# ANALYSIS OF KENYA AIRWAYS' IMAGE RESTORATION STRATEGIES DURING THE 2015/2016 FINANCIAL CRISIS

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## DECLARATION AND RECOMMENDATION

### Declaration

I declare that this thesis is my original work and has not been presented in this or any other university for the award of a degree, diploma or certificate.

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### Recommendation

This thesis has been submitted with our approval as University supervisors:

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## DEDICATION

I dedicate this project to my dear husband Mr. Robert Kemboi, my lovely daughter, Precious-Natalie Chepkoech, my parents, Mr. Robert Mutai and Mrs. Rosemary Mutai, my two sisters, Mrs. Lindah Kirui and Mrs. Faith Sang, and finally my two brothers, Mr. Houmann Lang’at and Mr. Obed Jared Lang’at. I can’t forget my supportive grandparents, Mr. and Mrs. Alexander Koech. My aunties and uncles, God bless you all!

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## ABSTRACT

Kenya Airways is the flag carrier and the largest airline in Kenya. It prides itself as the African airline. Kenya Airways underwent a major economic crisis during the 2015/16 financial year, amounting to a total of 29.7 billion Kenya shillings in losses in March 2015, leading the carrier to be rated as the highest loss-making company in East Africa. This crisis tarnished the image of Kenya Airways leading the airline's board of management to engage in an aggressive image restoration campaign. The aim of this study was firstly, to determine the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 financial crisis, secondly, to examine how Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication, thirdly, to analyze the relationship between image restoration strategies and attributed responsibility for the 2015/16 financial crisis. Two theories were used to inform this study, namely; Situational Crisis Communicational Theory (Coombs 2007) and Image Restoration Theory (Benoit 2004). The researcher compiled data from magazines, financial report, annual general meeting report and press releases from Kenya Airways addressing the financial crisis between the period of March 2015 and September 2016. Using the entire population sampling, the researcher analyzed the data qualitatively through textual analysis. Based on the findings, the study found out that the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 crisis were anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies, reducing offensiveness of financial crisis through corrective action strategy and shifting blame strategies. Furthermore, the results implied that the airline adopted bolstering and transcendence strategies because it appeared that these strategies are the most common strategies used by an organization when it presented itself a victim of a crisis. It appeared that the airline also adopted these strategies so as to shift the stakeholder's attention away from the crisis. It utilized corrective action strategy because it emerged that this strategy is the most successful strategy as a firm uses it to addresses the source of the problem. Kenya airways and its stakeholders considered itself as a victim of the financial crisis because crises under victim cluster produced very low attributions of crisis responsibility. The study concludes that an organization facing a victim crisis should use denial strategy. Denial strategy means that the accused denies that there is a crisis or shift the blame to culprit.

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## LIST OF ABBREVIATIONS AND ACRONYMS

**CEO** **:** Chief Executive Officer

**JKIA** **:** Jomo Kenyatta International Airport

**KQ** **:** Kenya Airways Limited

**SCCT** **:** Situational Crisis Communication Theory

# CHAPTER ONE
# INTRODUCTION

## 1.1 Background to the Study

Kenya Airways Limited, which goes by the code name – KQ, is the flag carrier and largest airline in Kenya. KQ prides itself as the African Airline. The company was founded in 1977 after the dissolution of East African Airways. The carrier's head office is located in Embakasi, Nairobi, with its hub at Jomo Kenyatta International Airport (JKIA).

Kenya Airways, (KQ) which prides itself as the Pride of Africa underwent a major economic crisis during the 2015/16 financial year, amounting to a total of 29.7 billion Kenya shillings in losses in March 2015, leading the carrier to be rated as the highest loss-making company in East Africa. This crisis eventually tarnished its image. A financial crisis occurs when a company does something that makes it to suffer financial consequences. A financial crisis damages the corporate reputation of an organization by affecting the power of the brand, customer satisfaction, service delivery, perception of management strength and integrity and clarity of strategic choice direction (Anthonissen, 2008). In the case of Kenya Airways, its reputation was damaged during the 2015/16 financial crisis.

The airline attributed this crisis to so many factors such as threat of terrorism, volatility of exchange rates, West African Ebola crisis, low passenger numbers on some routes, high and fluctuation of fuel costs, strong competitive pressures in their key markets like Ethiopian airlines and Middle East airlines and underpriced ticketing. In addition, implementation of the fleet expansion plan was not executed as planned and therefore contributed to the losses whereas large aircraft purchases also led to financial losses (Kenya Airways, 2015). As a result of this, the airline board and management team formulated a turnaround strategy called 'Operation Pride' which focused on three main priorities, namely: returning to profitability through revenue enhancement and cost containment, refocusing and resizing the business and enhancing partnerships (Kenya Airways, 2016).

According to Kenya Airways (2015), among other factors that contributed to the crisis included the downturn of the tourism sector in Kenya, the shifting preferences of European visitors, West African Ebola crisis, severe weather, strong competitive pressures in their key markets like the Ethiopian airlines, and a number of European visitors fluctuation during the same period.

These factors cumulatively had a negative effect on the Kenyan aviation sector and thus, both the operational and financial performance of the airline during the 2015/16 crisis was adversely impacted leading to huge image loss (Kenya Airways, 2015). Murimi (2015) further reported that, the 2015/16 crisis was as a result of underpriced ticketing, large aircraft purchases and loss of the company's special skills staff such as pilots to other airlines.

As a result of this crisis, KQ's board of directors took a decision to reduce their fleet by offering for sale of four B777-200ER aircrafts. The airline also sold one of the aircraft (B767 – KYX) and received KSH 322 million on the sale during the month of March 2015. Furthermore; approximately 600 employees were also laid off during the 2015/16 crisis. In addition to that, the airline appointed a new Chairman of the Board of Directors, the former safaricom CEO, Michael Joseph, as part of turnaround strategies in the airline (Kenya Airways, 2016). Michael Joseph Non-Executive Chairman joined the Board of Kenya Airways on 29th September, 2016.

Before this crisis, KQ had faced other major crises which are flight KQ 431 crash near Abidjan Airport and KQ flight 507 air crashes in Douala. KQ 431 crash near Abidjan Airport occurred on 30th January 2000 after the airbus A310-300 registered as 5Y-BEN took off from Abidjan, in Ivory Coast bound for Lagos, Nigeria and then Nairobi, Kenya. It crashed into the Atlantic Ocean, thirty-three seconds after take-off. On board were 10 crew members and 169 passengers, unfortunately, only 10 of those on board survived (French Accident Investigation Bureau, 2000).

Kenya Airways flight 507 air crash in Douala took place in the year 2007, the B737-800, registration 5Y-KYA, operating as flight KQA 507 from Abidjan international airport, Cote d' Ivoire, to the Jomo Kenyatta airport, Kenya, crashed into a mangrove swamp in Doula. The weather was stormy and shortly after takeoff at about 1000 feet the airplane crashed in Doula, Cameroon killing a total of 114 people on board. This incident was attributed to pilot error after the pilot got confused and instead of correcting controls to the left; he turned further right, sending the plane into spiral (Cameroon Technical Commission of Inquiry, 2007).

Other recent major crises in other Airlines are American Airlines AA Flight 587 & Airbus 430, Air France and Malaysian Airline flight MH370 crises. According to Barbee, (2006), American Airlines (AA) is the world's largest United States' commercial airline carrier and it is considered one of the most profitable airlines in the industry. AA has endured some of the worst aviation crashes in history. Despite these challenges, AA has a notable crisis communication plan that other airlines are emulating. On September 11, 2001 two AA aircrafts, AA flight 587 and Airbus 430, were hijacked and crashed during terrorist attacks in the United States. After this attack, AA was declared bankrupt and thus its reputation was damaged because some operations in the airline were paralyzed, and quiet a number of customers were no longer confident with the airline after this crisis.

On November 12, 2001, American Airlines Flight 587 crashed in Belle Harbor, New York shortly after takeoff from John F. Kennedy International Airport for Santo Domingo's Las Americas International Airport, killing all 260 people on board. This crisis created horror and shock throughout the country resulting in extreme production of image tarnishing documentations like newspapers, magazines and advertisements resulting to image loss in the airline. However, American Airlines begun a restoration of its image so as to remain true to its passengers by reorganizing its fleet, workforce, and company (Barbee, 2006).

Air France airline was also faced with a major crisis when Flight AF447 left Rio de Janeiro, Brazil on May 31th 2009 for Paris Charles de Gaulle airport and was involved in an accident. On board were 216 passengers and 12 crew members. During this flight, over the Atlantic, the airplane entered a zone of stormy weather making its electronic circuit to fail. On June $6^{th}$, 2009, bodies of the passengers were found and parts of wreckage were located (Hansson & Vickstrom, 2011).

Another major recent crisis in the airline industry is the Malaysian Airline flight MH370 disappearance on March 8, 2014. The Malaysian Airline flight MH370 was travelling from Kuala Lumpur to Beijing (Zafra & Maydell, 2018). This tragedy became a mystery that captured the attention around the world in that it became the first of its kind in a long time where authorities found it hard to locate the plane or any of its debris. A total of 239 passengers and crew members lost their lives during the incident with a majority of them being passengers from China. The cause of this disaster was not identified (Zafra & Maydell, 2018).

The Malaysian government was accused of not being transparent and not sharing information while China advanced its rescue efforts in search of the victims. Due to this, flights between China and Malaysia were affected as Chinese citizens cancelled their trips to Malaysia. The reputations of Malaysian airline and that of the government of Malaysia were greatly damaged due to this incident (Zafra & Maydell, 2018).

The Kenya Airways shareholders 2015 annual general meeting was held at the KQ Pride Centre, Embakasi on Friday October 9. This was on the back of the year in which they lost a corporate record of Kshs 25.7 billion ($257 million). The chairman invited KQ CEO Mbuvi Ngunze to give a brief on the state of the airline which he said was operationally sound, but had financial challenges. He asked Kenyans to rally behind airline, as the staffs were committed. Dubai and Ethiopia had aligned their hubs with airline and cities, but Kenya had not. KQ sold older Boeing 767 and 737, aircraft, but deals to sell the 777-200 fell through twice, and they have since hired an agency to complete this. Seabury was appointed to improve pricing and airline processes. They appointed financial advisor to secure $200 million and negotiated credit with local banks and patient supplies, as well as short-term loans from government of Kenya, and KLM has also provided some finance (Annual General Meeting, 2015).

According to Annual Reports and Financial Statements (2016), in 2011, Kenya Airways launched, with much fanfare, Project Mawingu a statement of intent to take on its aviation rivals Core to the 10-year strategy to positioning Nairobi as a hub for flights from the East, notably from India and China, to drop off passengers from where the airline and its Sky Alliance partners like KLM and Air France would pick up fares to the rest of Africa and Europe. While regionally this appeared targeted at Ethiopian Airlines, a Star Alliance member, and its Addis Ababa hub, its impact was also likely to occupy the strategists for Gulf carriers and their operating bases in the United Arab Emirates. It is under this cloud that many of the recent moves by Kenya Airways can be put into context amid lingering questions on prudence and what-ifs arising from the apparent head-on collision between the airline’s strategies and hostile market forces (Annual Reports and Financial Statements, 2016).

Indeed, many analysts believe Kenya Airways may have missed the bus at some point over the past five years, first by giving Ethiopian Airlines a two-year lead time in bringing in Dreamliners, and, second, by getting its hedging instruments against fuel and forex movements wrong on occasion (Annual Reports and Financial Statements, 2016).

While Project Mawingu was supposed to move the carrier from a crisis manager to a keen competitor, it flew into turbulence with the Kenya Defence Forces launch of an offensive against Al Shabaab in Somalia. Fears of retaliatory attacks by the terror group and uncertainties over elections in its key Africa markets, including Kenya in 2013, weakened demand from Europe a continent that had been struggling to push passengers since the 2007 economic crisis (Annual Reports and Financial Statements, 2016).

Terrorist attacks on the Westgate Mall in 2013 and Garissa University College prompted travel advisories from Europe and America that have since been lifted. In response, KQ cut capacity to Europe and suspended flights to Muscat, Jeddah and N'Djamena. The exit from unprofitable routes to focus on Africa and Asia, appeared to be paying dividends before the Ebola crisis forced the carrier to withdraw from its West African routes, and it did not resume until the end of the 2014/2015 financial year (Annual Reports and Financial Statements, 2016).

Constrained demand from passengers in the face of a runaway wage bill did not help matters, with personnel expenses more than doubling from $70 million in 2007 to $157 million in 2011 under union pressure. The airline's move to terminate the contracts of 578 workers in the hope of saving $10 million a year ended up being challenged in the courts, which ordered the staff to be reinstated (Annual Reports and Financial Statements, 2016).

The route rationalization appeared to limit the realization of one of Mawingu's goals, three new destinations each year leaving it to seek code share agreements with smaller airlines on the continent like Rwanda Air, Air Mozambique, Air Botswana, Air Malawi and TAAG Angola Airlines. The code shares appeared informed by its alliance partners flying into these destinations, from where Kenya Airways would pick up onward traffic to Nairobi, the Middle and Far East (Annual Reports and Financial Statements, 2016).

Another attraction in these partnerships was that they would allow KQ to compete in Southern Africa with South Africa Airways, a Star Alliance member. The ability to compete here was limited by most passengers preferring to rely on the first-leg carriers for onward travel because of Kenya's Airways higher fares as a premium carrier. That put plans by Kenya Airways to fly to every African City using modern low-cost aircraft at stake; a fleet modernization plan that many see at the heart of the airlines towards insolvency (Annual Reports and Financial Statements, 2016).

The airline has taken delivery of the three Boeing 787 aircraft but not without controversy. It started with the registration of special purpose vehicles, entities to co-own the aircraft with financiers, which critics feared might have been used to inflate the price of the airplanes. With business low after the deliveries, the aircraft has not been deployed to full capacity; jettisoning the airline's revenue projections, pushing it closer to insolvency and desirous of a bailout (Annual Reports and Financial Statements, 2016).

A $200 million loan from the Africa Export Import Bank is expected to largely finance operations, leaving question marks about what would be the best financing option to keep the airline afloat. With the government and KLM appearing not keen to pump in more money after the $250 million rights issue in 2012, Kenya Airways could become the latest in a long line of corporations privatized by the government (Annual Reports and Financial Statements, 2016).

In the year 2016, Kenya Airways (KQ) released their March 2016 results. This was, arguably, the toughest year (2015) in their 39 year history, when they lost almost Kshs 25 billion. This was largely a result of their decade-old ambitious Project Mawingu that the airline invested in coming up short (Annual Reports and Financial Statements, 2016).

Crisis is a sudden and unexpected event that threatens to disrupt an organization's operations leading to financial and reputational loss (Coombs & Holladay, 2010). Crisis injures the reputation of an organization within a short period of time if not managed very well. Because of this, image restoration strategies should be employed during a crisis so as to restore the lost reputation.

