leads to reduced service quality has not been exhaustively resolved. Therefore, this study contributed to the existing literature by providing findings that support the argument that retrenchment strategy has a positive effect on service quality. The findings of this study also bridged the knowledge gap that exists in the current literature on the need to embrace adaptive capability as a key component

while implementing a turnaround strategy. The study also provides an opportunity to apply theoretical knowledge on a practical problem in aviation sector.

The other major theoretical contribution of this study relates to confirming the validity of concepts underpinning the SERQUAL model, dynamic capability theory, expectancy theory, Porter's Generic Strategies model and Balanced Score Card in the context of the Kenyan airline sector. In addition, the study explains the relationships between turnaround strategy, adaptive capability and service quality. This offers a different perspective; hence future researchers will have an opportunity to validate the results of this study in various contexts as they study the effects of turnaround strategy on service quality and the moderating effect of adaptive capability on this relationship. The other theoretical contribution

### **5.6 Management Practice and Policy Implication**

The study findings suggest a need for a shift in management practice. Chief Executive Officers tend to believe that implementing a turnaround strategy is the silver bullet for organizations facing financial distress. The results of this study suggest that service quality in organizations may be enhanced if adaptive capability is implemented alongside a turnaround strategy. Thus, managers need to understand that implementation of a turnaround strategy should be guided by the contextual environment as some strategies are contingent on the environment in which an organization operates. This argument is solid in the context of airline organizations which are highly dependent on customer perception in judging the level of service quality. This also applies to other organizations in the service sector e.g., tourism and hospitality, health care services, etc. In this regard, and to standardize and improve management practices, the government of Kenya through the Ministry of Finance and the Ministry of Commerce and Industry needs to consider and develop a national policy

that will guide turnaround programs for publicly listed companies. This is necessary because publicly listed companies carry a lot of public investments that need to be safeguarded.

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## **APPENDICES**

### **Appendix I: Letter of Introduction**

**CHRISTINE KINANU**

P.O BOX 19002-00502,

Nairobi, KENYA.

Date.....

Dear Respondent,

#### **RE: DATA COLLECTION**

I am an MBA student at Moi University and currently conducting a research study to fulfil the requirements of the award of a degree of MBA in Strategic Management.

#### **Research Topic: Turnaround Strategy, Adaptive Capability and Service Quality in a Selected Airline in Kenya**

The target respondents are senior management employees who are charged with the responsibility of strategic leadership to their respective divisions and customer-facing employees of Kenya Airways Plc who frequently offer customer service to the passengers on daily basis. This data collection is being done between June - July 2023. You have been randomly selected to participate in this study because you fit the target respondent's profile. I would highly appreciate it if you could assist me by responding to all questions as completely, correctly, candidly, and honestly as possible. Your response will be treated with the utmost confidentiality and will only be used for academic purposes.

Thank you in advance for your co-operation.

Yours faithfully,

**CHRISTINE KINANU**

## Appendix II: Research Questionnaire – Employees Turnaround Strategy, Adaptive Capability and Service Quality in a Selected Airline in Kenya

### EQ – EMPLOYEE QUESTIONNAIRE

#### MOI UNIVERSITY

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#### Section One: Background Information

This research investigates the perceived effects of turnaround strategy on service quality and moderating influence of adaptive capability in Kenya Airways Plc.

#### Instructions

It is important that you personally fill out the questionnaire for the result to be meaningful. Select answers that best represent your views, opinion, or perspective.

#### Confidentiality

The confidentiality and anonymity of the respondents is assured. Taking part in this survey is voluntary. By completing and returning the questionnaire you are indicating your consent and willingness to participate in the study. This research is purely for academic purposes and therefore the results will not be published for any commercial reason.

If you accept to participate in the study, kindly tick the box below.

☐

I agree to participate in this study

---

#### Scale

Using the interval measurement scale shown below, rate (based on your views, perception, opinion, or perspective) the extent to which you agree with the following statements.

