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Influence of Turnaround Strategies on Performance of Firms in the Aviation Industry in Kenya

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Abstract

The main drive of this study was to ascertain the influence of turn around strategies on the output of firms in the Aviation sector in Kenya. The specific intents of this research was to find out the influence of Retrenchment plan, Divestment plan, Business process re-engineering strategy and Top management re-organization plan on the output of companies in the Aviation business in Kenya. This study assumed a descriptive research design so as to pronounce the relationship between the predictor variables and the dependent variable and a survey of all the firms was conducted. The target population was all the firms in the Aviation industry in Kenya which are 48 in number. A sample of 3 managers was selected from each company making a total target population of 144 managers from the three levels of management. A sample was determined by use of Krejcie and Morgan formula where the sample size was 105 respondents. The research primary data .The primary data was assembled by use of questionnaires which were developed as per the study objectives and distributed to the respondents. The respondents were given a period of two weeks in order to have enough time to answer the questionnaires, before being collected for cleaning and coding. Data analysis was done by use of SPSS software, version 23, where the collected questionnaires were edited, coded and input into the software for analysis. The data was analyzed for inferential and descriptive statistics where measures of central tendency such as mean and standard deviation were deduced. Tables and bar graphs were used to present the findings. It was found out that the Retrenchment Strategy, Divestment Strategy, Business Process Re-engineering have a positive influence on performance of firms in the Aviation Industry. The study recommends that Aviation firms needs to sale off excess and idle assets to free up capital which can be used to invest elsewhere. On divestment Aviation firms should exit of underperforming market segments saves on financial losses. On BPR, new product development be encouraged as it enlarges the market served. On top

management re-organization, the study recommends that hiring experienced top managers should be a priority as it saves on operational mistakes.

Keywords: Turnaround Strategies, Performance, Aviation Industry.

Introduction

A turnaround state of affairs is one where an organization undergoes deteriorating commercial functioning for an comprehensive duration, so that the functioning points is so small that the existence of the enterprise is endangered but for stern exertions are prepared to advance its operations (Lussier, 2015) . To manage such a situation, a turnaround strategy can be employed. Brandes, Bregé & Brehmer (2015) describes a turnaround scheme as a practice in which organizations pursue to converse the enterprises degeneration and rise corporate performance.

In Thailand, Within a period of three year restructuring performing organizations were viewed to be probable to embrace charge and overhead saving, organization dimension decrease and discarding of less important properties while functioning policies designed at aligning core operations and structures were not expected to be related with prosperous establishments (Robert, Chitnomrath, & Christopher, 2016). These schemes facilitated pausing the deterioration of the main corporations that were by this time recording substantial losses.

Using a Romanian case, continuing improvement organization can be an effective significant to attain viable commercial functioning enhancement (Herri, Johan, Handika, & Yuliharsi, 2017). The focus in this case was on viable performance upsurge and tactical improvement management. In Germany, growing staff output and trades in the last period have been brought about by high commitment to work and practices that result to corporate change which has enhanced performance outcomes. (Maishanu, 2016).

In India, many firms that are not recording progress have been successfully pulled back from the brink and have firmly been put on the road to recovery. Some of the spectacular recoveries have all had one or more of the following strategies to call upon restoring lender confidence, removing failure team, identifying and motivating performers, downsizing redundant assets and non-performing personnel, creating sustainable business strategy, increasing sales through direct customer contact and improved service and value pricing, maintaining creditor confidence with full timely disclosure of operational and financial results and rapid debt pay down, rebuilding core business and identifying opportunities for sustained growth, focusing the management on key performance issues and creating a successful management team (Ukey & Krishnarao, 2015).

According to Nnabuife and Onwuzuligbo (2015) in Nigeria, turnaround strategies were aimed towards improving the operational efficiency of an organization that was sick or performing very poorly, if it is in attractive industry. This improvement description suggests that a poor performing organization can be improved, whereas an organization that has broken down cannot be revived. Legal engagements are usually related with organizations which have failed and rarely with organizations whose performance has deteriorated and small firms, whose entry and exit from the market is informal in nature. At any given time, between 20 and 30 percent of most companies in Nigeria are in need of a turnaround (Ollor & Dagogo, 2015).