Crisis can also be viewed as any event or circumstance that negatively impacts the reputation of an organization or individual's credibility, or brand (Coombs & Holladay, 2002). Coombs and Holladay (2002) further explains that when a crisis hits, crisis management should be adopted, this is a process designed to prevent or lessen the damage a crisis can inflict on an organization and its stakeholders. Crisis management is divided into three broad phases: Pre-crisis, crisis response and post crisis.

Pre-Crisis Phase is the first phase and it is concerned with prevention and preparation of a crisis. Prevention involves reducing known risks that could lead to a crisis while preparation involves crisis management plan (CMP) that is updated annually, selecting and training crisis management team and conducting exercises annually to test the crisis management plan and crisis management team. Planning and preparation allow crisis teams to react faster during a crisis and to make more effective decisions (Coombs & Holladay, 2010). Risk communication is the exchange of information about health risk caused by environmental, natural, technological, agricultural, or industrial processes, products or policies whereas crisis communication is a narrower concept that involves the exchange of risk-relevant and safety information during an emergency situation (Booz &Tinker, 2012).

The second phase is the crisis response phase which is all about what crisis managers do and say after a crisis hits. This phase has been divided into two sections: the initial crisis response and reputation repair and behavioral intentions. During the initial crisis response, the crisis management team should be quick by giving the initial response within the first one hour, be accurate by carefully checking all facts and be consistent by speaking in one voice. The second section is reputation repair and behavioral intentions which involves attacking the accuser, denial, scapegoat, excuse, justification, reminder, ingratiation, compensation and apology (Coombs & Holladay, 2010).

The last phase is the post crisis phase. According to Coombs and Holladay (2010) this is the last stage and it is when an organization is returning to business as usual. Crisis is no longer the focus in this stage but it still requires some attention. Reputation repair strategies may be initiated during this stage. Follow-up and additional communication is also required.

Coombs and Holladay (2010) further explains that an organization needs to release updates on the recovery process to the publics, corrective actions and investigation of the crisis should also be done at this phase. Stakeholders can be updated on the progress via the use of the websites, intranets, emails, phone calls, text messages and voice messages. This phase should act as a learning experience and the learnt lessons should be integrated into the pre-crisis and crisis response phase.

This study will focus on the crisis response phase because the KQ crisis is still ongoing. It will also specifically focus on the period between March 2015 and September 2016 this is the period during which the airline crisis was its peak, and the board of management was aggressively employing various image restoration strategies trying to salvage the battered image of the airline.

## 1.2 Statement of the Problem

2015/16 financial year was arguably the toughest in Kenya Airways (KQ) history. The airline made a Kshs 25billion loss, which made it, rated the highest loss-making company in East Africa. This caused it a huge reputation damage that forced it to engage in major image repair during the crisis. Most research about KQ around this period revolves around the turnaround financial strategies. However, to best of my knowledge no study has focused on the image restoration strategies. This study therefore seeks to analyze Kenya Airways communicatively employed image restoration strategies during the 2015/16 financial crisis.

## 1.3 Objectives of the Study

### 1.3.1. General Objective

To analyze Kenya Airways image restoration strategies during the 2015/16 financial crisis

### 1.3.2. Specific Objectives

The objectives of the study were:

i. To determine the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 crisis.
ii. To examine how Kenya Airways attributed responsibility for the 2015/16 financial crisis in its communication.
iii. To analyze the relationship, the between image restoration strategies and attributed responsibility for the 2015/16 financial crisis.

## 1.4. Research Questions

The study sought to answer the following questions:

i. Which dominant image restoration strategies did Kenya Airways employ in its communications during the crisis?
ii. How did Kenya Airways attribute responsibility for the 2015/2016 financial crisis in its communication?

iii. What is the relationship between image restoration strategies and attributed responsibility for the 2015/16 financial crisis?

### 1.5 Justification of the Study

This study will be of significance in filling existing gaps in academic research because to the best of my knowledge, most research on image restoration strategies on airlines has been done in Europe and not much has been done in Africa. This study focused on a contemporary and prolonged crisis which has had lots of impact in other sectors in Kenya such as agricultural, tourism, economic and political sectors, and thus the need to document and interrogate the various facets of this crisis, including the crisis communication management dimension.

The information that was collected might be of significance to management of Kenya airline carrier (KQ) in developing management models and discourses to avoid repeat of the same crisis.

The data might also be useful in guiding on policy formulation on image restoration, policy recommendation on keeping the country's largest international courier competitive globally as well as in anticipation for growth of the sector.

The findings from this study may also provide insights into future crisis communication management in the airline sector and other corporate sectors undergoing similar crises and would be useful to corporate crisis communication management practitioners.

### 1.6 Scope of the Study

This study focused on the analysis of Kenya airways' image restoration strategies within a period of 12 months of the 2015/16 financial crisis between the period of March 2015 and September 2016. This period was chosen by the researcher because this is when the crisis in the airline was at its peak, leading the carrier to be rated as the highest loss-making company in East Africa. This was also the period that the image restoration was at its most aggressive.

The sources of data for this study included press releases and magazines from Kenya Airways. Two theories that informed this study are Situational Crisis Communication theory by Timothy Coombs which provides a situational and contextual understanding of a crisis which can help an organization to assess the crisis type, frame a crisis, and place responsibility before they decide on a response strategy. Another theory used was the Image

Restoration theory by William Benoit which provides a framework for Image Restoration Strategies.

### 1.7 Limitations of the Study

One of the limitations that the researcher encountered during this study was that the amount of data related to this study that was obtained from press releases, magazines, reports from Annual General Meeting, and Financial Statement was expansive. Thus this limitation was overcome by determining the scope of data that was analyzed. In this study, the researcher only analyzed data that was collected as from March 2015 and September 2016 when the financial crisis in Kenya Airways was at its peak.

## 1.8 Definition of Terms

**Corporate image:** This is a subjective impression of an organization formed through one's experience with that organization and interpretation is based on other past experiences (Benoit & Pang, 2008). This study took the position that KQ corporate image suffered great damage during the 2015/16 financial crisis.

**Crisis:** This refers to the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization's performance and generate negative outcomes (Coombs & Holladay, 2002). In this study, the focus was the financial crisis in Kenya Airways airline.

**Financial crisis:** A financial crisis is an event that occurs when a company does something that makes it to suffer financial consequences (Anthonissen, 2008). In this case, Kenya Airways suffered financial consequences.

**Image Restoration**: This is a crisis communication approach in recovering an organization's image in an event of a crisis (Benoit, 2004). This research examined the various image restoration strategies that were used in KQ such as reducing offensiveness of the crisis through bolstering, transcendence and corrective action strategies.

**Strategy:** This is a set of plans that are used to pursue various organizational objectives (Coombs & Holladay, 2010). In this study, strategy was used as the image restoration campaign.

## CHAPTER TWO
## LITERATURE REVIEW

### 2.1 Introduction

This chapter explored the scholarly work that was relevant to this study. It examined various thematic concerns which included: image restoration strategies, classification of crisis, the relationship between classification of a crisis and image restoration strategies and an overview of theoretical framework that guided this study.

### 2.2 Image Restoration Strategies

According to Coombs (2007) there exists no one correct response to all crises. The response is entirely dependable on the crisis types and how key facets of the situation influence attributions and reputations perceived by stakeholders. The following are the broad image restoration strategies employed by organizations during a crisis.

#### 2.2.1 Denial

This strategy means that the accused denies that there is a crisis or shifts the blame to the culprit. This strategy is effective when an organization is innocent. When using denial, a communicative entity can either use simple denial by claiming that it did not perform the act, or shift the blame by saying someone else is responsible (Benoit, 2004). According to a study conducted by Sheri et al. denial strategy is the best strategy if the firm is truly blameless. If the firm uses a denial strategy and later is found to have blame in the crisis, its reputation can be irreparably damaged. If denial is not an appropriate strategy, the organization can choose to evade responsibility by using evasion of responsibility strategies like scapegoating strategy.

#### 2.2.2 Evading responsibility or excuse

This strategy holds that an actor pleads a lack of control related to an act and hence makes an excuse based on unintentional acts or that it had good intentions (Benoit, 2004). Excuse has the following four components: firstly, provocation: the actor claims that an act was committed in response to other wrongful act. Defeasibility*:* the actor pleads lack of knowledge or control over important factors related to offensive acts. Another one is to make an excuse made of accidents: making an excuse for factors beyond control. Lastly, to suggest the action was justified based on good intentions: the actor asks not to be held fully responsible based on their good, rather than evil motives in committing the act (Benoit, 2004).

### 2.2.3 Reducing offensiveness or ingratiation

Reducing offensiveness or ingratiation has it that the accused may try to reduce the degree of negative feeling experienced by the audience. The ingratiation strategies seek to gain public approval by connecting the organization to things positively valued by publics. Praising others is used to win approval of the target of the praise (Benoit, 2004).

Sheri et al. (2011) study highlighted that reducing the offensiveness of an event is less dangerous than trying to evade responsibility. However, firms must still be cautious when using reducing the offensiveness of an event strategy. Ingratiation strategy has six components: Bolstering which is stressing good traits, minimization which means an act is not serious, differentiation which means an act is less offensive than similar acts, transcendence which means more important values, attacking the accuser which means reducing the credibility of the accuser, compensation which is to reimburse victims, corrective action is to plan to solve or prevent recurrence of a problem and finally mortification which means to apologize (Benoit, 2004).

According to a study conducted by Bjorn (2013), bolstering and transcendence strategies are used to remind the stakeholders of the previous successful acts and it functions to remove attention from the current crisis. Bolstering and transcendence strategies are still the most common strategies used by individuals when responding to a crisis (Selzer, 2013).

Sheri et al. (2011) observed that corrective action is the most viable strategy because the firm addresses the source of the problem, explains how changes will eliminate future occurrences of the problem, and implements a remediation plan. When corrective action is used, management accepts its responsibility to eliminate problems. When an organization utilizes corrective action strategy, it is not denying involvement in the crisis.

According to Benoit (2004), corrective action strategy is used by organizations facing a crisis to make amends for the wrong that was committed and takes measures to prevent the event from reoccurring. Corrective action is the most successful strategy because the firm addresses the source of the problem, explains how changes will eliminate future occurrences of the problem, and implements a remediation plan.

Jin and Cameron (2007) did a study to test various aspects of crisis response strategies. One of the most prominent outcomes of this type of research is that Coombs' Situational Crisis Communication Theory (SCCT) suggests how a crisis might shape the selection of crisis response strategies and the effect of crisis response strategies on organizational reputation. Jin &Cameron further suggested that the degree to which the public attributes responsibility for a crisis to an organization is one of the most important underlying elements for public relations practitioners to consider when drafting their response to a crisis. According to a study conducted by Hosseinali and Nathalie (2015) crisis response strategies are used to repair the reputation of an organization and to prevent more negative effects of the crisis. Inappropriate communication and response strategies accelerate any kinds of crises.

In 2007, Coombs published a compilation of his work describing the development and application of the SCCT. After his study, Coombs concluded that the response strategies an organization employs in times of crisis may be a critical factor in determining the organization's future. These findings created a new path for crisis research by demonstrating that not only can crisis response strategies be developed, but speculates which strategies will be most effective in mitigating the reputational damage caused by a crisis. However, this research didn't include a broader range of audiences and organizations.

### 2.3 Classification of crisis

Crisis type is how the crisis is being framed. Frames include the way words, phrases, and images that information is presented in a message. How stakeholders define problems, causes of problems, attributions of responsibility and solutions to problems are shaped by the way a message is framed (Noratikah et al., 2017). The framing effect happens when the organization chooses certain elements to focus on, which for the purpose of this study are texts and attributes contained in the Kenya Airways magazines and press releases.

The stakeholders who receive the message will center their perception on those attributes while forming their opinions and making judgments towards the crisis. Crisis types are a form of framing, in which each type highlights certain aspects of the crisis. These attributes show how stakeholders ought to translate a crisis. The organization tries to develop or shape the crisis frame by focusing on certain attributes to provide information as to causes the crisis (Noratikah et al., 2017).

According to a study done by Hansson and Vikstrom (2011) when an organization faces a crisis like in the case of Kenya Airways, the stakeholders try to classify the crisis at hand based on various factors. Stakeholders are typically defined as those groups and individuals that the organization can have an effect on or who can similarly have an effect on the organization itself. Stakeholders can become more or less important, or salient, to the organization. This typically depends on the degree to which the stakeholder in question possesses the attributes of power, legitimacy and urgency (Hansson & Vikstrom, 2011).

Different organizations try to classify any type of crisis depending on their own attribution and customers' perception when their reputation is at stake (Coombs, 2007). According to Coombs and Holladay (2002) crises that any corporate organization may be faced with can be grouped to form three distinct clusters: the victim cluster, the accidental cluster, and the preventable cluster. These clusters are in a sequence that reflects an increasing amount of crisis responsibility and reputational damage as explained below.

### 2.3.1 Victim cluster

Victim cluster is the first cluster and it includes crisis types in which the organization is considered a victim of the crisis along with the stakeholders (Coombs, 2007). This cluster includes the following types of crises; natural disaster, rumor, workplace violence, product tampering, acts of nature that damage an organization such as an earthquake, false and damaging information about an organization being circulated, current or former employee attacks current employees and external agent causes damage to an organization.

According to a study conducted by Hansson and Vikstrom (2011) in the victim cluster, we can find those crises that are seen to be wholly caused by external forces or agents, such as natural disasters. In 2017, Sunniva also conducted a study and found out that crisis belonging to the victim cluster with low responsibility will have a higher chance to be accepted by the media than a crisis with higher organizational responsibility, such as crisis belonging to the preventable cluster.

### 2.3.2 Accident cluster

In this second cluster, all of the crises represent unintentional actions by the organization. The organization did not intend to create the crises. The crises in this cluster produce moderate attributions of crisis responsibility, meaning that they constitute a moderate reputational threat

(Coombs & Holladay, 2002). Types of crises in this cluster include; challenges, technical-error accident, technical-error product harm, stakeholders claim an organization is operating in an inappropriate manner, a technology or equipment failure causes an industrial accident and a technology or equipment failure causes a product to be recalled. According to a study conducted by Hansson and Vikstrom (2011) in the accidental cluster, we can find those events which are seen by stakeholders as being partially outside of the organization's control and which were not caused by organizational malice or misdeeds. Examples of accidental events include those caused by technology failure.