- (1) Strongly disagree,
- (2) Disagree
- (3) Neutral
- (4) Agree
- (5) Strongly agree

### Section A: Kenya Airways Service Quality

This section collects data on three indicators of service quality namely; Tangibility, Reliability, Responsiveness, Assurance and Empathy.

| Tangibility |                                                                                                                              |   |   |   |   |   |
|-------------|------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| No.         | Items                                                                                                                        | 1 | 2 | 3 | 4 | 5 |
| a.          | Kenya Airways has modern-looking equipment                                                                                   |   |   |   |   |   |
| b.          | Kenya Airways' physical facilities are visually appealing                                                                    |   |   |   |   |   |
| c.          | Kenya Airways' reception desk employees are neat in appearance                                                               |   |   |   |   |   |
| d.          | Materials associated with the service (such as welcome, no smoking statements, etc.) are visually appealing at Kenya Airways |   |   |   |   |   |

| Reliability |                                                                                      |   |   |   |   |   |
|-------------|--------------------------------------------------------------------------------------|---|---|---|---|---|
| No.         | Items                                                                                | 1 | 2 | 3 | 4 | 5 |
| a.          | When Kenya Airways promises a customer to do something by a certain time, it does so |   |   |   |   |   |
| b.          | When a customer has a problem Kenya Airways shows a sincere interest in solving it   |   |   |   |   |   |
| c.          | Kenya Airways performs the service right the first time                              |   |   |   |   |   |
| d.          | Kenya Airways provides its service at the time it promises to do so                  |   |   |   |   |   |
| e.          | Kenya Airways insists on error-free records                                          |   |   |   |   |   |

| Responsiveness |                                                                                   |   |   |   |   |   |
|----------------|-----------------------------------------------------------------------------------|---|---|---|---|---|
| No.            | Items                                                                             | 1 | 2 | 3 | 4 | 5 |
| a.             | Employees in Kenya Airways tell customers exactly when services will be performed |   |   |   |   |   |
| b.             | Employees in Kenya Airways give customers prompt service                          |   |   |   |   |   |
| c.             | Employees in Kenya Airways are always willing to help customers                   |   |   |   |   |   |
| d.             | Employees in Kenya Airways are never too busy to respond to customer request      |   |   |   |   |   |

| Assurance |                                                                               |   |   |   |   |   |
|-----------|-------------------------------------------------------------------------------|---|---|---|---|---|
| No.       | Items                                                                         | 1 | 2 | 3 | 4 | 5 |
| a.        | The behavior of employees in Kenya Airways instills confidence in customers   |   |   |   |   |   |
| b.        | Customers feel safe in your transactions with Kenya Airways                   |   |   |   |   |   |
| c.        | Employees in Kenya Airways area consistently courteous with customers         |   |   |   |   |   |
| d.        | Employees in Kenya Airways have the knowledge to answer customers'' questions |   |   |   |   |   |

| Empathy |                                                                    |   |   |   |   |   |
|---------|--------------------------------------------------------------------|---|---|---|---|---|
| No.     | Items                                                              | 1 | 2 | 3 | 4 | 5 |
| a.      | Kenya Airways gives customers individual attention                 |   |   |   |   |   |
| b.      | Kenya Airways has operating hours convenient to all its customers  |   |   |   |   |   |
| c.      | Kenya Airways has employees who give customers personal attention  |   |   |   |   |   |
| d.      | Kenya Airways has customers best interest at heart                 |   |   |   |   |   |
| e.      | The employees of Kenya Airways understand customers specific needs |   |   |   |   |   |

### Section B: Retrenchment

| <b>No.</b> | <b>Items</b>                                                                                        | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|------------|-----------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| a.         | Kenya Airways has reduced its workforce to make leaner                                              |          |          |          |          |          |
| b.         | Kenya Airways has undertaken route reduction to optimize operations                                 |          |          |          |          |          |
| c.         | Some of the employees in Kenya Airways have been redeployment to other areas to optimize operations |          |          |          |          |          |
| d.         | Kenya Airways has sold/decommissioned its idle assets (e.g., land, aircraft, etc.)                  |          |          |          |          |          |
| e.         | Kenya Airways has eliminated unsustainable partnerships or Memorandum of Understanding (MOUs)       |          |          |          |          |          |