National Bank of Kenya undertook turnaround strategies such as competence focused schemes which comprised of discounting or forfeiture of bonuses, downsizings, replacement of top management, combination of excess permanent possessions, shutting down of branch business entities, and sale

of various business units (Njeru, 2015). Kamunde (2015) on the other hand, established that the bank adopted top management change, stakeholder's involvement and increased efficiency as some of the recovery strategies.

Statement of the Problem

Turnaround strategies are aimed at steering an organization from the deep state of poor performance to profitability by adopting strategies which are profit motivated and which would push the organization in the right direction. Organizations adopt turnaround strategies due to their need to make profits and pay dividends to the shareholders (Ayiecha & Katuse, 2015). For an organization to be successful in a given market, the business is expected to choose a set of tactical conduct which equals the size of the business environment in which it operates, and cultivate a skills competency which matches the selected approach (Mokubung, Botha, & Du Plessis, 2014). Ondimu (2015) noted that improvement scheme is an essential instrument to capture and reverse the bases of economic advantage and commercial flawlessness of an enterprise as soon as possible. Nderu (2016) argued that improvements in commercial enterprises result to operational efficiency in delivery of services, skillful, liable and responsibility of employees, co-operative leadership and an enhanced corporate conversion with the goals of evading the necessity for shareholder's involvement and winding up (Nderu, 2016).

The Aviation Industry has been faced by numerous challenges in their operations. Some of the challenges faced by the players in this industry include reduced market, high cost of fuel, record safety, inadequate skilled manpower, internal liberalization of the industry high taxation costs and turbulent environment (Mutema, 2016). A current case which can be looked at present now is the meagre performance of the industry which has continuously made losses half year report of 2014, the industry had a net loss of Sh.258 billion and continued to make losses in the years that followed such as Kshs. 487 Billion losses in the year 2015 and Kshs.534 Billion losses in 2016 (OAG, 2016). However, in the year 2018, the losses reduced to Kshs.428 Billion (OAG, 2018). Further, the Aviation industry growth rate and its contribution to the Kenya's GDP has been fluctuating with a growth of 5.4%, 3.3% and 3.1% in the year 2015, 2016 and 2017 respectively (OAG, 2018). For the industry to realize better output there is a need for improvement plans as argued by Nderu (2016). This study therefore intends to find out some of the turnaround strategies they have adopted and its effect on performance.

Objectives of the Study

The main focus of this study was to ascertain the influence of turnaround strategies on performance of firms in the Aviation Industry in Kenya. The specific Objectives were;

1. To establish the effect of retrenchment strategies on performance of firms in the Aviation Industry in Kenya.
2. To learn the influence of divestment strategies on performance of firms in the Aviation Industry in Kenya
3. To discover the influence of business process reengineering strategies on performance of firms in the Aviation Industry in Kenya.
4. To determine the influence of top management reorganization strategies on performance of firms in the Aviation Industry in Kenya.

Theoretical Literature Review

Theory of Strategic Orientation

Schendel and Hofer (1970) proposed the theory to classify improvement schemes into two main categories namely effectiveness focused on and business focused on strategies. The theory argues that a firm can embrace effectiveness focused on plans such as expense reduction strategies and retrenchment when faced with a serious distress that needs efficiency. On the other hand, when a firm is no longer distressed but needs to turnaround a performance situation, it can involve in entrepreneurial oriented strategies where it can divest and venture into uncharted territory. This method encourages a firm to venture into new territories when its strategy is no longer working in its current environment. The theory supports two objectives of the study that is retrenchment and divestment strategies. According to the theory, a firm can adopt divestment strategy as an entrepreneurial oriented strategy when the current strategies are not working in its current territory.

Strategic Leadership Theory

Boal and Hooijberg (2001) proposed the theory to shade more light on the need for leaders to be strategic and have capacity to learn and be agile depending with the situation that needs change. The theory argues that organizations change and so should the leaders with them. When the firm leaders are not agile enough, they can plunge an organization into more distress. However, visioned leaders, agile leaders and those that are receptive to change can come up with strategic responses to agile situations in a firm.

This theory is applicable to this research as it supports the fourth objective of this study of top management re-organization and it emphasizes that the environmental turbulence can be maintained through strategic leadership. The theory argues that top management is tasked for creating tactical resolutions in the organization which can spearhead turnaround process in the organizations. It is linked to the top management reorganization strategies and its impact on efficiencies of organizations.