### 2.3.3 Preventable/intentional cluster

Lastly, preventable cluster consists of crises which involve either purposefully placing stakeholders at risk, or knowingly taking inappropriate actions, or human error that could have been avoided. Crises under this cluster produce strong attributions of crisis responsibility, and thus, represent a severe reputational threat to an organization (Coombs, 2007). This cluster include the following basic crises; human-error accident, human-error product harm, organizational misdeed with no injuries, organizational misdeed, management misconduct, organizational misdeed with injuries, human error causes an industrial accident, human error causes a product to be recalled, stakeholders are deceived without injury, laws or regulations are violated by management and stakeholders are placed at risk by management and injuries occur.The intentional/preventable cluster comprises of crises that are seen to have been caused by the organization intentionally risking the safety of stakeholders (Hansson & Vikstrom, 2011).

## 2.4 Relationship between image restoration strategies and classification of a crisis

According to Coombs (2007), in order to find out the relationship between classification of a crisis and image restoration strategies, an organization facing a crisis has to locate the crisis type in the matrix and thus deciding the perceived responsibility for the crisis, and then, selecting image restoration strategies based on various perceptions from different stakeholders in an organization. A basic matching process explained under situational crisis communication theory can be used to explain the relationship between image restoration strategies and crisis cluster (Coombs, 2007). An organization facing a victim crisis should use instructing and adjusting information or denial. The lack of strong emotions in the accident crisis cluster should facilitate the effectiveness of using the excuse and justification strategies in such crises. Moreover, because the intentional/preventable cluster crises generate strong anger the feeling of pleasure or joy that one experiences when a person or organization suffers a misfortune or setback with organizational misdeeds as the clearly highest, this supports the use of more costly and highly accommodative strategies like compensation and sympathy (Coombs & Holladay, 2010).

The choice between apology and the other accommodative crisis response options is primarily a legal one. An apology admits guilt and opens an organization to legal liability. Financial concerns can act as a factor that limits how the crisis manager responds to a crisis. According to Coombs (2006) crisis managers are advised against accepting responsibility if an organization cannot afford to do so.

Moreover, a study done by Coombs and Holladay (2010) concluded that respondents had similar reactions to sympathy, compensation and apology response strategies in low to moderate responsibility crises. All three responses were rated the same for scores on post crisis reputation, account acceptance, anger and negative word-of-mouth. However, it would be unethical to evade responsibility if management knows it is at fault. An apology is recommended in such cases. However, not accepting responsibility (expression of sympathy and/or compensation) is an important and viable option to an apology when responsibility is unknown or ambiguous.

## 2.5 Crisis in the Airline Industry

According to a study done by Ng'ang'a (2012), airlines across the globe, just like Kenya Airways in Kenya, face various types of crises such as financial losses, aircrafts accidents, missing of aircrafts and terror attacks which pose a threat to their reputation. Factors that cause these crises are accidents in airlines, human error, traffic infrastructure, mechanical failure, weather and unpredictable events. As a result of this, various airlines are trying to improve on their images, enhance better service delivery, reduce on overall costs and cope with industry competition and other challenges.

Ng'ang'a (2012) further explains that other key issues facing today's airlines are optimization, improved capacity, cost savings and the ability to react quickly to changes. Solutions for these challenges range from network planning, crew management, to pricing, price distribution and revenue management. Wekesa (2013) highlighted that despite the various challenges, air travel remains a large and growing industry. It facilitates economic growth, world trade, international investment and tourism globally.

### 2.6 Financial Crisis in the Airline Industry

According to a study conducted by Wanjiku (2014), many corporate organizations experience a gradual and fast growth in demand of their products or services, and as a result have a substantial increase in their profits; airlines experience the opposite and generally have low profits. The deregulation process of markets and increasing opportunities for competition have created excess capacity in many markets that cause lower rates, even with its rising costs. To garner a competitive advantage over rivals it is essential that proper strategic cost management together with the appropriate response and behavior by the airlines under different influences is done (Wanjiku, 2014). Wanjiku (2014) further found out that the airline industry is a market-based industry and the application of cost reduction as a strategy is vital in remaining competitive when in the midst of decreasing prices. An important characteristic of this industry is being dynamic. Therefore, an apparent understanding of the costs concerned and their determinants are essential in decision making.

Wanjiku (2014), state that more than other industries, the airline industry is impacted by numerous factors which were beyond its control to a great extent. Additionally, factors such as the cost of oil and security concerns are essential to their operations and thus in terms of operational effectiveness and risk management has a huge impact. Government intervention, oil prices, airport and other charges, quality of infrastructure, political and socio-cultural events, natural disasters or health emergencies, which affect the financial health of the industry, lie outside the control of airline executives.

While the cost structures vary across airlines, each is impacted by several common issues. Operating costs vary by the route structure due to significant variation in the local charges such as; landing, parking, en-route charges and costs such as jet fuel. Operating costs decline with longer stage length, providing a cost advantage to airlines that focus on long-haul routes. The four largest categories of costs include labor, fuel, aircraft acquisition, and maintenance and repair (Wanjiku, 2014).

Moreover, according to a study conducted by Mulwa (2017) on the effects of turnaround strategy on the performance of Kenya Airways, the study found out that the introduction of low cost airline Jambo Jet as a marketing strategy was effective and new routes introduced to Asia with additional flights to Dubai were successful. The sales also went up as the customers were able to make and pay for online bookings. However, outsourcing and staff reduction did not work well as a turnaround strategy since the airline had to pay for the outsourced services and the employees felt overwhelmed with their jobs leading to poor performance. The sale of the land and planes which was also used as a turnaround to improve liquidity but respondents felt that the proceeds from the sale were not put into meaningful use (Mulwa, 2017).

This literature was relevant to this research because the various image restoration strategies and crisis clusters discussed above answered the objectives of the study. This is because the strategies are applicable to any organization facing any kind of a crisis as well as the crisis clusters. However, this literature differs from this research in that it did not include a broader range of audiences and organizations.

**2.7 Stakeholder Analysis**

According to Corbett (2009) stakeholder analysis is a process of systematically listing and analyzing information to determine which groups have an interest in a project, which groups are typically included or excluded, whether each group is relevant to include, whether the groups support or oppose the project, or will the groups benefit or be harmed by it. The analysis also includes information on the concerns from various groups. It is important to carry out the stakeholder listing and analysis before and throughout project implementation in order to facilitate alliance building and to foresee and prevent possible conflicts. A project or program is more likely to succeed if effective stakeholder analysis is done on an ongoing basis (Corbett, 2009). This study will fill this gap by encompassing Kenya Airways stakeholders as part of its broader range of audiences which include travellers, financiers, shareholders, employees, supplies and competitors, industry regulators. After reviewing the literature relevant to this study, the researcher also examined the theoretical framework which informed this study as discussed below.

**2.7 Theoretical Framework**

After reviewing various literatures relevant to this study as discussed above, this study explored two theories that guided this study namely; Image restoration theory propounded by

William Benoit (Benoit, 2004) and Situational Crisis Communicational theory (Coombs, 2007), which was advanced by Timothy Coombs.

The first theory, which is Benoit's image restoration theory includes placement of responsibility as part of the theory, but its major characteristic is that it offers image repair strategies and options that are directly applicable to a specific crisis cluster which the organization experiences. This theory answered the first objective of this study which aimed to determine the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 crisis.

The Situational Crisis Communicational theory provides a situational and contextual understanding of a crisis which can help an organization to assess the crisis type, frame a crisis, and place responsibility before they decide on response strategy. The theory further offers crisis response strategies and options but does not apply them directly to any specific crisis situation. SCCT thus helped to answer the second objective of this study, which examined how Kenya Airways communicatively classified the 2015/16 crisis. Hence, the two theories complement each other and balance the flaws of one another (Coombs, 2007). This balance enabled this study to be comprehensive in investigating the crisis under study.

The third and the fourth objectives which were to analyze why Kenya Airways adopted the image restoration strategies it employed and why Kenya Airways attributed responsibility for the 2015/16 financial crisis in its communication were answered by inferring from the first and the second objectives. This theoretical framework began with Benoit's Image Restoration theory followed by Situational Crisis Communication as discussed below.

### 2.7.1 Image Restoration Theory

This study applied the Image Restoration theory propounded by Benoit (1995). This theory lists the image restoration strategies which can be employed to repair a damaged image. Most people care about whether others think positively about them and recognize a reputation as a valuable asset (Benoit & Pang, 2008). Benoit breaks his image restoration strategies into three broad categories which can be applied to restore an image that has been damaged during a crisis: denial, evading responsibility and reducing offensiveness of event as summarized in table 1 below.

**Table 2.1: Image Restoration Theory**

| **Strategy Denial** | **Key characteristics** | **Example** |
|---|---|---|
| Simple denial | Did not perform act | Tylenol: did not poison capsule |
| Shift the blame | Another performed act | Tylenol: a "madman" poisoned capsules |
| **Evasion of responsibility** | | |
| Provocation | Responded to act of another | Firm moved because of new taxes |
| Defeasibility | Lack of information or ability | Executive not told meeting changed |
| Accident | Mishap | Tree fell on tracks causing train wreck |
| Good intentions | Meant well | Sears want to provide good auto repair services |
| **Reducing offensiveness of an event** | | |
| Bolstering | Stress good traits | Exxon's "swift and competent" cleanup of oil spill |
| Minimization | Act not serious | Exxon: few animals killed in oil spill |
| Differentiation | Act less offensive than similar acts | Sears: unneeded repairs were preventative, maintenance not fraud |
| Transcendence | More important values | Helping humans justify testing animals |
| Attack the accuser | Reduce credibility of the accuser | Coke: Pepsi owns restaurant, competes directly with you for customers |
| Compensation | Reimburse victim | Disabled moviegoers given free passes after denied admissions to movie |
| Corrective action | Plan to solve/prevent recurrence of a problem | AT & T long distance upgrades, promised to spend billions more to improve services |
| Mortification | Apologize | AT& T apologized for service interruptions |

Image Restoration Theory (Benoit, 2004)

Denial means that the accused denies that there is a crisis or shifts the blame to the culprit. Evading responsibility holds it that an actor pleads a lack of control related to an act and hence makes an excuse based on unintentional acts or that it had good intentions. It includes provocation, defeasibility, accident and good intentions. Reducing offensiveness or ingratiation has it that the accused may try to reduce the degree of negative feeling experienced by the audience. This strategy encompasses bolstering, minimization, differentiation, transcendence, attack accuser, compensation, corrective action and mortification. This theory was relevant to this research in that it guided the researcher in determining the dominant image restoration strategies employed by Kenya Airways during the 2015/16 financial crisis.

### 2.7.2 Situational Crisis Communication Theory

After examining the Image Restoration Theory by Benoit (2004), the researcher further explored Situational Crisis Communication Theory-SCCT which was propounded by Timothy Coombs, in the year 1995. According to Coombs (2007), SCCT has it that crisis type is determined by the words and phrases presented in a message. The way stakeholders of an organization define a problem, causes of problems, attributions or responsibility and solutions to problems are shaped by the manner in which messages are presented to the readers.

According to this theory, during a crisis, an organization chooses certain elements to focus on, for instance, texts and attributes contained in media statements like press releases, newsletters and newspaper reports. This study focused on only KQ’s press releases and magazines. Organizations facing a crisis also try to attribute a crisis to many causes like accidents, a force of nature or intentional causes. Different organizations try to classify a type of crisis depending on their own attribution and customers’ perception when their reputation is at stake (Coombs, 2007).

Coombs (2007) also highlights that specific types of crises that any corporate organization may be faced with can be grouped into three distinct broad clusters: the victim cluster, the accidental cluster and the preventable/intentional cluster. These clusters are in a sequence that reflects an increasing amount of crisis responsibility and reputational damage as summarized in table 2 below:

**Table 2.2: Situational Crisis Communication Theory**

| **Victim crisis cluster (very low attributions of crisis responsibility)** |
|---|
| Natural disaster: acts of nature that can damage an organization or disrupt operations such as a hurricane.<br>Rumors: false and harmful information is circulating about the organization.<br>Workplace violence: a current or former employee harms current employees at the workplace,<br>Product tampering/malevolence: an external actor purposefully damages the organization by actions such as product tampering or computer hacking. |
| **Accidental crisis cluster (minimal attributions of crisis responsibility)** |
| Challenges: some stakeholders claim the organization is acting in an inappropriate or irresponsible fashion. The public challenge is based on moral or ethical grounds, not legal concerns,<br>Technical error accidents; an industrial accident is caused by a technological or equipment failure,<br>Technical error product harm: a product is produced improperly through a technological or equipment failure. The defective product then poses a threat to consumers. |
| **Preventable/Intentional crisis cluster (strong attributions of crisis responsibility)** |
| Human error accidents: an industrial accident is caused by human error. An employee causes the accident because of improper job performance.<br>Human error product harm; a defective product is created due to human error, an employee's improper job performance causes the defect and the defective product poses a threat to consumers.<br>Organizational misdeed: management knowingly violates laws or regulations or purposefully places stakeholders at risk. This would include knowingly selling a product that is dangerous or engaging in risky behaviors that could harm stakeholders in some way. |

Situational Crisis Communication Theory (Coombs, 2007).

Victim cluster is the first cluster and it encompasses crisis types in which an organization and its stakeholders are considered a victim of the crisis. Therefore these crises produce a minimal attribution of crisis responsibility (Coombs, 2007). In relation to this study, Kenya Airways presented itself as a victim of the financial crisis by attributing the cause of the crisis to three significant micro economic factors; currency fluctuation, increase in interest rates and fuel fluctuation. These factors were beyond the control of the airline. The second cluster is the accident cluster which explains that all the crises represent unintentional actions by an organization. An organization did not intend to create the crises.

Lastly, crises can be classified under preventable/intentional cluster. This cluster consists of crises which involve either purposefully placing stakeholders at risk, or knowingly taking inappropriate actions, or human error that could have been avoided. Crises under this cluster produce strong attributions of crisis responsibility, and thus, represent a severe reputational threat to an organization (Coombs, 2007). This theory was useful in this study because it guided the researcher in examining how Kenya Airways classified the 2015/16 financial crisis.

# CHAPTER THREE

# METHODOLOGY

## 3.1 Introduction

This chapter focuses on the methodology which is essentially the procedures by which researchers go about the work of describing, explaining and predicting phenomena (Kothari, 2012). Methodology gives the work plan of research. This section consists of research design, population of study, sample and sampling procedure, data collection, and data analysis.

## 3.2 Research Design

This study was undertaken as a qualitative study, it specifically adopted a descriptive-interpretive design. This design focuses on the way in which human beings make sense of their subjective reality and attach meaning to it (Thorne, 2016). Descriptive-interpretive research design enabled the researcher to identify patterns in the data that led to a better understanding of the texts from Kenya Airways press releases, financial reports, reports on Annual General Meetings and magazines.

This design also enabled the researcher to describe and interpret the data beyond the obvious. This approach created a rich and detailed description of data, discovering relations that helped the researcher to understand deeper, more complete and richer information concerning the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 crisis, to examine how Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication, to analyze why Kenya Airways adopted the various image restoration strategies in its communications during the 2015/16 crisis and to analyze why Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication.