### Section C: Repositioning

| <b>No</b> | <b>Items</b>                                                                | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|-----------|-----------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| .         |                                                                             |          |          |          |          |          |
| a.        | Kenya Airways has reviewed its ticket pricing to counter                    |          |          |          |          |          |
| b.        | Kenya Airways has increased the promotion and advertisement of its products |          |          |          |          |          |
| c.        | There has had significant product and service redesign or                   |          |          |          |          |          |
| d.        | Kenya Airways has rebranded its products and services                       |          |          |          |          |          |
| e.        | Kenya Airways has launched news services for its customers                  |          |          |          |          |          |

### Section D: Replacement

| <b>No.</b> | <b>Items</b>                                                                                       | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
|------------|----------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| a.         | There have been significant changes in senior management.                                          |          |          |          |          |          |
| b.         | There is an increase in initiatives to buy new aircrafts to replace the ageing aircrafts           |          |          |          |          |          |
| c.         | There has been an introduction of new technology/innovations in service delivery                   |          |          |          |          |          |
| d.         | Kenya Airways has been changing routes (source and destinations) to align with customers' desires. |          |          |          |          |          |
| e.         | Kenya Airways has entered into partnerships with other airlines to enhance route connectivity.     |          |          |          |          |          |

### Section E: Adaptive Capability

| <b>Sensing capability:</b> |                                                                                                           |          |          |          |          |          |
|----------------------------|-----------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>No.</b>                 | <b>Items</b>                                                                                              | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| a.                         | KQ frequently scan the environment to identify new business opportunities.                                |          |          |          |          |          |
| b.                         | KQ periodically reviews the likely effect of changes in its business environment on customers.            |          |          |          |          |          |
| c.                         | KQ often reviews its product development efforts to ensure they are in line with what the customers want. |          |          |          |          |          |
| d.                         | KQ devotes a lot of time implementing ideas for new products and improving its existing products          |          |          |          |          |          |

| <b>Learning capability:</b> |                                                                                                      |          |          |          |          |          |
|-----------------------------|------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>No.</b>                  | <b>Items</b>                                                                                         | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| a.                          | KQ has effective routines to identify, value, and import new information and knowledge.              |          |          |          |          |          |
| b.                          | KQ has adequate routines to assimilate new information and knowledge.                                |          |          |          |          |          |
| c.                          | KQ is effective in transforming existing information into new knowledge.                             |          |          |          |          |          |
| d.                          | KQ is effective in utilizing knowledge into new products.                                            |          |          |          |          |          |
| e.                          | KQ is effective in developing new knowledge that has the potential to influence product development. |          |          |          |          |          |

| <b>Integrating capability:</b> |                                                                                                          |          |          |          |          |          |
|--------------------------------|----------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>No.</b>                     | <b>Items</b>                                                                                             | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| a.                             | KQ employees are forthcoming in contributing our individual input to the group.                          |          |          |          |          |          |
| b.                             | KQ employees have a global understanding of each other's tasks and responsibilities.                     |          |          |          |          |          |
| c.                             | KQ employees are fully aware who in the group has specialized skills and knowledge relevant to our work. |          |          |          |          |          |
| d.                             | KQ employees carefully interrelate their actions to each other to meet changing conditions.              |          |          |          |          |          |
| e.                             | KQ employees manage to successfully interconnect their activities                                        |          |          |          |          |          |

| <b>Coordinating capability:</b> |                                                                                                                 |          |          |          |          |          |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>No.</b>                      | <b>Items</b>                                                                                                    | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| a.                              | KQ employees ensure that the output of their work is synchronized with the work of others.                      |          |          |          |          |          |
| b.                              | KQ employees ensure an appropriate allocation of resources (e.g., information, time, reports) within our group. |          |          |          |          |          |
| c.                              | KQ employees are assigned to tasks commensurate with their task-relevant knowledge and skills.                  |          |          |          |          |          |
| d.                              | KQ employees ensures that there is compatibility between group members expertise and work processes.            |          |          |          |          |          |

|    |                                         |  |  |  |  |  |
|----|-----------------------------------------|--|--|--|--|--|
| e. | Overall, KQ employees are well ordained |  |  |  |  |  |
|----|-----------------------------------------|--|--|--|--|--|