Resource Based Theory

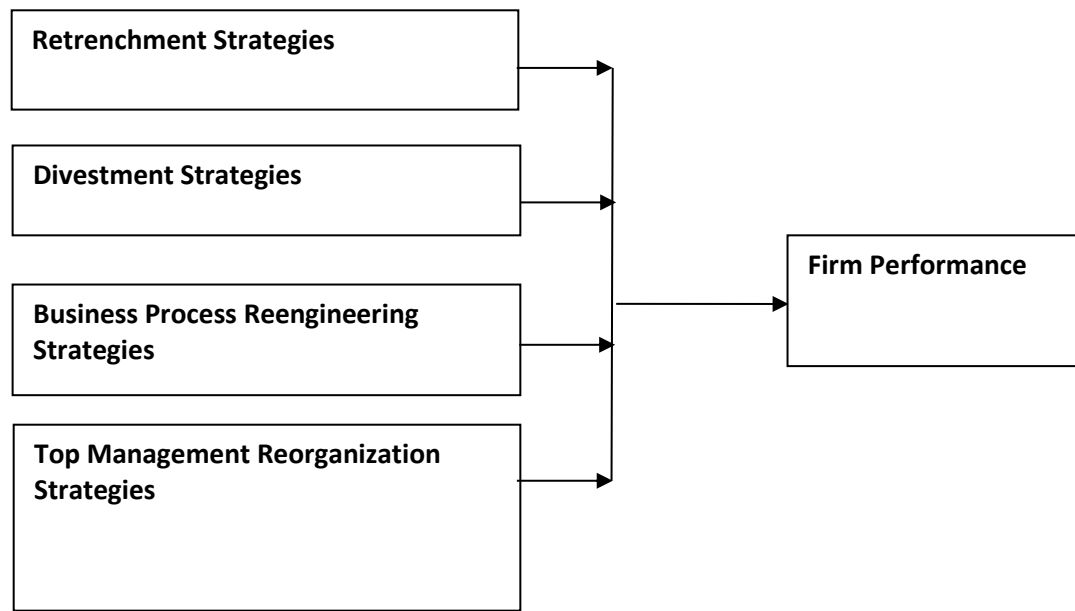
Wernerfelt (1984) proposed the argument of resources as the determinants of a firm's competitive edge over other firms. Presenting valuable and rare resources as important, theory also argues that improving these resources and re-aligning them is the most important determinant of how the firm would compete in the market with other firms. This theory mostly focuses on the Divestment of corporates as an expansion strategy since it is assumed that most many organizations holds pools of resources which are not fully utilized and they can be utilized for diversification (Mahoney & Pandian, 1992). Organizations with extra resources can divest into other markets by mergers and acquisition or entering the new market and providing unique products.

The theory is therefore relevant to this study as it supports the second objectives of this research which is Divestment strategies by explaining how an organization can use its extra resources which are not fully utilized to diversify to new markets by buying out existing businesses forming mergers or entering new markets and ensuring successful turnaround and good performance.

Theory of Punctuated Equilibrium

Tushman and Romanelli's (1985) proposed this theory which explains evolution of a firm based on fluctuations in the surroundings and the need for the organizations to respond accordingly through specific strategies. The theory argues that a firm faces long periods of change followed by revolutionary convergence and changes. When the frame breaking forces between the firm's structures, processes and strategy are high, a firm needs to reengineer its services and reorganize itself to cope. Further analysis of the theory argues that a firm can also gain competitive advantage through innovation, diversification, acquisitions and reorganizing its management. The theory mainly supports the third objective of this study of re-organization and reengineering of the firm processes and systems to be able to compete accordingly in the market.-re-engineering.

Conceptual Framework



Variables

Dependent variable

Independent

Figure 1 Conceptual Framework

Methodology

Descriptive research design was used for this study. The study was carried out on all 48 aviation firms in Kenya. The study targeted the employees in top, middle and lower level management in the Aviation Industry for 48 firms, which total to 144 based on the current 2019 human resource statistics. The unit of observation was those employees consisting of managers, assistant managers and supervisors. A sample size of 105 managers was used for the study. Both primary data and secondary data was used for the study. Questionnaires were used to collect primary data while secondary data forms were used to assemble secondary data. The data was then analyzed using quantitative analysis which was correlation and regression methods. The study used descriptive statistics such as means, standard deviation and percentages to describe the data. The main methods

to test the research questions was correlation and regression and a multiple regression model was used in this study.