## 3.3 Data sources

The target population of data in this study were press releases, financial reports, reports on Annual General Meetings and magazines from Kenya Airways which addressed the financial crisis between the period of March 2015 and September 2016.This period was chosen by the researcher because this is when the financial crisis in the airline was its peak, leading the carrier to be rated as the highest loss-making company in East Africa. This was also the period when the image restoration was at its most aggressive.

The researcher used the entire population of eleven press releases, financial reports, reports on Annual General Meetings and magazines from Kenya Airways by adopting the total population sampling technique. Total population sampling technique is a type of purposive sampling technique where you choose to examine the entire population that have a particular set of characteristics. In such cases, the entire population is often chosen because the size of the population that has the particular set of characteristics that a researcher seeks to investigate is very small (Ritchie & Lewis, 2003). This sampling technique was appropriate for this study because the researcher sought to analyze the dominant image restoration strategies in the entire period and that the data was not too enormous to be handled.

### 3.4 Data Collection

Data relevant to this study was collected by compiling documents and records from Kenya Airway's press releases, financial reports, reports on Annual General Meetings and magazines that had information concerning Kenya Airway's image restoration strategies during 2015/16 crisis. This study was therefore undertaken as a historical documentary research. It was historical because data that was collected was about a past event. Historical documentary research is the systematic and objective location, evaluation and synthesis of evidence in order to establish facts and draw conclusions about past events. Historical research has specific advantages in that it allows for revaluation of data in relation to the selected hypotheses, theories and generalizations that are presently about the past (Cohen et al., 2007) It also enables solutions to contemporary problems like the Kenya Airways financial crisis.

This study was undertaken as a documentary research because it relied on textual documents from Kenya Airways which included press releases, financial reports, reports on Annual General Meetings and magazines. According to Cohen et al. (2007) sources of data in historical documentary research may be classified as primary data because they have a direct physical relationship with the events being reconstructed. Documents considered as primary sources include among others memoranda, newspapers, magazines, research reports, official publications and records. This study used press releases, financial reports, reports on Annual General Meetings and magazines from Kenya Airways.

**3.5 Data Analysis**

Data analysis is the process of bringing order, structure and meaning to the mass of collected data. It is the activity of making sense of interpreting, and theorizing data that signifies a search for general statements among categories of data (Kothari, 2012).

After collecting data by compiling press releases, financial reports, reports on Annual General Meetings and magazines from Kenya Airways, coding was done. Coding is the process of classifying or categorizing pieces of data (Babbie, 2011). Coding also involves combining data for themes, ideas and categories and then marking similar passages of text with a code label so that they can easily be retrieved at a later stage for further comparison and analysis. Coding makes it easier for a researcher to search for the data, to make comparisons and to identify any patterns that require further investigation (Taylor & Gibbs, 2010).

In this study data was coded on the basis of the following three themes: the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 financial crisis, how Kenya Airways attributed responsibility for the 2015/16 financial crisis in its communication, why Kenya Airways adopted the image restoration strategies it employed and why Kenya Airways attributed responsibility for the 2015/16 financial crisis in its communication.

After sorting, coding, organizing and archiving data, the researcher then analyzed the data qualitatively. Qualitative data analysis involves organizing, accounting for and explaining the data; it is making sense of data in terms of the participants' definitions of the situation, noting patterns, themes, categories and regularities (Dornyei, 2007).

Specifically, the researcher analyzed the data through textual analysis which is a method that communication researchers use to describe and interpret the characteristics of a text. The purpose of a textual analysis is to describe the content, structure and functions of the messages contained in texts (Frey et al., 2000). It is also used to identify strategies and derive meaning from the data. Textual analysis aims to make an educated guess at some of the most likely interpretations that might be made of that text and functions as a methodology for gathering information about sense-making practices (McKee, 2003). Hence, this method was relevant during this study.

# CHAPTER FOUR
# RESULTS AND DISCUSSION

## 4.1 Introduction

This chapter presents the analysis of data based on the objectives of this study as introduced in chapter one. The sources of data are the texts from Kenya Airways press releases, financial reports, and reports on annual general meetings and magazines which are analyzed textually. The main aim of this study was to analyze Kenya Airway's image restoration strategies during the 2015/16 financial crisis.

During the analysis, the researcher categorized analysis of Kenya Airways magazines and press releases texts into three phases, phase I, phase II, and phase III. The researcher arrived at these phases on the basis of the major crisis communication strategies that took place in Kenya Airways during the period of March 2015 and September 2016. This is the period in which the crisis in the airline was at its peak, and that the image restoration was at its most aggressive. This led the carrier to be rated as the highest loss-making company in East Africa. The textual analysis below discusses Kenya Airways image restoration strategies and classification of the financial crisis and various inferences made from the texts which were analyzed chronologically under sections 4.2., 4.3 and 4.4.

Phase I covers the period of 1$^{st}$ March 2015 and 1$^{st}$ December 2015, this is the period in which Kenya Airways reminded its stakeholders of the positive things they did in the past. Phase II covers the period of 1$^{st}$ January 2016 and 1$^{st}$ August 2016, the period in which the Operation Pride campaign took place. The aim of the campaign was to close the profit gap and achieve financial stability. Phase III covers the period of 21$^{st}$ July 2016 and 1$^{st}$ September 2016. During this phase, Kenya Airways also released its 2015-2016 financial results. In this phase, Kenya Airways attributed the causes of the financial crisis to external micro economic issues. The airline reaffirmed its progress towards recovery after it recorded a 75% reduction in operating loss, from Ksh 16.3 billion in 2015 to Ksh 4.1 billion in 2016.

In this study, image restoration strategies are captured as communication approaches in recovering an organization's image in an event of a financial crisis as discussed under section

4.2. Classification of the financial crisis is discussed in section 4.3 and the reasons why Kenya Airways adopted the various image restoration strategies and why Kenya Airways attributed responsibility for the 2015/16 financial crisis in its communication.

### 4.2 Kenya Airways Dominant image restoration strategies in the 2015/16 crisis

This section addresses the first objective of this study that is the dominant image restoration strategies which were employed by Kenya Airways during the 2015/16 financial crisis. The researcher picks an example from Kenya Airways press releases, financial reports, reports on Annual General Meetings and magazines based on the major crisis communication strategies that took place in the airline and makes interpretations from the texts that function as image restoration strategies. The dominant image restoration strategies employed by Kenya Airways in each phase during the 2015/16 financial crisis are discussed below.

#### 4.2.1. Phase I: Anticipatory Reduction of Offensiveness of Financial Crisis through Bolstering and Transcendence Strategies

Phase I covers the period of 1st March 2015 and 1st December 2015. This is the period in which Kenya Airways announced that it had recorded a pre-tax loss of Sh29.7 billion in the year 2015 during the 2014/15 financial year compared to Sh4.8 billion losses posted in the 2013/14 financial year.

In this phase, Kenya Airways adopted anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. Bolstering strategy means to stress good traits while transcendence strategy means to stress on more important values (Benoit, 2004).

At the beginning of the period under analysis, that is the month of March 2015, Kenya Airways utilized anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. This is seen when the airline won the bid to fly the health officials to the Ebola-hit countries as depicted in example 1 below.

> **Example 1, 1st March 2015, Kenya Airways' in-flight magazine:** *Kenya Airways' former Group Managing Director and Chief Executive Officer Mbuvi Ngunze said it was a privilege to be chartered by the AU to fly the volunteers to the Ebola-hit*

*countries. "We are incredibly honored by the AU… to have won the bid to fly the health officials, who are on a mission to assist our brothers through the crisis.*

As seen in example 1 above, the airline stressed on good traits by communicating that it was a privilege to be chartered by the African Union to fly the health officials to the Ebola-hit countries. This shows Kenya Airways was trying to remind its stakeholders of the positive attributes done by the airline in the past, for instance, winning the bid to fly the health officials to the Ebola-hit countries. When employing bolstering and transcendence strategies, it shows that the good things done by an organization far outweigh the damage done by the crisis at hand. Thus, it appears that Kenya Airways utilized these strategies in anticipation of the financial crisis which had not come to the attention of the public during this time (Sheri et al., 2011). Reducing the offensiveness of crisis is less dangerous than trying to evade responsibility. However, firms must still be cautious when reducing the offensiveness of crisis strategy. According to Rowland and Jerome, (2004), an organization accused of serious wrongdoing will be unable to rely on bolstering alone because this strategy will be seen as inadequate. This might be the reason why in this study, as seen in examples below, Kenya Airways utilized both bolstering and transcendence strategies at the same time. Transcendence and bolstering strategies are often combined into one argument in documentations. Organizations utilize these strategies to justify their actions and bolster their image by communicating the reason for their operations and the former success (Bjorn, 2013). These strategies were analyzed as seen from the examples below.

In the month of April 2015, Kenya Airways also employed anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. This is seen when Kenya Airports Authority opened a new terminal 1A which had improved facilities like the capacity to handle 1500 passengers as seen in example 2 below.

**Example 2, April 2015 Kenya Airways' in-flight magazine**

*The opening of the airport's new Terminal 1A which has three floors and includes duty free shops, a food court, customer lounges and a mini-market among other facilities, has the capacity to handle one-way peak hour traffic of 1500 passengers.*

As presented in example 2 above, the airline informed its publics about the importance of the new terminal with its distinct positive features. The airline applauded the new Terminal in anticipation of the financial crisis so as to reduce the ill feeling among its stakeholders that would arise as a result of the expected financial crisis in the airline. It so seemed that that the airline was reminding its stakeholders of the positive attributes associated with the new terminal 1A so as to remove a negative perception among its stakeholders during the financial crisis.

In the following month of May 2015, Kenya Airways continued to employ anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies.

**Example 3, May 2015 Kenya Airways' in-flight magazine**

*Kenya Airways has launched its direct service to Hanoi from its hub at Jomo Kenyatta International Airport in Nairobi, making it the first African airline to connect the continent to Vietnam.*

In example 3 above, the airline is priding itself as the first African airline to connect to Vietnam. It appears that the airline was communicating its achievement after launching direct service to Hanoi as way of reducing any negative feeling among the stakeholders.

During the month of June 2015, Kenya Airways further used anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. This is seen when Kenya Airways informed its stakeholders that it was awarded the prestigious British Safety Council International Safety Award 2015 as seen in example 4 below.

**Example 4, 1st June 2015 Kenya Airways' in-flight magazine**

*Kenya Airways has been awarded the prestigious British Safety Council International Safety Award 2015, which recognizes organizations across the world that excels in occupational safety and health management.*

By utilizing bolstering and transcendence strategies, an organization under a crisis is seeking to strengthen the audience's positive image by relating positive attributes that they possess or positive actions they have performed in the past (Ernesto, 2010). In example 4 above, the airline reminded its publics of the safety award. It emerged that it did so as to strengthen audience's positive image towards the airline.

As a continuation, in the month of July 2015, it can be seen that Kenya Airways also adopted anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies by partnering with the Kenya Golf Union and Kenya Tourism Board.

**Example 5, 1st July 2015 Kenya Airways' in-flight magazine**

*"Combining golf and tourism at 29 luxurious golf courses around the world, the Kenya Airways Golf Safari Series is going from strength to strength. We look back on the last series and forward to the next competition." In order to increase the tournament success, Kenya Airways has partnered with some key players in the market including the Kenya Golf Union (KGU) and extended invitations to the Kenya Tourism Board and the Kenya Open Championship.*

As seen in example 5 above, the airline is reminding its stakeholders of the past positive attributes. Kenya Airways is showing its commitment to support the Kenya Golf Union and tourism in Kenya. From this example, it emerges that Kenya Airways might have tried to shift the attention of its stakeholders from the financial crisis by reminding them of the positive attributes, which are the airline's support to the tourism sector in Kenya and Golf Union. In this case, Kenya Airways reduced the offensiveness of the financial crisis by reminding its stakeholders about the good works done in the past.

During the month of August 2015, Kenya Airways further employed anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. The airline did this by introducing new cheap flights, lowering entry, fares on some of their markets for early-bird customers.

**Example 6, August 2015 Kenya Airways' in-flight magazine**

*Mbuvi Ngunze said: "we have introduced new cheap flights, lower entry, fares on some of our markets for early-bird customers. We are keen to have our guests grab the Hot Deals and enjoy a whole new experience with us.*

In example 6 above, Kenya Airways is showing its concern to its customers by reducing the travelling costs of customers who would book their tickets in advance. The airline did this as a way of encouraging its customers to be loyal to them even during the anticipated financial crisis.

In the month of September 2015, Kenya Airways employed anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. This is seen in the example below when the airline extended support of East African Safari Classic Rally.

**Example 7, September 2015 Kenya Airways' in-flight magazine**

*Mbuvi Ngunze said: Kenya Airways extended support of East African Safari Classic Rally which continues to promote trade, tourism and business opportunities between East Africa and the rest of the world.*

Example 7 above implies that, Kenya Airways further reminded its stakeholders of the positive things done by the airline in the past. By supporting the East African Safari Classic Rally, Kenya Airways was trying to maintain a positive image among its stakeholders during the anticipated financial crisis which was not yet in the public domain.

In the month of October 2015, the airline employed anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies again by reminding its stakeholders that the Kenya Airways is a leading airline in the region and its commitment in curbing poaching and the illegal trade of wildlife.

**Example 8, 1st October 2015, Kenya Airways' in-flight magazine**

*Kenya Airways Group Managing Director and CEO Mbuvi Ngunze said that, as a leading airline in the region, we are against the movement of trophies of elephants and rhinos among other endangered species on our planes as part of our efforts to prevent the illegal trade and poaching of our wildlife," he stated. "Ngunze said that KQ remained committed to playing a significant role in curbing poaching and the illegal trade of wildlife. The airline currently runs a 'Change for Change' program on its planes, where passengers can donate their change to conservation initiatives.*

In example 8, the most important value being stressed by the airline was the fight against the illegal wildlife trade. Since wildlife sector in Kenya attracts tourists globally. Thus it appears that Kenya Airways was campaigning against the illegal wildlife trade during this period since this move would shift the stakeholders' attention away from the financial crisis, as the airline sought for ways to salvage the airline from the financial crisis.

In addition to that, in the month of November 2015, the airline still used anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. This is seen when Kenya Airways informed its stakeholders that it was a key sponsor at the Social Good Summit held in Nairobi.

**Example 9, 1st November 2015 Kenya Airways' in-flight magazine**

*Kenya Airways was a key sponsor at the Social Good Summit held in Nairobi. The summit brings together bright minds to find solutions in innovation, technology and social change that make the world a better place to live.*

In example 9 above, it comes into view that the airline was trying to shift the stakeholder's attention from the financial crisis to the positive things they did in the past. This is seen when Kenya Airways communicated to its stakeholders that it played a vital role in sponsoring the Social Good Summit that would provide solutions in innovation, technology and social change.