### Section F: Demographic Information

**Duration working in Kenya Airways Plc (Tick as appropriate)**

| Working in KQ           | Tick |
|-------------------------|------|
| Less than 5 years       |      |
| Between 5 and 10 years  |      |
| Between 10 and 15 years |      |
| Over 15                 |      |

**Your Gender**

1. Male ( ),
2. Female ( ),

**End of the Questionnaire**

### Appendix III: Research Questionnaire – Customers Research Questionnaire Turnaround Strategy, Adaptive Capability and Service Quality in a Selected Airline in Kenya

#### EC- CUSTOMER QUESTIONNAIRE

#### Section One: Background Information

This research investigates the perceived effects of turnaround strategy on service quality and moderating influence of adaptive capability in Kenya Airways Plc.

#### Instructions

It is important that you personally fill out the questionnaire for the result to be meaningful. Select answers that best represent your views, opinion, or perspective.

#### Confidentiality

The confidentiality and anonymity of the respondents is assured. Taking part in this survey is voluntary. By completing and returning the questionnaire you are indicating your consent and willingness to participate in the study. This research is purely for academic purposes and therefore the results will not be published for any commercial reason.

If you accept to participate in the study, kindly tick the box below.

☐

I agree to participate in this study

#### Scale

Using the interval measurement scale shown below, rate (based on your views, perception, opinion, or perspective) the extent to which you agree with the following statements.

- (1) Strongly disagree,
- (2) Disagree
- (3) Neutral
- (4) Agree
- (5) Strongly agree

### Section A: Kenya Airways Service Quality

This section collects data on three indicators of service quality namely; Tangibility, Reliability, Responsiveness, Assurance and Empathy.

| Tangibility (3) |                                                                                                                              |   |   |   |   |   |
|-----------------|------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| No.             | Items                                                                                                                        | 1 | 2 | 3 | 4 | 5 |
| a.              | Kenya Airways has modern-looking equipment                                                                                   |   |   |   |   |   |
| b.              | Kenya Airways' physical facilities are visually appealing                                                                    |   |   |   |   |   |
| c.              | Kenya Airways' reception desk employees are neat in appearance                                                               |   |   |   |   |   |
| d.              | Materials associated with the service (such as welcome, no smoking statements, etc.) are visually appealing at Kenya Airways |   |   |   |   |   |

| Reliability (5) |                                                                              |   |   |   |   |   |
|-----------------|------------------------------------------------------------------------------|---|---|---|---|---|
| No.             | Items                                                                        | 1 | 2 | 3 | 4 | 5 |
| a.              | When Kenya Airways promises to do something by a certain time, it does so    |   |   |   |   |   |
| b.              | When you have a problem Kenya Airways shows a sincere interest in solving it |   |   |   |   |   |
| c.              | Kenya Airways performs the service right the first time                      |   |   |   |   |   |
| d.              | Kenya Airways provides its service at the time it promises to do so          |   |   |   |   |   |
| e.              | Kenya Airways insists on error-free records                                  |   |   |   |   |   |

| Responsiveness (4) |                                                                             |   |   |   |   |   |
|--------------------|-----------------------------------------------------------------------------|---|---|---|---|---|
| No.                | Items                                                                       | 1 | 2 | 3 | 4 | 5 |
| a.                 | Employees in Kenya Airways tell you exactly when services will be performed |   |   |   |   |   |
| b.                 | Employees in Kenya Airways give you prompt service                          |   |   |   |   |   |
| c.                 | Employees in Kenya Airways are always willing to help you                   |   |   |   |   |   |
| d.                 | Employees in Kenya Airways are never too busy to respond to your request    |   |   |   |   |   |