The following analytical model was applied for the study;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = the dependent variable

β_0 = constant

$\beta_1 \beta_2 \beta_3 \beta_4$ = Beta Coefficients of independent variables

X_1 = Retrenchment Strategies

X_2 = Divestment Strategies

X_3 = Business Process Reengineering Strategies

X_4 = Top Management Reorganization Strategies

ϵ = the error term

Results

The researcher distributed questionnaires to 105 respondents where 87 were filled and returned for data analysis. The study had a response rate of 83% which can be credited to the reason that the scholar distributed questionnaires in person and allowed the respondents enough time to fill them. With the aim of determining the reliability of the questionnaire used, the researcher undertook a reliability test by use of Cronbach's alpha. Sekaran and Bougie (2010) affirms that Cronbach's alpha of more than 0.700 authenticates the interior reliability of the questionnaire and this formed the benchmark of this study. From the results presented, Divestment strategy had the highest Cronbach alpha of 0.913, followed by top management re-organization at 0.911. Business process re-engineering strategy had a Cronbach alpha of 0.892 whereas Performance had a Cronbach alpha of 0.835 while retrenchment strategy had the least Cronbach alpha of 0.833. All the variables had a Cronbach alpha value of more than 0.7 denoting that all the variables were reliable.

Table 1 Reliability Test

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Retrenchment strategy	.833	.835	6
Divestment strategy	.913	.920	6
Business process-engineering	.892	.892	6
Top management re-organization	.911	.913	6
Performance	.835	.835	6

Retrenchment Strategy and Performance

Respondents indicated their level of agreement with the statements about effect of retrenchment strategy on performance of aviation industry in Kenya. The results were shown on Table 2 below.

Table 2: Retrenchment Strategy and Performance

Statements on retrenchment strategy	N	Mean	Std. Deviation
Getting rid of idle assets frees up cash flows which can be reinvested in profitable ventures.	87	4.71	.455
Laying off redundant workforce saves on human resource costs.	87	4.56	.499
Employments by Contract saves on personnel costs.	87	4.70	.460
Discontinuing less profitable lines of business creates core competencies which increases profits.	87	4.68	.470
Outsourcing services lowers costs of business operations thus improving the firm's profits.	87	4.74	.444
Office space downsizing saves on overhead costs hence improving profits.	87	4.69	.465
Average		4.01	0.40

From the findings, respondents agreed with the statement that Getting rid of idle assets frees up cash flows which can be reinvested in profitable ventures as shown by a mean of 4.71 .This means that idle assets were tying up funds for the company and therefore companies were disposing off idle and unused assets to be able to use the funds to invest in other business lines. Equally, a mean of 4.56 indicates that the respondents agreed that Laying off redundant workforce saved on human resource costs. What this means is that companies were trying to get rid of unproductive personnel by sacking them off to save on employment costs.

On whether Employments by Contract saves on personnel costs, results shows a positive response as depicted by a mean of 4.70 .This shows that companies prefers employing staff when they have work and this saves them on employment costs during low seasons. Similarly, respondents agreed that discontinuing less profitable lines of business created core competencies which increases profits as shown by a mean of 4.68.This means that aviation firm managers were monitoring the output of each business line to ascertain its contribution in terms of revenue to be able to discontinue loss making business lines. A high mean of 4.74 was found on whether Outsourcing services lowers costs of business operations thus improving the firm's profits. This infers that organizations in the Aviation industry prefers to outsource many services to save on cost of setting up the systems since they are capital intensive and it is cheaper to outsource. On whether Office space downsizing saves on overhead costs hence improving profits positive response was received as depicted by a mean of 4.69.This means that companies were relinquishing excess office space to ensure that they are left with office space which is enough for their operations.