In the month of December 2015, Kenya Airways continued to utilize anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. In example 10 below, the airline utilized these strategies when it communicated to its stakeholders that Kenya Airways Zimbabwe won the Customer Contact Association of Zimbabwe Service Excellence Award.

**Example 10, 1st December 2015 Kenya Airways' in-flight magazine**

*Mbuvi Ngunze, said:* **"***Kenya Airways has resumed flying to Bangui the capital of the Central African Republic." Kenya Airways suspended operations in March 2013 following civil unrest in the Central African Republic. "We are pleased to announce our return to the Central African Republic, linking the capital, Bangui, to the world through our extensive network in Nairobi."Passengers will also benefit from our new flights between Bangui and Douala…"Kenya Airways Zimbabwe has won the Customer Contact Association of Zimbabwe Service Excellence Award for the second year running." To win the award, KQ saw off competition from a number of airlines, including Emirates, British Airways, South African Airways and Air Zimbabwe.*

As seen in example 10 above, in anticipation of the financial crisis, Kenya Airways reminded the stakeholders of the previous successful acts which seemed to remove stakeholders' attention from the financial crisis. It did this by communicating its excitement after resuming its flights to Bangui and the same time winning the Zimbabwe Service Excellence Award. The airline was also trying to inform its stakeholders that these past successful acts would outweigh the anticipated financial crisis.

In phase I, it can be summarized that Kenya Airways utilized anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. The airline adopted these strategies by reminding its stakeholders about the good works done by the airline in the past. It reminded its publics that it was chartered by the African Union to fly volunteers to the Ebola-hit countries, the opening of the new Terminal 1A, launching of direct services to Vietnam, Kenya Airways awarded the prestigious British Safety Council International Safety Award 2015, partnering with the Kenya Golf Union, fighting illegal trade in wildlife and their products, introduction of cheap flights, lower entries and fares in some markets, support of East African Safari Classic, sponsoring Social Good Summit, resuming flying to Bangui after it suspended operations in March 2013 following civil unrest in the Central African Republic and that Kenya Airways Zimbabwe won the Customer Contact Association of Zimbabwe Service Excellence Award. The airline seemed to have used these strategies in phase I so as to reduce the ill feeling of the anticipated financial crisis from its stakeholders and also to shift their attention from the financial crisis.

After adopting anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies in phase 1, Kenya Airways utilized reducing offensiveness of financial crisis through corrective action strategy in phase II. This is after the airline acknowledged the existence of the financial crisis in the public domain as discussed under section 4.2.2. It so seemed that the airline adopted the in-flight magazine in phase I of the financial crisis because magazines may attract a large number of readers since they bear colorful images and content at the same time. Magazines are also distributed so easily to the target readers during the various flights.

### 4.2.2 Phase II: Reducing Offensiveness of Financial Crisis through Corrective Action

After employing anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies in phase 1, Kenya Airways adopted reducing offensiveness of financial crisis through corrective action strategy in phase II of image restoration strategy. This phase covers the period of 1$^{st}$ January 2016 and 1$^{st}$ August 2016. During this phase, Kenya Airways launched a new crisis communication strategy dubbed Operation Pride. Operation Pride was a program which was initiated by Kenya Airways so as to close the profit gap and achieve financial stability in the airline during the 2015/16 financial crisis. Corrective action is a sub-strategy under reducing offensiveness of crisis strategy. Corrective action strategy is used to plan to solve or prevent recurrence of a problem (Benoit, 2004).

At the beginning of this period under analysis that is the month of January 2016, Kenya Airways adopted reducing offensiveness of financial crisis through corrective action strategy as depicted in example 11 below. This is seen when the airline launched a campaign dubbed as Operation Pride which formed part of its turnaround strategy as discussed in the following example.

**Example 11, 1st January, 2016 Kenya Airways' in-flight magazine**

*Mbuvi Ngunze said: "KQ has focused on both financial and business turnaround, with sub-optimal financing, commercial efficiency, network optimization, cost containment and productivity being the primary areas that are receiving attention… going forward the main focus of the company will be on the business turnaround, with the launch of Operation Pride, a program that includes a multitude of initiatives designed to turn the airline into a profitable and proud organization again. Over the six-month period in question the number of passengers carried increased by 2%, despite a cut back in capacity of 7.9% as part of a tightening strategy. Operation Pride included replacing the larger Boeing 777-200ER aircraft with the B787-8 Dream liner on its London, Middle East and Far East routes. Direct operating costs fell by Ksh7.3 billion as a result of this operations rationalization and a respite in fuel prices. During the first half of the current financial year Kenya Airways took delivery of one Boeing 787-8 Dream liner and one Boeing 738-800NG aircraft, bringing the total fleet to 48.*

As observed in example 11 above, the airline tried to solve the financial crisis by launching an Operation Pride program, which was part of their business turnaround strategy. The aim of the operation pride was to close the profit gap, and achieve financial stability. As part of the Operation Pride, the airline sold assets such as 30 acres of land in Embakasi and two of its Boeing 777-200 ER aircrafts to US- based airline Omni Air International with an expectation of Sh14.6 billion.

According to Apex Africa (2017), Kenya Airways partnered with the US based global consulting firm McKinsey, to launch a comprehensive turnaround plan that is the Operation Pride. Its aim was to improve the ailing national carrier's fortune. The campaign focused on three main priorities which are returning to profitability through revenue enhancement and cost containment, refocusing and resizing the business model and restructuring the capital of the company. However, risk factors which faced Kenya Airways Operation Pride included increased competition from international airlines with deep pockets and well-established networks like Ethiopian Airlines, Emirates, Etihad and Air Arabia (Apex Africa, 2017). Risk of exchange rate losses resulting from volatile regional currencies and fleet rationalization program which reduces opportunity for expansion into new routes were other risk factors facing the airline (Apex Africa, 2017). According to Mugambi (2017), Kenya Airways' arrangement with McKinsey came under sharp scrutiny following media reports that the struggling carrier paid the consultancy firm upfront even before delivering on its objectives. This so seems that the airline did not realize its objectives after spending huge amounts of money through partnering with firm McKinsey.

This shows that Kenya Airways was undergoing a financial crisis hence it adopted corrective action strategy by replacing the larger Boeing 777-200ER aircraft with the B787-8 Dreamliner on its London, Middle East and Far East routes. Corrective action is the most viable strategy when utilized during a crisis because the firm addresses the source of the problem, explains how changes will eliminate future occurrences of the problem, and implements a remediation plan. When corrective action is used, management accepts its responsibility to eliminate problems (Sheri et al., 2011). Corrective action strategy dubbed as Operation Pride went on through the months of February, March, April, May, June, July, and August 2016 as shown in the following examples.

In the month of February 2016, Kenya Airways also employed reducing offensiveness of financial crisis through corrective action strategy. This is seen when the airline replaced the ageing 737-800s with B737-800NG.

**Example 12, 1st February 2016, Kenya Airways' in-flight magazine**

*Kenya Airways takes delivery of its eighth B737-800NG. "This is the eighth and the final delivery of 737-800NGs leased from GE Capital Aviation Services, brought in to replace the ageing 737-800s in KQ'S fleet, further enhancing its position as the airline with the youngest fleet in Africa."*

As detected in example 12 above, Kenya Airways corrected the financial crisis by delivery of its eighth B737-800NG which was expected to position Kenya Airways as the youngest fleet in Africa. This was meant to restore the airline into profitability.

In the month of March 2016, Kenya Airways also employed reducing offensiveness of financial crisis through corrective action strategy. During this month, the airline corrected the financial crisis by selling four remaining Boeing 777-200ER aircraft to the US-based airline Omni Air International as discussed below.

**Example 13, 1st March 2016, Kenya Airways' in-flight magazine**

*Kenya Airways has sold two of its four remaining Boeing 777-200ER aircraft to the US-based airline Omni Air International. KQ announced its intention to sell its B777-200 aircraft in November 2014, as it sought to rationalize its fleet following the arrival of the state-of-the-art Dream liners. The B777-200s arrived at KQ between 2004 and 2007, operating on its long-haul routes, in particular to Asia and Europe.*

Example 13 above implies that Kenya Airways tried to solve the financial crisis by selling two of its four remaining aircrafts, Boeing 777-200ER aircraft to the US-based airline Omni Air International. As observed by Bjorn (2013) corrective action strategy is used when an organization is not denying involvement in the crisis and shows concern for the stakeholders as they are responding to the demands of the stakeholders. As seen in example 13, Kenya Airways acknowledged that the airline was facing a financial crisis hence it tried to solve the financial problem through the sales of the two aircrafts.

In the month of April 2016, Kenya Airways also implemented reducing offensiveness of financial crisis through corrective action strategy. The airline corrected the financial crisis by awarding their loyal customers with platinum life status as presented in example 14 below.

**Example 14, 1st April 2016, Kenya Airways' in-flight magazine**

*Kenya Airways is awarding their customers who have flown with the airline or any of the Sky Team members on 60 one-way flights every year for ten consecutive years without fail. These customers are awarded with platinum life status which entitles them to business class check-in, free lounge access, extra baggage allowance, sky priority treatment and highest priority on waiting list.*

Example 14 implies that Kenya Airways was still in the process of reducing the ill feeling among the stakeholders caused by the financial crisis. As a way of correcting the financial crisis, the airline decided to award their loyal customers by treating them well. It so seemed that Kenya Airways awarded their loyal customers so as to make them create a positive image towards the airline during financial crisis.

In the month of May 2016, the airline also utilized reducing offensiveness of financial crisis through corrective action strategy. This is seen when the airline boosted connectivity across its network.

**Example 15, 1st May 2016, Kenya Airways' in-flight magazine**

*Mbuvi Ngunze said: Kenya Airways have boosted connectivity across their network by at least 20 per cent following several flight schedule changes that came into effect on 27 March. The move forms part of the airline's ongoing turnaround program. We are relooking at our schedule and enhancing it to suit our customers' needs.*

As seen in example 15 above, Kenya Airways continued to reduce the offensiveness of the financial crisis through corrective action strategy. Since it appears that the airline acknowledged that it was facing a financial crisis, it opted to solve the financial problem through enhancement of its connectivity by making several flight schedule changes in its networks so as to meet the demands of its customers. This also implies that Kenya Airways was keen to maintain a positive image among its customers by adhering to their needs as they correct the financial problem.

In the month of June 2016, it is seen that Kenya Airways still utilized reducing offensiveness of financial crisis through corrective action strategy. In example 16 below, the airline corrected the financial crisis by adding a new destination to its network.

**Example 16, 1st June 2016, Kenya Airways' in-flight magazine**

*Mbuvi Ngunze said: "we are excited to add a new destination to our network we continue to connect Africa to the world and the world to Africa. Cape Town via Livingstone will offer our quests two holiday destinations on one route."*

Example 16 shows that Kenya Airways corrected the financial crisis by adding a new destination to its network. It did this as a way of salvaging the airline from the financial crisis. As a way of reducing the offensiveness of the financial crisis in the airline, Kenya Airways further awarded its customers by offering them with two holiday destinations on one route. This would make them to travel faster to the various destinations within the shortest period of time.

In the month of July 2016, Kenya Airways further adopted reducing offensiveness of financial crisis through corrective action strategy. As part of the operation pride, the airline corrected the financial crisis by subleasing its second B787 to Oman Air.

**Example 17, 1st July 2016, Kenya Airways' in-flight magazine**

*"The deals form part of Kenya Airways' Operation Pride strategy as it seeks to rationalize its excess capacity, through sub-leases and outright sales, while increasing aircraft utilization." "The delivery of the second B787 to Oman Air completes the transaction of the sub-lease with the Omani carrier, with the agreement lasting for three years." "The deal with Turkish Airlines is for three aircraft to be sub-leased for a period of four to five years, with the final plane due to be de-registered and transferred to Turkey in June." Earlier this year, KQ sold and delivered two B777-200ERs to Omni Air International, a US charter airline. Aviation analysts said the shift to leasing is expected to reduce KQ's debt load and overall capital expenditure, easing pressure on the airline."*

Kenya Airways delivered a second B777-300ER aircraft to Turkish Airlines and a second B787-8 Dream liner to Oman Air, as part of its sub-lease agreements with the two carriers. This is seen in example 17 above when Kenya Airways went ahead to utilize reducing offensiveness of financial crisis through corrective action strategy. Corrective action is used by organizations facing a financial crisis to make amends for the wrong that was committed and takes measures to prevent the event from recurring (Benoit, 2004). The airline utilized corrective action strategy so as to restore its lost image through the implementation of Operation Pride and also to prevent the recurrence of the financial crisis in future.

In the month of August 2016, Kenya Airways further reduced the offensiveness of the financial crisis through corrective action strategy by offering a direct service between Livingstone and Cape Town as seen below.

**Example 18, 1st August 2016, Kenya Airways' in-flight magazine**

*KQ's Group Managing Director and CEO Mbuvi Ngunze said: "We are excited to add a new destination to our network. We continue to connect Africa to the world and the world to Africa. Cape Town via Livingstone will offer our guests two holiday destinations on one route." "Following the launch, Kenya Airways is the first airline to offer a direct service between Livingstone and Cape Town. The new route is* *expected to offer convenient connectivity for passengers from Cape Town and Livingstone to other destinations on the airline's network. The Embraer E190, with a configuration of 12 business class seats and 84 economy class seats, will operate on the route."*

As seen in example 18, after the first Kenya Airways flight touched down in Cape Town, it shows that Kenya Airways attempted to solve the financial crisis in the airline by launching a new destination that was expected to expand the airline's network worldwide. By adopting corrective action strategy, Kenya Airways tried to reduce the offensiveness of the financial crisis by putting the customer's needs into consideration. This is seen when the airline anticipated that the new destination that is Cape Town via Livingstone would offer convenient connectivity to the customers. This move would make the customers to have a positive attitude towards the airline during the ongoing financial crisis.

In phase II, it can be summarized that Kenya Airways employed reducing the offensiveness of financial crisis through corrective action strategy so as to solve the financial crisis and prevent the recurrence of the crisis. According to Benoit (2004) corrective action is used by organizations facing a financial crisis to make amends for the wrong that was committed and takes measures to prevent the event from recurring. When corrective action is used, management accepts its responsibility to eliminate problems before they can result in a crisis (Benoit, 2004). Kenya Airways tried to solve the financial crisis by launching Operation Pride campaign, a program that included a multitude of initiatives designed to turn the airline into a profitable and proud organization again, it replaced the larger Boeing 777-200ER aircraft with the B787-8 Dreamliner on its London, Middle East and Far East routes so as to reduce operation costs and costs of fuel. The airline also delivered the eight B737-800NG leased from GE Capital Aviation Services, sold two of its four remaining Boeing 777-200ER to the US-based Airline Omni Air International, awarded loyal customers with platinum life status, changed flight schedule to suit customers' needs, added a new destination to its network that is Cape town via Livingstone and delivered the second B787 to Oman Air. Just like in phase I, it emerged that the airline adopted the in-flight magazine in phase II of the financial crisis because magazines may attract a large number of readers since it bears colorful images and content at the same time. Magazines are also distributed so easily to the target readers during the various flights.