| Assurance (1) |                                                                        |   |   |   |   |   |
|---------------|------------------------------------------------------------------------|---|---|---|---|---|
| No.           | Items                                                                  | 1 | 2 | 3 | 4 | 5 |
| a.            | The behavior of employees in Kenya Airways instills confidence in you  |   |   |   |   |   |
| b.            | You feel safe in your transactions with Kenya Airways                  |   |   |   |   |   |
| c.            | Employees in Kenya Airways area consistently courteous with you        |   |   |   |   |   |
| d.            | Employees in Kenya Airways have the knowledge to answer your questions |   |   |   |   |   |

| <b>Empathy (2)</b> |                                                                   |          |          |          |          |          |
|--------------------|-------------------------------------------------------------------|----------|----------|----------|----------|----------|
| <b>No.</b>         | <b>Items</b>                                                      | <b>1</b> | <b>2</b> | <b>3</b> | <b>4</b> | <b>5</b> |
| a.                 | Kenya Airways gives you individual attention                      |          |          |          |          |          |
| b.                 | Kenya Airways has operating hours convenient to all its customers |          |          |          |          |          |
| c.                 | Kenya Airways has employees who give you personal attention       |          |          |          |          |          |
| d.                 | Kenya Airways has your best interest at heart                     |          |          |          |          |          |
| e.                 | The employees of Kenya Airways understand your specific needs     |          |          |          |          |          |

### **Section B: Demographic Information**

#### **Customer frequency of travel with KQ**

(a) Are you flying KQ for the first time: YES (    ); NO (    )

(b) How frequently do you fly KQ (Tick appropriately)

Highly Frequent (    )

Moderately Frequent (    )

Not Frequent (    )

#### **Your Gender**

3. Male (    ),

4. Female (    ),

#### **End of the Questionnaire**

#### Appendix IV: Interview Schedule - Senior Management Employees

| Top 40 Senior Management Interview Plan/Schedule |                  |                             |
|--------------------------------------------------|------------------|-----------------------------|
| Departments                                      | No. Interviewees | Interview Dates (Year 2023) |
| Finance                                          | 6                | 3rd - 5th July              |
| Human Resource                                   | 4                | 6th - 7th July              |
| Technical services                               | 5                | 10th - 12th July            |
| Commercial                                       | 9                | 13th - 18th July            |
| ICT                                              | 4                | 20th - 21st July            |
| Ground Services                                  | 3                | 24th - 25th July            |
| Inflight Services                                | 4                | 26th - 27th July            |
| Safety and Security                              | 3                | 28th July                   |
| Strategy & Performance                           | 1                | 31st July                   |
| MD/CEO Office                                    | 1                | 31st July                   |
| <b>Total</b>                                     | <b>40</b>        |                             |

## Appendix V: Research License

|                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>REPUBLIC OF KENYA</b></p>                                                                                                                                                                                                                                                     |  <p><b>NATIONAL COMMISSION FOR<br/>SCIENCE, TECHNOLOGY &amp; INNOVATION</b></p> |
| <p><b>RefNo: 694198</b></p>                                                                                                                                                                                                                                                                                                                                           | <p><b>Date of Issue: 30/June/2023</b></p>                                                                                                                          |
| <p><b>RESEARCH LICENSE</b></p>                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                      |                                                                                                                                                                    |
| <p><b>This is to Certify that Miss.. christine kinanu of Moi University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Turnaround Strategy, Adaptive Capability and Service Quality in a Selected Airline in Kenya for the period ending : 30/June/2024.</b></p> |                                                                                                                                                                    |
| <p><b>License No: NACOSTI/P/23/27142</b></p>                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                    |
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| <p><b>Verification QR Code</b></p>                                                                                                                                                                                                                                               |                                                                                                                                                                    |
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| <p><b>See overleaf for conditions</b></p>                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                    |

## Appendix VI: Plagiarism Awareness Certificate



SR596

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### THESIS WRITING COURSE

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Awarded by

Prof. Anne Syomwene Kisilu  
CERM-ESA Project Leader    Date: 19/07/2024