Generally, with an overall mean of 4.01, it shows clearly that Aviation firms in Kenya were applying the retrenchment strategy and this is reinforced by a low standard deviation

Divestment strategy and Performance

Table 3 shows the results that were obtained after analyzing data on the second objective that intended to establish the role of Divestment strategy on performance of firms in the Aviation industry in Kenya

Table 3: Divestment strategy and Performance

Statements on Divestment Strategy	N	Mean	Std. Deviation
Timely exit of underperforming market segments saves on financial losses.	87	4.80	.399
Writing off high maintenance costs tools and machinery leads to cost savings.	87	4.70	.460
Focus strategy creates competitive advantages for the firm.	87	4.64	.482
Sales of business lines reduce exposure to a variety of risks enabling the firm to concentrate on few revenue lines.	87	4.67	.474
Non-core business activities should be dropped.	87	4.54	.606
Having few but performing products and services lines improves overall profits.	87	4.49	.608
Average		4.64	0.50

With reference to table 3 respondents agreed that the Timely exit of underperforming market segments saves on financial losses as depicted by a mean of 4.80. This means that companies were leaving markets and routes which were proving to be loss making and concentrating with areas which were making profits. Equally a mean of 4.70 shows that majority of respondents agreed that writing off high maintenance costs tools and machinery leads to cost savings. What this means is that companies were writing off parts and other operational machineries which were having high maintenance cost and producing less output so as to save on costs. This enabled the companies to reduce operation costs.

On whether Focus strategy had created competitive advantages for the firm, results showed a positive response as denoted by a mean of 4.64. This shows that if a company focused on a given market segment, it was able to gain a competitive advantage over its competitors. Similarly, respondents agreed that sales of business lines had reduced the exposure to a variety of risks enabling the firm to concentrate on few revenue lines where a mean of 4.67 determined. This infers that companies were selling off unprofitable ventures which they had invested on but due to loss making, they were selling off to concentrate on profitable revenue lines. Respondents agreed that non-core businesses were being dropped to enable the company's focus on core business where a mean of 4.54 was established. This means Aviation companies were concentrating on their core business and putting their efforts on it to ensure that the business makes profit. Similarly respondents agreed that having few but performing products and services lines improves overall profits as depicted by a mean of 4.49. This implies that Aviation companies were now focusing on few products which were profitable to them and this was ensuring their financial performance improved.

Generally, the findings of divestment as a turnaround strategy indicates that Aviation firms in Kenya were using it to improve on their performance where an overall mean of 4.64 was established. It is

clear that the respondents agreed that divestment strategy was crucial to the improvement of the performance of Aviation firms in Kenya.

Business Process Re-Engineering Strategy and Performance

In Table 4 below, the results indicate what was obtained after analyzing data on the third objective that intended to find out the role of Business process re-engineering on functioning of firms in the Aviation industry.

Table 4. Business process re-engineering and Performance

Statements on Business process re-engineering strategy	N	Mean	Std. Deviation
Advanced technology saves on time of undertaking business operations.	87	4.67	.474
Advanced technology creates competitiveness.	87	4.62	.488
Innovativeness results into efficient ways of performing tasks.	87	4.52	.503
Cost leadership strategies are good for the firms.	87	4.60	.493
New product development enlarges the market served.	87	4.69	.465
Decentralizing human resource planning improves productivity of workers.	87	4.70	.460
Average		4.63	0.48

Table 4 indicated that majority of the respondents agreed with the statement that Advanced technology saves on time of undertaking business operations.as reinforced by the mean of 4.67. These results meant that the aviation firms had invested in new technologies in their operations to speed their operations. Equally, respondents agreed with the statement Advanced technology creates competitiveness as shown by the mean of 4.62. It, therefore, implies that the entities embrace new technologies to assist in sales of their products as this helps to have an upper hand over their competitors. A high mean of 4.52 was established on the question on whether Innovativeness resulted into efficient ways of performing tasks. This was a confirmation that innovation boosted performance of firms.

Similarly, most of the respondents agreed that Cost leadership strategies were good for the firms as evidenced by the mean of 4.60. These findings indicated that companies are using cost as a tool to compete by offering various price tariffs to appeal to their clients. Also, results revealed that new product development enlarges the market served as shown by a mean of 4.69.This means that having new products ensures that clients have a pool to choose from and this ensures that the company has sales. Equally, respondents agreed that decentralizing human resource planning improved productivity of workers as determined by a mean of 4.70.

This shows that business process re-engineering is a good strategy being used by companies in the aviation industry to improve productivity of employees. In general, the business process re-engineering strategy came out strongly as a popular turnaround strategy being used by Aviation firms in Kenya based on an overall mean of 4.63.

Top Management Re-organization Strategy and Performance

Table 5 shows the results that were obtained after analyzing data on the fourth objective of inaugurating the role of Top Management re-organization on performance of firms of firms in the Aviation industry in Kenya.