### 4.2.3 Phase III: Corrective Action and Shifting the Blame

This is the last phase of the Kenya Airways' dominant image restoration strategies during the period of this study. This phase covers the period of 21$^{st}$ July 2016 and 1$^{st}$ September 2016. During the first phase, the airline adopted anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. In the second phase, it utilized reducing offensiveness of financial crisis through corrective action strategy. In phase III, the airline employed corrective action and shifting the blame strategies.

With the release of its 2015/16 financial results, KQ reaffirmed its progress towards recovery after it recorded a 75% reduction in operating loss, from Ksh16.3 billion in 2015 to Ksh4.1 billion in 2016. The improvement of Ksh12.2 billion was underpinned by an increase in passenger numbers from 4.18 million to 4.23 million, and a reduction in operating costs, overheads and fuel, while fleet costs increased. Despite this improvement, the group incurred a loss before tax of Ksh26.1 billion, compared to Ksh29.7 billion in the prior year, an improvement of 12%.

At the beginning of this period under analysis, Kenya Airways employed corrective action and shifting the blame strategies. Shifting the blame has it that another performed an act (Benoit, 2004). This is the only phase in which Kenya Airways communicated exactly the same message in its magazines and press releases. This is seen when the airline tried to correct the financial crisis by shifting blame to three significant items namely currency fluctuation, debts and fuel hedging.

> **Example 19, 21$^{st}$July 2016 Kenya Airways' press release**
>
> "*Three significant items negatively impacted the financials. The US dollar strengthened significantly against the Kenya shilling (12.9%) and other currencies, resulting in an increase in foreign exchange loss of Ksh9.7 billion. The group's cost of borrowing increased, incurring an additional Ksh2.3 billion in interest expense. In addition, the movement in international oil prices during the year unfavorably impacted the group's fuel hedges, resulting in an additional Ksh5,093 million in realized fuel hedges losses. However, the company registered an improvement in the mark to market valuation of fuel hedges of Kshs 2,614 million in the year."*

The same message was coined in the Kenya Airway's in-flight magazine on 1$^{st}$September 2016. Kenya Airways employed corrective action and shifting the blame strategies. The airline tried to solve and prevented the recurrence of the financial crisis by significantly improving the profit while reducing overall losses. The airline also shifted the blame to three external micro economic factors that impacted the airline's financial records. These factors included the US dollar that strengthened significantly against the Kenya shilling and other currencies, making the dollar relatively more expensive, increase in interest rate, and also fluctuation of international oil prices that impacted the group's fuel hedges leading to the financial crisis.

Fuel hedging is pre-purchasing fuel at a certain price which comes with a cost for the insurance policy (Siew & Yongtao, 2014). In fuel-intensive industries such as the airline industries, high and volatile fuel prices can have significant impact on the bottom line, not to mention adding to the difficult task of budgeting for future fuel expenditures (Ndung'u & Mouni, 2016). Fuel hedging can affect the profitability of airlines to a very great extent. Fuel hedging can be used by airlines as tools that mitigate the risk exposure of jet fuel price changes and even when they anticipate that the price of a contract will decrease. It guarantees performance of the contract since buyers and sellers are not exposed to default risk. Kenya Airways might have got it wrong on fuel hedging, hence this negatively impacted on their profit. This is because the airline lost Sh7.4 billion in the year to March 2015 to oil hedging contracts, which reduced to Sh4.1 billion in the year to March 2016. Kenya Airways communicated that it would start implementing policies aimed at cushioning it against spikes in fuel prices (Macharia, 2018). Analysts questioned why Kenya Airways had continued to procure its fuel under the hedging arrangement yet it had failed to achieve its objectives in the face of low global oil prices. The airline executives also insisted that the arrangement insured it from the volatility of the oil market (Ngugi, 2015).

Kenya Airways further adopted corrective action and shifting the blame strategies. The airline attempted to correct the financial crisis by selling off and leasing some of its surplus aircrafts, monetizing assets, and right-sizing its staff. It shifted blame to three external micro-economic factors, which are wild currency fluctuations, volatility in fuel prices, and a changing commodity price environment.

**Example 20, 21st July 2016 Kenya Airways' press release**

"*Mbuvi Ngunze, Kenya Airways CEO said: "The results were achieved in a tough aviation context, in which airlines continue to be weighed down by wild currency fluctuations, volatility in fuel prices, and a changing commodity price environment."*

*"As part of its turnaround strategy, Operation Pride, KQ has sold off and leased some of its surplus aircraft, and monetized certain assets. A staff right-sizing exercise is ongoing. The plan aims at both revenue and cost improvements. As a result, fleet costs have already reduced by about US$7 million from July 2016. Mr. Ngunze commented: "We are turning the corner and are in a better place, strategically. I thank all our employees, shareholders, and partners and associates whose cooperation and input made these improved results possible."*

Again, the airline communicated exactly the same message in its in-flight magazine on 1st September 2016. Example 20 illustrates that Kenya Airways further employed corrective action and shifting the blame strategies. As part of its turnaround process, the airline further shifted blame to the external micro economic issues which are wild currency fluctuations, volatility in fuel prices, and a changing commodity price environment. Since Kenya Airways was still in the process of salvaging itself from the financial crisis, it corrected the financial crisis by rationalizing its fleet through selling off and leasing some of its surplus aircraft, and monetized assets such as land. A staff right-sizing exercise also went on as part of the Operation Pride.

The airline seems to be keen in disseminating consistent information in its documentation so as to avoid any contradictions and combat rumors. This is seen when the airline consistently communicated the same message through its press releases and magazines. Being consistent is another way to build credibility during a crisis response phase. Inconsistencies create confusion and make crisis managers appear to be incompetent. Consistency is often called speaking with one voice (Coombs, 2007). This might be the reason why Kenya Airways became consistent in its communication during this last phase of the financial crisis. It seems the airline utilized press release at this stage because it leads to instant exposure and also a solid relationship with the journalist.

From these examples, it can be summarized that Kenya Airways utilized anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies during phase I of the financial crisis. The airline adopted bolstering & transcendence strategies by reminding its stakeholders about the good works done by the airline in the past. In phase II, Kenya Airways employed reducing the offensiveness of financial crisis through corrective action strategy. The airline tried to solve the financial crisis by launching Operation Pride, a program that included a multitude of initiatives designed to turn the airline into a profitable and proud organization again.

In phase III, Kenya Airways used corrective action and shifting the blame strategies. The airline corrected the financial crisis by rationalizing its fleet through selling off and leasing some of its surplus aircraft, and monetized assets such as land. A staff right-sizing exercise was also done in this phase. Kenya Airways shifted blame to three external micro economic factors that caused the financial crisis, which are wild currency fluctuations, increase in interest rates and volatility in fuel prices. These factors were beyond the control of the airline.

### 4.3 How Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication

After examining the dominant image restoration strategies employed by Kenya Airways in section 4.2, this section addresses the second objective of this study, which is to examine how Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication.

To achieve this second objective, the researcher analyses texts derived from Kenya Airways magazines, financial reports, annual general meetings reports and press releases addressing the dominant image restoration strategies and makes inferences from the examples provided in section 4.2 above.

In order to identify how Kenya Airways attributed responsibility for the 2015/2016 financial crisis the researcher applied Coomb's Situational Crisis Communication Theory (Coombs, 2007), which has it that crisis types are determined by words and phrases presented in a message. The theory further spells out how crisis types are categorized according to three clusters. The first one is the victim cluster in which an organization and its stakeholders are considered victim of the crisis. Crises under victim cluster have weak attributions of crisis responsibility hence mild reputational threat (Coombs, 2007). The second cluster is the accidental cluster, in which organizational actions leading to the crisis are unintentional and have minimal crisis responsibility. Accidental cluster produce moderate attributions of crisis responsibility meaning that it constitutes a moderate reputational threat (Coombs, 2007). The third cluster is preventable/intentional cluster, in which an organization knowingly placed stakeholders at risk, took inappropriate actions or violated a law or a regulation or human error that could have been avoided. Crises under this cluster produce strong attributions of crisis responsibility, and thus, represent a severe reputational threat to an organization (Coombs, 2007).

Unlike in the discussion of the first objective, this section has been discussed under one phases; phase I. The researcher made inferences from the same examples presented in section 4.2 as discussed below.

### 4.3.1. Victim cluster

Kenya Airways communicatively classified the financial crisis as a victim cluster. According to Coombs (2007), victim cluster includes crisis types in which an organization is considered a victim of the crisis along with its stakeholders. Therefore crises under this cluster produce a minimal attribution of crisis responsibility or a moderate reputational threat (Coombs, 2007). Crisis belonging to the victim cluster with low responsibility will have a higher chance to be accepted by the media than a crisis with higher organizational responsibility, such as crisis belonging to the preventable cluster (Sunniva, 2017).

**Example 22, October 15, 2015 Kenya Airways Annual General Meetings**

*Mbuvi Ngunze, Kenya Airways CEO said: "The results were achieved in a tough aviation context, in which airlines continue to be weighed down by wild currency fluctuations, volatility in fuel prices, and a changing commodity price environment. An industry forecast by IATA indicates that African airlines will continue to be in negative profit territory in 2016, despite overall improvement in performance. In conjunction with the overall trajectory of the results, a number of other key performance indicators for Kenya Airways also showed marked improvements."*

**Example 21, 21stJuly 2016 Kenya Airways' financial reports Nairobi**

*…The plan was for a massive fleet and route expansion program to support the growth of passenger numbers in and through Nairobi and Africa. They bought new aircraft (mainly Boeing 787 'Dreamliners'), but the aircraft arrived a few years late, and when they did, the passenger numbers had not grown to match their*

*expectations, and they were left with new and expensive equipment that operated below the expected capacity or remained idle. While the European routes are at 80% capacity, African routes are at about 60% and they get about 60% of their business flying around Africa, which has also become a very competitive region with KLM, Ethiopian airlines and (now) 3 large Gulf-carriers competing for passengers out of Nairobi.*

According to the examples above, Kenya Airways attributed the cause of the financial crisis to three significant external micro economic issues which were beyond the control of the airline. These factors are firstly; the currency fluctuation. The US dollar strengthened significantly against the Kenya shilling resulting in an increase in foreign exchange loss of Ksh9.7 billion. This means that the US Dollar became relatively more expensive. This affected Kenya Airways negatively leading to the rise in fuel prices hence a loss during the 2015/16 financial year.

Kenya Airways further attributed the cause of the financial crisis to the second external micro economic factor, which is the increase in the group's interest rates. Due to the increase in the interest rate, it appears the airline might have incurred extra cash when trying to settle its debts since the increase in interest rate was a factor beyond the control of the airline.
As companies report their financial results, they strive to maintain a positive image and preserve legitimacy. A significant event or disclosure may result in a company trying to reduce the users' reaction to negative results (Sheri et al., 2011). From the examples provided in section 4.2.3, Kenya Airways seemed to accurately and transparently disclose the issue of debts and the increase in the interest rates during the crisis. By seeming to transparently disclose financial issues the airline was attempting to maintain a positive image among its stakeholders during the financial crisis. Accuracy builds credibility while inaccuracy erodes it and misinformation can place stakeholders at risk (Coombs & Holladay, 2010).

Thirdly, Kenya Airways communicatively attributed the causes of the financial crisis to the third micro economic factor, which is the fluctuation in fuel prices. Fuel hedging is pre-purchasing fuel at a certain price which comes with a cost for the insurance policy (Siew & Yongtao, 2014). To protect themselves from volatile oil costs, and also to take advantage of the situation, airlines commonly practice fuel hedging. Fuel hedging helps the airlines to reduce its exposure to rising cost of oil (Macharia, 2018). Hedging fuel prices effects the profitability of a business organization directly and thus can be used to cushion on price swings. For instance, when a company gets it wrong on hedging, then this directly impacts on the organization's profits and vice versa (Wanjiru, 2016). Kenya Airways thus presented itself as a victim of the financial crisis hence forgoing profits during the 2015/16 financial year.

This is the only period in which Kenya Airways utilized its press releases and the magazines to consistently disseminate the same message to its stakeholders as presented in the examples in section 4.2.3. According to Coombs and Holladay (2010) when an organization is the information source about a crisis occurring, there is less reputational damage than if the news media are the first to deliver the information. This effect is called "stealing thunder" (Coombs & Holladay, 2010). In this study, it is seen that Kenya Airways became the information source through its press releases and magazines so as to maintain their reputation. Even though the media houses were actively reporting the crisis through the newspaper reports, the airline consistently communicated to its stakeholders as seen in the examples provided in section4.2.3 to avoid creating an information void, hence not allowing any rumors that might further ruin the reputation of the organization. Being consistent is another way to build credibility during a crisis response phase. Inconsistencies create confusion and make crisis managers appear to be incompetent. Consistency is often called speaking with one voice (Coombs, 2007). During this study, the airline became consistent throughout its communications by attributing the cause of the financial crisis to the same aforementioned factors.

In summary, Kenya Airways communicatively classified the financial crisis under the victim cluster. It attributed the cause of the financial crisis to three significant external micro economic factors which included the strengthening of the US dollar against the Kenya shilling, increase in the interest rates and fluctuation in fuel prices. Since these factors were beyond the airline's control, Kenya Airways presented itself as a victim of the financial crisis. Victim cluster includes crisis types in which an organization is considered a victim of the crisis along with its stakeholders. This cluster produces a minimal attribution of crisis responsibility or a moderate reputational threat while those under accidental cluster constitute a moderate reputational threat and those under the intentional/preventable cluster represent a severe reputational threat to an organization.

### 4.4. The relationship between image restoration strategies and attributed responsibility for the 2015/16 financial crisis

This section responds to the third objective of this study, which is to analyze the relationship between image restoration strategies and attributed responsibility for the 2015/16 financial crisis. The researcher thus tries to find out the suitability of the various crisis response strategies to the attributed responsibility. Communication managers should select crisis response strategies that match the specific crisis type. However, matching crisis responses strategies and crisis types do not lead to more positive perception of firm reputation than mismatches (Coombs & Holladay, 2002).

In phase 1 of the financial crisis, Kenya Airways adopted anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies. According to Benoit (2004) an organization facing a crisis attempts to reduce offensiveness of an event by alleviating feelings of ill will through shifting the perception of the audience. If a company cannot evade a responsibility that clearly exists, an organization can reduce the offensiveness of the act through transcendence & bolstering strategies (Sheri et al., 2011). In this research, it emerges that Kenya Airways was trying to shift the stakeholders' perception away from the impending financial crisis by connecting them to the positive attributes achieved by the airline in the past as discussed under section 4.2.1.

When employing bolstering and transcendence strategies, it shows that the good things done by an organization far outweigh the damage done by the crisis. In relation to this study, this might be the reason why Kenya Airways was trying to communicate to its stakeholders prior to the financial crisis about their past positive attributes in phase I. According to Benoit (2004) bolstering and transcendence strategies are the most common strategies used by organizations when responding to a crisis (Sheri et al., 2011). In this study, Kenya Airways predominantly used these strategies by reminding its stakeholders about its past success as revealed in section 4.2.1.

It implies that the airline was 'stealing the thunder' at this stage. 'Stealing the thunder' means crisis managers of organizations facing a crisis becoming the first to report the crisis before other outside sources such as the news media do so. This enables an organization to suffer less reputation damage. Stealing thunder asks crisis managers to take an action. When stealing the thunder, there is often reluctance among crisis managers to disclose negative information (Coombs, 2007). This might be the reason why Kenya Airways adopted bolstering and transcendence strategies which emphasizes on positive attributes.

In phase II, Kenya Airways adopted reducing offensiveness of financial crisis through corrective action strategy. According to Coombs (2007), corrective action strategy is used to restore situation to pre-act status or promise change and prevent a repeat of the act. Corrective action is the most successful strategy because the firm addresses the source of the problem, explains how changes will eliminate future occurrences of the problem, and implements a remediation plan (Benoit, 2004). When an organization utilizes corrective action strategy, it is not denying involvement in the crisis. Also, the organization shows concern for the stakeholders as they are responding to the demands of the publics (Bjorn, 2013). This is seen when Kenya Airways launched the Operation Pride campaign, a turnaround strategy which was meant to return the airline into profitability so as to correct the financial crisis and prevent the recurrence of the same crisis in future. This strategy seemed to work when the airline reduced its operating loss by 75% during the 2015/16 financial crisis from Ksh 16.3 billion in 2015 to Ksh 4.1 billion as per the group financial statements for the year to 31 March 2016.

Kenya Airways further communicatively classified the financial crisis under victim cluster. According to Coombs (2007), crises under the victim cluster include crisis types in which an organization is considered a victim of the crisis along with its stakeholders. Crises under this cluster produce a minimal attribution of crisis responsibility or a moderate reputational threat. The victim cluster also leads to a less negative effect on organizational reputation than the accidental or preventable cluster. The accidental crisis leads to a moderately negative effect on organizational reputation compared with the victim or preventable cluster. The preventable crisis leads to the most negative impact on organizational reputation compared with the victim or accidental crisis (Coombs & Holladay, 2002). Coombs and Holladay further added that the accidental cluster involves crises in which certain, but low, level of responsibility are attributed to the organization. The preventable/intentional cluster includes crises for which the organization is perceived as being responsible. The more responsibility that is attributed to the organization with respect to the crisis, the more negative is the impact on the organizational reputation. Therefore, different types of crisis inflict different amounts of reputational damage Therefore, according to the examples above; these sentiments may justify the reasons why Kenya Airways presented itself as a victim of the financial crisis. This is evident in example 21 above when the airline attributed the cause of the financial crisis to a purchase of the new aircraft which was delivered very late, drop in passengers' numbers, competition from KLM and Ethiopian airlines.

A organization facing a victim crisis should use denial strategy. Denial strategy means that the accused denies that there is a crisis or shift the blame to culprit. This strategy is effective when an organization is innocent (Benoit, 2004). It emerges Kenya Airways also utilized shifting blame strategies in this phase in order to present itself as innocent by shifting blame to three micro economic factors which are currency fluctuation, increase in the interest rates and fluctuation in fuel prices (Coombs & Holladay, 2010). This is also the reason why the airline presented itself as a victim of the financial crisis during this phase. According to this study, it emerges that an organization utilizes bolstering, transcendence, corrective action, and shifting the blame strategies when it presented itself as a victim of a crisis.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter contains a summary of the findings, conclusion and the recommendations.

## 5.2 Summary of the Findings

This section provides a summary of the research findings in line with the objectives of the study. The four objectives were; to determine the dominant image restoration strategies employed by Kenya Airways in its communications during the 2015/16 crisis, to examine how Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication, to analyze why Kenya Airways adopted the various image restoration strategies in its communications during the 2015/16 crisis and to analyze why Kenya Airways attributed responsibility for the 2015/2016 financial crisis in its communication.

### 5.2.1. Kenya Airways Dominant Image Restoration Strategies in the 2015/16 Crisis

From the findings, it can be summarized that Kenya Airways utilized anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies during phase I of the financial crisis. In this study, Kenya Airways reminded its stakeholders about its past success. These positive attributes were; Kenya Airways being chartered by the African Union to fly the volunteers to the Ebola-hit countries, opening of the new Terminal 1A, launching direct service to Hanoi, Kenya Airways awarded the prestigious British Safety Council International Safety Award 2015, partnering with the Kenya Golf Union, introducing new cheap flights, KQ as a leading carrier in the region, fighting illegal trade in wildlife and their products, sponsoring the Social Good Summit held in Nairobi, and resuming flying to Bangui the capital of the Central African Republic, and Kenya Airways Zimbabwe winning the Customer Contact Association of Zimbabwe Service Excellence Award.

In phase II, Kenya Airways employed reducing the offensiveness of the financial crisis through corrective action strategy. Corrective action strategy is used to solve or prevent recurrence of a problem. The airline solved the financial crisis by launching Operation Pride, a program that included a multitude of initiatives designed to turn the airline into a profitable and proud organization again, it replaced the larger Boeing 777-200ER aircraft with the B787-8 Dream liner on its London, Middle East and Far East routes so as to reduce operation costs and costs of fuel. The airline also offered a direct service between Livingstone and Cape Town in order to offer excellent connections to the rest of the KQ network. It also sold two of its four remaining Boeing 777-200ER aircraft to the US-based airline Omni Air International. In order to close their gap in profitability and rapidly reduce their cost and debt structure, KQ sub-leased aircrafts during this phase.

In phase III, the airline employed corrective action and shifting the blame strategies. Kenya Airways corrected the financial crisis in this phase through selling off and leasing some of its surplus aircraft, monetizing certain assets and a staff right-sizing. It attributed the cause of the financial crisis to three external micro economic factors; the wild currency fluctuations, increase in the interest rates and volatility in fuel prices. These events were part of the airline's turnaround strategies. Kenya Airways reduce the offensiveness of crisis strategy since it was in a position to reduce the ill feeling caused by the financial crisis.

### 5.2.2. How Kenya Airways attribute responsibility for the 2015/2016 financial crisis in its communication

Based on the results Kenya Airways communicatively classified the 2015/16 financial crisis as

a victim cluster. Victim cluster includes crisis types in which an organization is considered a victim of the crisis along with its stakeholders. This cluster produces a minimal attribution of crisis responsibility or a moderate reputational threat. The airline attributed the cause of the financial crisis to three significant external micro economic factors which were beyond the control of the airline. These factors are the US dollar which strengthened significantly against the Kenya shilling (12.9%) and other currencies resulting in an increase in foreign exchange loss of Ksh 9.7 billion, the group's cost of borrowing increased in the financial year incurring an additional Ksh 2.3 billion in interest expense and the movement in international oil prices during the year unfavorably impacted the Group's fuel hedges resulting into an additional Ksh 5,093 million in realized fuel hedges losses. These factors were beyond the airline's control.

### 5.2.3. The relationship between image restoration strategies and attributed responsibility for the 2015/16 financial crisis

In summary, Kenya Airways adopted anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategies in phase 1.In phase II, Kenya Airways adopted reducing offensiveness of financial crisis through the corrective action strategy.

When an organization utilizes corrective action strategy, it is not denying involvement in the crisis. This is seen when Kenya Airways launched the Operation Pride campaign, a turnaround strategy which was meant to return the airline into profitability so as to correct the financial crisis and prevent the recurrence of the same crisis in future. This strategy seemed to work when the airline reduced its operating loss by seventy five percent during the 2015/16 financial crisis from Kshs 16.3 billion in 2015 to Kshs 4.1 billion as per the group financial statements for the year to 31 March 2016.

In phase III, Kenya Airways utilized corrective action and shifting the blame strategies. In this phase, Kenya Airways continued to correct the financial crisis through the Operation Pride campaign. As a result of this, fleet costs reduced by about US$7 million from July 2016. The airline also shifted blame to three external micro economic factors which are currency fluctuation, increase in the interest rates and volatility of oil prices. This study, it emerges that the airline wanted to communicate to the public that it was innocent since the aforementioned factors were beyond its control.

Kenya Airways communicatively classified the financial crisis under victim cluster. Crises under this cluster produce a minimal attribution of crisis responsibility or a moderate reputational threat. The victim cluster also leads to a less negative effect on organizational reputation than the accidental or preventable cluster. This may justify the reasons why Kenya Airways utilized bolstering, transcendence, corrective action, and shifting the blame strategies when it presented itself as a victim of a crisis.

An organization facing a victim crisis should use denial strategy. Denial strategy means that the accused denies that there is a crisis or shift the blame to culprit. This strategy is effective when an organization is innocent (Benoit, 2004). It emerges Kenya Airways also utilized shifting blame strategies in this phase in order to present itself as innocent by shifting blame to three micro economic factors which are currency fluctuation, increase in the interest rates and fluctuation in fuel prices. This is also the reason why the airline presented itself as a victim of the financial crisis during this phase. According to this study, it emerges that an organization utilizes bolstering, transcendence, corrective action, and shifting the blame strategies when it presented itself as a victim of a crisis.

## 5.3 Conclusions of the Study

This study concludes that Kenya Airways adopted anticipatory reduction of offensiveness of financial crisis through bolstering and transcendence strategiesin phase 1. It so seem that these are the most common strategies used by organizations when responding to a crisis. The airline might have adopted these strategies so as to shift the stakeholder's attention away from the crisis. It utilized reducing offensiveness of financial crisis through corrective action strategy in phase II. It emerges that this strategy is the most successful since a firm addresses the source of the problem, explains how changes will eliminate future occurrences of the problem, and implements a remediation plan. In phase III, Kenya Airways employed corrective action and shifting the blame strategies. It further presented itself as a victim of the financial crisis by attributing the cause of the financial crisis to three external micro economic factors; currency fluctuation, increase in interest rates and fuel fluctuation which were beyond the control of the airline.

In addition to that, an organization facing a victim crisis should use denial strategy. Denial strategy means that the accused denies that there is a crisis or shift the blame to culprit. This strategy is effective when an organization is innocent. It emerges Kenya Airways also utilized shifting blame strategies in this phase in order to present itself as innocent by shifting blame to three micro economic factors which are currency fluctuation, increase in the interest rates and fluctuation in fuel prices. This is also the reason why the airline presented itself as a victim of the financial crisis during this phase. According to this study, it emerges that an organization utilizes bolstering, transcendence, corrective action, and shifting the blame strategies when it presented itself as a victim of a crisis.

## 5.4 Recommendation

In connection with the results of this study, the researcher therefore gives the following recommendations.

i. The upcoming scholars need to study the various communication practices conducted before a crisis and after a crisis since this study focused on only one phase of the crisis which is during the crisis phase.

ii. Solutions to financial crises in the airline sector should be studied by various scholars since the scope of this study did not cover the solutions.

iii. Financial crises in other corporate sectors apart from the airline sector should also be studied by the upcoming scholars.

iv. The upcoming scholars should fill the existing gaps in Coombs' Situational Crisis Communication Theory and Benoit's Image Restoration Theory. This is because some crisis clusters and image restoration strategies cannot be located in the two theories.

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## APPENDICES

### APPENDIX I: LIST OF MAGAZINES

The following is a list of magazines and press releases links used for data analysis.

KQ Magazine 1- March 1, 2015Health volunteers fly to West Africa _ mSafiri.html/

Kenya Airways to fly to Hanoi _ mSafiri.htm

KQ Magazine 2-June 1, 2015KQ recognized for its excellence in health and safety _ mSafiri.html

KQ Magazine 3-July 1 2015 Golf safari _ mSafiri.html/ JKIA's new Terminal 2 opens for business _ mSafiri.htm

KQ Magazine 4-October 1, 2015KQ helps fight illegal trade in wildlife _ mSafiri.html

KQ Magazine 5-December 1, 2015KQ reopens service to Bangui _ mSafiri.html

KQ Magazine 6-January 1, 2016KQ maintains a steady turnover _ mSafiri.html

KQ Magazine 7-March 1, 2016KQ news _ mSafiri.html

KQ Magazine 8-July 1, 2016KQ news _ mSafiri.html

KQ Magazine 9-August 1, 2016Routes _ mSafiri.html

KQ Annual Reports and Financial statements Nairobi, July 21, 2016

KQ Annual General Meetings Nairobi,-October 15, 2015

## APPENDIX II: PAPER PUBLISHED FROM THE WORK

*International Journal of Language and Linguistics* *Vol. 6, No. 3, September 2019* *doi:10.30845/ijll.v6n3p9*

# Kenya Airways Dominant Image Restoration Strategies during the 2015/16 Financial Crisis

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**Abstract**

*Kenya Airways is the flag carrier and the largest airline in Kenya. It prides itself as the African airline. Kenya Airways underwent a major economic crisis during the 2015/16 financial year, amounting to a total of 29.7 billion losses in March 2015 leading the carrier to be rated as the highest loss-making company in East Africa. This crisis tarnished the image of Kenya Airways leading the airline board of management to engage in an aggressive image restoration campaign. The aim of this study was to examine the dominant image restoration strategies employed by Kenya Airways in its communication during the 2015/16 crisis. The study was guided by two theories namely; Image Restoration Theory by William Benoit and Situational Crisis Communicational theory by Coombs Timothy. Benoit's image restoration theory propounds the image repair strategies and options that are directly applicable to a specific crisis cluster which an organization experiences. The Situational Crisis Communicational theory provides a situational and contextual understanding of a crisis which can help an organization to assess the crisis type, frame a crisis, and place responsibility before they decide on response strategy. The study compiled data from magazines and press releases from Kenya Airways addressing the financial crisis between the period of March 2015 and September 2016. Using the entire population sampling, the researcher analyzed the data qualitatively through textual analysis. The study provides insights into future crisis communication management in the airline sector and other corporate sectors undergoing similar crises.*

**Keywords:** Corporate Image Crisis Financial Crisis Image Restoration Strategy

### *1.0 Background to the Study*

Kenya Airways Limited, KQ, is the flag carrier and largest airline of Kenya. KQ prides itself as the African Airline. The airline underwent a major economic crisis during the 2015/16 financial year, amounting to a total of 29.7 billion losses in March 2015, leading the carrier to be rated as the highest loss-making company in East Africa. This crisis eventually tarnished its image. A financial crisis occurs when a company does something that makes it to suffer financial consequences. Financial crisis damages the corporate reputation of an organization by affecting the power of the brand, customer satisfaction, service delivery, perception of management strength and integrity and clarity of strategic choice direction (Anthonissen, 2008). In the case of Kenya Airways, its reputation was damaged during the 2015/16 financial crisis. The airline attributed this crisis to so many factors such as threat of terrorism, volatility of exchange rates, West African Ebola crisis, low passenger numbers, high and fluctuation of fuel costs, and strong competitive pressures in their key markets like Ethiopian airlines. Underpriced ticketing and large aircraft purchases also led to financial losses (Kenya Airways, 2015).