Table 5: Top management re-organization strategy and Performance

Statements on top management re-organization	N	Mean	Std. Deviation
Fixed terms of tenure of top managers creates accountability.	87	4.45	.500
Having independent top management from shareholders creates transparency in the entire firm.	87	4.56	.499
Board committees' membership rotation improves firm's governance.	87	4.68	.470
Having a diverse board composition is valuable to the firm as it results to a range of wide experience.	87	4.74	.444
Hiring experienced top managers saves on operational mistakes.	87	4.82	.390
Top management recruitment through human resource hiring agencies provides the best management personnel.	87	4.63	.485
Average		4.64	0.46

With reference to table 5 above, respondents agreed that fixed terms of tenure of top managers creates accountability as shown by a mean of 4.45. On whether having independent top management from shareholders creates transparency in the entire firm. Respondents agreed with the statement as shown by a mean of 4.56. What this means is that top management needs to be independent in their decision making to be able to work well without influence from shareholders. A mean of 4.68 was established when respondents were asked whether Board committees' membership rotation improves firm's governance. Results shows an agreement with the statement that having a diverse board composition is valuable to the firm as it results to a range of wide experience where a mean of 4.74 was established. This infers that that companies prefers to have people with experience in various fields to assist the company in decision making which would steer it to profitability. Respondents agreed that hiring experienced top managers saves on operational mistakes as depicted by a mean of 4.82. This means that companies are careful and takes time to ensure they hire experienced and result oriented top managers to enable the company manage its operations profitably. Similarly, a mean of 4.63 was established when respondents were asked whether Top management recruitment through human resource hiring agencies provides the best management personnel.

From the general findings above, it is clear that top management re-organization as a turnaround strategy had a serious implication on the performance of Aviation industry in Kenya, where a general mean of 4.64 was determined, indicating that if correctly applied by Aviation firms, Top management Re-organization can lead to improvement in performance of firms.

Regression Model

The study carried out regression analysis to establish the statistical relationship between the independent variables notably (X₁) Retrenchment strategy (X₂) Divestment strategy, (X₃) business process-re-engineering and (X₄) Top management re-organization and dependent variable (Y) = Performance of aviation firms in Kenya. These results were presented using regression analysis model summary table, Analysis of variance(ANOVA) table and beta co-efficient table.

Table 6 regression Model

Model Summary						
Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.975 ^a	.951	.757		.25373	1.827

a. Predictors: (Constant), Top management, retrenchment strategy, Divestment strategy, BPR
 b. Dependent Variable: performance

Table 2 shows R, R² and adjusted R². R is the correlation among the dependent variable and predictors. R² is the coefficient of determinations that describes the extent to which the predictor influence variations in dependent variables while adjusted R² describes the extent of influence between the variables on addition of variables in the equation. The R of 0.975 shows strong correlation among the variables. The R² of 0.951 shows that 95.1 % of variations in performance is influenced by changes in retrenchment, divestment, BPR and Top management re-organization. This means that other factors not studied accounted for 4.9 % of variations in performance among aviation firms in Kenya. This therefore means that a further research should be conducted to investigate other turnaround strategies which influence the performance of aviation firms in Kenya.

ANOVA Test

The significance of the model was ascertained by undertaking an analysis of Variance. The results are presented on Table 7

Table 7 ANOVA Test

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.258	4	.315	4.88	.026 ^b
	Residual	.064	1	.064		
	Total	1.323	5			

a. Dependent Variable: performance
 b. Predictors: (Constant), Top management, retrenchment strategy, Divestment strategy, BPR

Table 7 shows a P-value of 0.026 which is less than 0.05 indicates that the model is statistically significant in explaining the relationship between turnaround strategies and performance of firms in the Aviation industry in Kenya. In addition, it shows that the overall model was significance in explaining the variations in performance among the aviation firms in Kenya. This indicates that retrenchment strategy, divestment strategy, business process re-engineering and top management

re-organization had a joint influence on the performance of firms in the Aviation industry in Kenya. Data was processing at 95 % confidence level which means that a statistics of below 0.05 is significant. We thus conclude there is a significant positive relationship between turnaround strategies and performance of Aviation industry in Kenya.

Coefficients

Table 8 shows the results for coefficients that show the extent and nature of relationship among the variables.