These factors cumulatively had a negative effect on the Kenyan aviation sector and thus, both the operational and financial performance of the airline during the 2015/16 crisis was adversely impacted leading to huge image loss (Kenya Airways, 2015). As a result of this, the airline board and management team formulated a turnaround strategy called 'Operation Pride' which focused on three main priorities, namely: returning to profitability through revenue enhancement and cost containment, refocusing and resizing the business and enhancing partnerships (Kenya Airways, 2016). The board of directors also took a decision to reduce their fleet by offering for sale of four B777-200ER aircrafts. The airline also sold one of the aircraft (B767 – KYX) and received KSH 322 million on the sale during the month of March 2015. Furthermore; approximately 600 employees were also laid off during the 2015/16 crisis (Kenya Airways, 2016).

Crisis is a sudden and unexpected event that threatens to disrupt an organization's operations leading to financial and reputational loss (Coombs & Holladay, 2010). Crisis injures the reputation of an organization within a short period of time if not managed very well. Because of this, image restoration strategies should be employed during a crisis so as to restore the lost reputation.

## APPENDIX III: KEY DATA ANALYSIS OUTPUTS

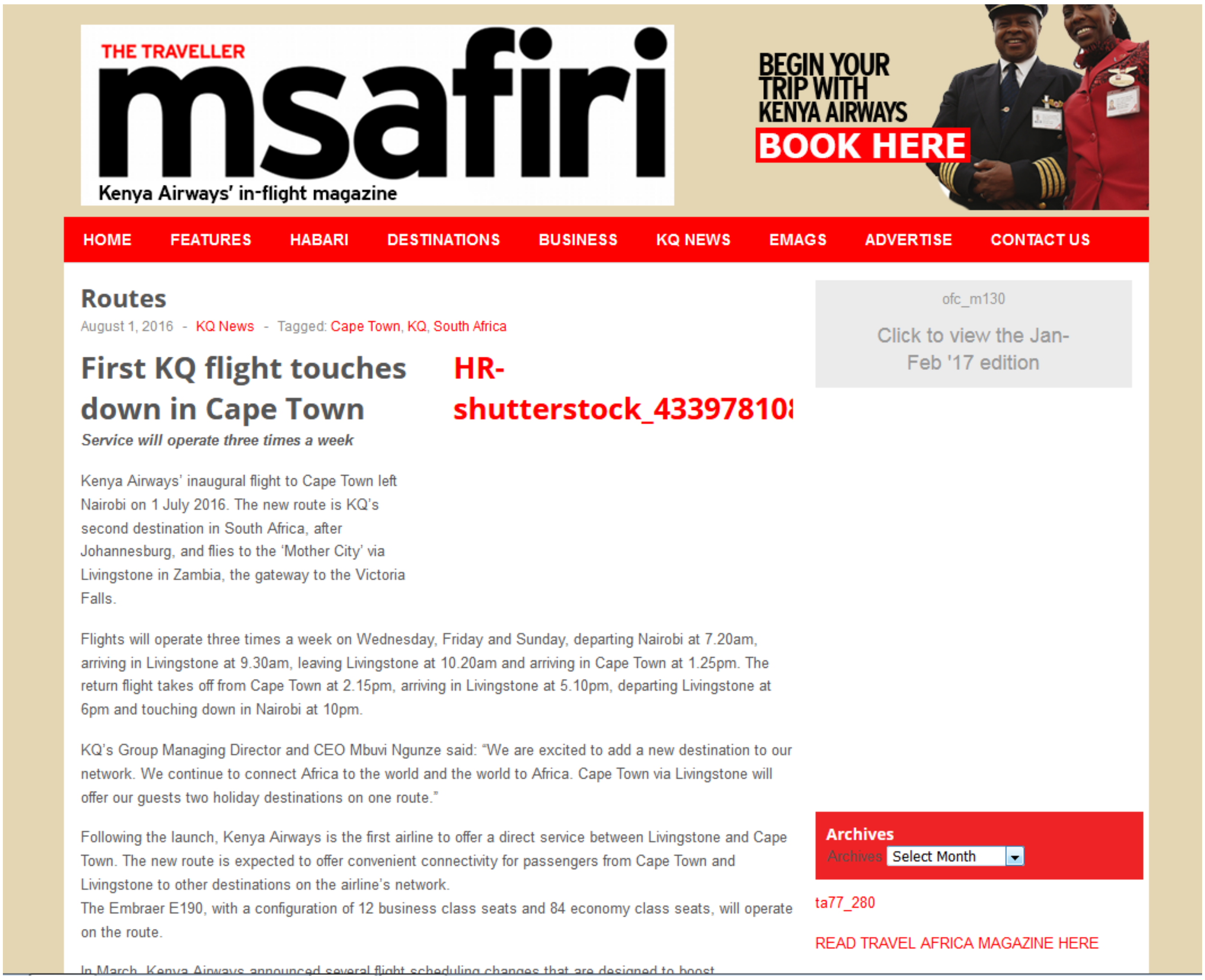

KENYA AIRWAYS PLC (FORMERLY KENYA AIRWAYS LIMITED)

# PERFORMANCE HIGHLIGHTS

### Highlights of the Year

| | 2016 - 2017 | 2015 - 2016 | |
|---|---|---|---|
| Turnover (KShs Million) | 106,277 | 116,158 | Down 8.5% |
| Operating Profit/(Loss) (KShs Million) | 897 | (4,093) | Up 121.9% |
| Loss Before Tax (KShs Million) | (10,202) | (26,099) | Up 60.9% |
| Net Loss (KShs Million) | (10,207) | (26,225) | Up 61.1% |
| Capital and Reserves (KShs Million) | (44,915) | (35,667) | Down 25.9% |
| Loss Per Share (KShs Million) | (6.82) | (17.53) | Up 61.1% |

### Key Financial Statistics



THE TRAVELLER
msafiri
Kenya Airways' in-flight magazine

BEGIN YOUR TRIP WITH KENYA AIRWAYS
BOOK HERE

HOME | FEATURES | HABARI | DESTINATIONS | BUSINESS | KQ NEWS | EMAGS | ADVERTISE | CONTACT US

## Routes

August 1, 2016 - KQ News - Tagged: Cape Town, KQ, South Africa

# First KQ flight touches down in Cape Town

HR-shutterstock_43397810

***Service will operate three times a week***

Kenya Airways' inaugural flight to Cape Town left Nairobi on 1 July 2016. The new route is KQ's second destination in South Africa, after Johannesburg, and flies to the 'Mother City' via Livingstone in Zambia, the gateway to the Victoria Falls.

Flights will operate three times a week on Wednesday, Friday and Sunday, departing Nairobi at 7.20am, arriving in Livingstone at 9.30am, leaving Livingstone at 10.20am and arriving in Cape Town at 1.25pm. The return flight takes off from Cape Town at 2.15pm, arriving in Livingstone at 5.10pm, departing Livingstone at 6pm and touching down in Nairobi at 10pm.

KQ's Group Managing Director and CEO Mbuvi Ngunze said: "We are excited to add a new destination to our network. We continue to connect Africa to the world and the world to Africa. Cape Town via Livingstone will offer our guests two holiday destinations on one route."

Following the launch, Kenya Airways is the first airline to offer a direct service between Livingstone and Cape Town. The new route is expected to offer convenient connectivity for passengers from Cape Town and Livingstone to other destinations on the airline's network.
The Embraer E190, with a configuration of 12 business class seats and 84 economy class seats, will operate on the route.

In March, Kenya Airways announced several flight scheduling changes that are designed to boost

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THE TRAVELLER
# msafiri
Kenya Airways' in-flight magazine





## Kenya Airways news

March 1, 2016 - KQ News - Tagged: Kenya Rugby Sevens, KQ News, USA

***KQ eyes direct flights to the US***

*News1*

Direct flights between Kenya and the United States have moved a step closer after the Kenyan government reported that nearly all of the US aviation authorities' audit requirements had been completed.

It is hoped that flights will start as early as May 2016, with the move anticipated to provide a much-needed boost to Kenya's tourism industry, as it will enable American tourists to fly non-stop to Kenya. It is also expected to generate increased business between the two nations.

President Uhuru Kenyatta and US President Barack Obama discussed the subject when the latter visited Kenya in July last year.

"Our governments are working to facilitate direct flights between the US and Kenya as soon as possible," Obama confirmed after the talks.

**Arrivals terminals at JKIA get the green light**

Terminals 1A and 1E at Jomo Kenyatta International Airport (JKIA) are set to officially open in March, following an inspection of the new arrivals facilities by the Cabinet Secretary for Transport and Infrastructure, James Macharia. The Cabinet Secretary lauded the Kenya Airports Authority's (KAA) management of the project and expressed his satisfaction with the progress in boosting the capacity of JKIA.

KAA's Ag. Managing Director Yatich Kangugo added that the opening of Terminal 1E would make it possible for the airport to separate departing and arriving passengers – a key requirement for attaining Category 1 hub


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THE TRAVELLER

# msafiri

Kenya Airways' in-flight magazine





## Health volunteers fly to West Africa

March 1, 2015 - KQ News - Tagged: Health volunteers

***Kenya Airways recently flew 170 Kenyan health volunteers to Freetown, Sierra Leone, and Monrovia, Liberia, on the two flights chartered by the African Union (AU).***

Speaking after a visit to State House, Nairobi, with the health officials, Kenya Airways' Group Managing Director and Chief Executive Officer Mbuvi Ngunze said it was a privilege to be chartered by the AU to fly the volunteers to the Ebola-hit countries.

Volunteers

Ngunze said: "We are incredibly honoured by the AU… to have won the bid to fly the health officials, who are on a mission to assist our brothers through the crisis.

"This mission in West Africa is an important example of African fighting spirit. It is about Africans finding solutions for Africa. It is important for us at Kenya Airways, as we are keen on the sustainability of Africa."

Ngunze acknowledged that this mission might facilitate KQ's re-entry into the two countries, after flights were suspended last August following the Ebola outbreak.

**Flying the flag for Kenya**

Kenya Airways reaffirmed its commitment to Kenyan rugby at a ceremony held to name the players to represent the country at the HSBC Sevens World Series 2014/15 events to be held in Wellington, New Zealand and Las Vegas, USA during February (results not known at the time of going to press). Speaking during the ceremony, Kenya Airways' Group Managing Director and Chief Executive Officer Mbuvi Ngunze urged the team and the coaching staff to put their best foot forward.

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READ TRAVEL AFRICA MAGAZINE HERE

## APPENDIX IV: RESEARCH AUTHORIZATION FROM THE MINISTRY

**THE PRESIDENCY**

**MINISTRY OF INTERIOR AND**

**CO-ORDINATION OF NATIONAL GOVERNMENT**

**Telegram: "DISTRICTER" Nakuru**
**Telephone: Nakuru 051-2212515**
**When replying please quote**

**COUNTY COMMISSIONER**
**NAKURU COUNTY**
**P.O. BOX 81**
**NAKURU.**

**Ref No. CC. SR.EDU 12/1/2/VOL.V/49** **8th October, 2019**

The Deputy County Commissioner
NJORO

**RE:- RESEARCH AUTHORIZATION – CHEMUTAI LEONA MUTAI**

The above named student from EgertonUniversity has been authorized to carry out research on "**Analysis of Kenya Airways' image restoration strategies during the 2015/2016 financial crisis**" in Nakuru County for a period ending 12th December,2019.

Please accord her all the necessary support to facilitate the success of her research

**PATRICK OMUSE**
**FOR COUNTY COMMISSIONER**
**NAKURU COUNTY**

**APPENDIX V: RESEARCH AUTHORIZATION ( NACOSTI)**

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/18/95982/27136**

Date: **12th December, 2018**

Chemutai Leona Mutai
Egerton University
P.O. Box 536-20115
**NJORO**

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on ***"Analysis of Kenya Airways' image restoration strategies during the 2015/2016 financial crisis"*** I am pleased to inform you that you have been authorized to undertake research in **Nakuru County** for the period ending **12th December, 2019.**

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

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

GKalerwa

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

Copy to:

The County Commissioner
Nakuru County.

The County Director of Education
Nakuru County.

National Commission for Science, Technology and Innovation is ISO9001:2008 Certified

## APPENDIX VI: RESEARCH PERMIT

**THIS IS TO CERTIFY THAT:**
***MS. CHEMUTAI LEONA MUTAI***
**of EGERTON UNIVERSITY, 13357-20100**
**NAKURU,has been permitted to conduct**
**research in *Nakuru County***

**on the topic: *ANALYSIS OF KENYA AIRWAYS' IMAGE RESTORATION STRATEGIES DURING THE 2015/2016 FINANCIAL CRISIS***

**for the period ending:**
***12th December,2019***

**Permit No : NACOSTI/P/18/95982/27136**
**Date Of Issue : 12th December,2018**
**Fee Recieved :Ksh 1000**

........................
***Applicant's Signature***

.......................................
***Director General***
***National Commission for Science, Technology & Innovation***

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**THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013**

**The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.**

**CONDITIONS**

1. **The License is valid for the proposed research, location and specified period.**
2. **The License and any rights thereunder are non-transferable.**
3. **The Licensee shall inform the County Governor before commencement of the research.**
4. **Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.**
5. **The License does not give authority to transfer research materials.**
6. **NACOSTI may monitor and evaluate the licensed research project.**
7. **The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.**
8. **NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.**

**National Commission for Science, Technology and innovation**
**P.O. Box 30623 - 00100, Nairobi, Kenya**
**TEL: 020 400 7000, 0713 788787, 0735 404245**
**Email: dg@nacosti.go.ke, registry@nacosti.go.ke**
**Website: www.nacosti.go.ke**

**REPUBLIC OF KENYA**

NACOSTI

**National Commission for Science, Technology and Innovation**

**RESEARCH LICENSE**

**Serial No.A 22333**

**CONDITIONS: see back page**