Table 8 Coefficient Model

Model		Unstandardized Coefficients		Standardize d Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.736	2.835		-.965	.511
	retrenchment strategy	.519	.277	.566	1.877	.029
	Divestment strategy	.436	.171	.699	2.551	.021
	BPR	.928	.309	.937	3.004	.035
	Top management	.370	.165	.553	2.245	.017

a. Dependent Variable: performance

Table 8.shows the coefficients of the regression model that were obtained. The regression model is specified as follows:

$$Y = 0.519X_1 + 0.436X_2 + 0.928X_3 + 0.370X_4 + e$$

Where Y is the dependent variable, i.e performance of Aviation firms in Kenya, X_1 retrenchment strategy, X_2 Divestment strategy, X_3 Business process re-engineering and X_4 is the top management re-organization. In this case, the constant is negative and therefore insignificant in the equation thus omitted in the equation.

0.519 is the increase in performance of aviation firms in response to a unit increase in retrenchment, 0.436 is the increase in performance of aviation firms in response to a unit increase in Divestment, 0.928 is the increase in performance of aviation firms in response to a unit increase in BPR and 0.370 is a unit increase in performance of Aviation firms in response to a unit increase in Top management re-organization..

Additionally, the P-values on the last column on the Table 8 reveals that all these variables had significant role in performance of Aviation firms in Kenya since the significance statistic were less than 0.05 in all cases. Therefore, it can be inferred that retrenchment strategy, Divestment strategy, Business process re-engineering strategy and top management re-organization strategy have a statistically significant role on performance of Aviation firms in Kenya.

This is consistent with the theoretical arguments and past empirical studies on turnaround strategies where firms experiencing financial downturn employs strategies such as retrenchment strategy, divestment strategy, business process re-engineering and top management re-organization which in turn leads to improvement in performance in the process as the organization retrenches idle assets,

divests its investments to manage competition, applies business process re-engineering processes which improves business operations and re-organizes its top management to inject new ideas into the business which in turn leads to enhancement in performance of the firm (Mungai & Bula, 2018)

Conclusion and Recommendations

The overall goal of this study was to establish the influence of turnaround strategies on the performance of Aviation industry firms in Kenya. The study found out that turn around strategies have a positive effect on the performance of Aviation firms in Kenya.

Inferential statistics revealed that 95.2 % of variations on performance of Aviation firms is explained by retrenchment strategy, divestment strategy, Business process re-engineering strategy and top management re-organization. The model was found to be statistically significant as exhibited by the P-Value of 0.026 statistic for the analysis of variance.

Inferential statistics revealed that retrenchment strategy, divestment strategy, Business process re-engineering and top management re-organization have positive effect on financial performance of banks. In addition, all the variables showed a statistically significant relationship with financial performance.

Retrenchment strategy is critical for the good performance of aviation firms in Kenya. Aviation firms needs to sale off excess and idle assets to free up capital which can be used to invest elsewhere. In addition, Aviation firma in Kenya need to outsource services on areas they lack expertise so as to save on excess cost on the company. Further, the study recommends the Aviation firma in Kenya should endeavor to save on costs as much as possible by relinquishing extra office space to save on their operating costs.

On Divestment strategy, the study recommends that the Aviation firms should exit of underperforming market segments saves on financial losses. Further, the study recommends that the aviation industry should write off high maintenance costs tools and machinery to save on costs.in addition, Aviation firms should sale off business lines which are risky and concentrate of lines which are making profits and performing well.

On business process re-engineering, the study recommends that new product development be encouraged as it enlarges the market served. This helps the organization have choices for its customers thus increasing sales. Further, the study recommends that advanced technology be adopted since saves on time of undertaking business operations

On top management re-organization, the study recommends that hiring experienced top managers should be a priority as it saves on operational mistakes. Similarly, the study recommends that aviation firms in Kenya should have a board composition of members with wide range of experience which ensures there is a pool of expertise which steers the company to great heights.

Suggestion for Further Studies

The research had a general objective of assessing the influence of turnaround strategies on performance of firms in the aviation industry in Kenya. The study has found out turnaround strategies had a major influence on the performance of firms in the aviation industry in Kenya. This research suggests that another research be done to assess the challenges facing the implementation of turnaround strategies among the aviation firms in Kenya. Also, this study concentrated on Aviation

firms Kenya, a similar study can be undertaken but with a focus of the manufacturing sector to see if the results may be the same.

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