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Strategic Development and Sustainability of Airline Industry Case Study: Air Malawi

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Strategic Development and Sustainability of Airline Industry
Case Study: Air Malawi

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The purpose of the study thesis was to assist air Malawi to develop a more strategic and sustainable airline by investigating what other case company Finnair and Air Malawi operations. The study objective is to explore and understand the strategies that Air Malawi and Finnair operate in their business and what has developed and how the airline implement and its sustainable practices in terms of economic, social and environmental aspects. There has been a major decline of the national airline industry in Malawi and this thesis seeks to explore and get understanding of airline industry in Malawi and its challenges and what could be developed for the industry to rejuvenate in a sustainable manner. The study will bring about literature review with key concepts in strategy development, sustainability and understanding of the airline industry operations mainly for national airlines.

The thesis was conducted through semi structured interview with Finnair and Air Malawi with focus to the airlines strategies and sustainability practices. The study will narrow the research in focusing on case studies on international level with Finnair to explore their strategies, operations and sustainable practices implemented to make the industry successful then later the study will focus on Air Malawi operations from current situations and challenges and what can be learned from Finn air in order to develop the industry in a more sustainable manner. The conclusion will bring about the findings of the literature review and how that was implemented in the case study companies in order to give an understanding to the hypothesis question in the study.

The research results showed differences and similarities between the case companies and with focus for the main case company to learn from the other company in its operations to develop. The main case study should revise its strategies and measure in order to see if they have been effective with new strategies and how to develop their business model into more sustainable way. There is need to do more research in the area of study by incorporating government role in airline development.

Key words: Strategic Development, Sustainability, Airline industry, Finnair, Air Malawi

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1 Introduction

Air Transportation as a means of moving passengers and freight has gained an important place worldwide (Sweet 2009, 2). Airline industry in Malawi is the main reliable mode of transportation to the country due to its geographical position being a landlocked country. Air Malawi as national carrier for the country, the airline has undergone major challenges in its operations and since nowadays, airline business practices are more focused in being sustainable for the growth and for future existence. Airline industry in that matter has major issues on how sustainable it is due to the carbon emission. Airline industry in less developed countries like Africa, the area of sustainability can be critical and difficult to investigate.

Tourism growth in Malawi depends mainly on Airline industry due to its geographical position as a landlocked country. Air Malawi is the only national carrier which cooperates with regional airlines like South Africa, Kenya airways and Ethiopian Airlines. The regional airlines are all part of global alliances and Air Malawi is not, this also makes it a challenge for visibility and development of the airline, strategies used to operate the airline are unknown and sustainability practices are unclear. Air Travel plays vital role but with climate change and environmental responsibility. Aviation industry directly attribute to the greenhouse gas emissions (Finnair 2012, 16).

The significant area of the research is to strategically develop a sustainable national airline Air Malawi in order to have increase in tourists' arrival with easy accessibility to Malawi as well as the economic benefit for the country. The aim would be to discover how to reduce the challenges and develop new strategies that would bring growth to the industry and also employment to the society. Africa is the region most in need of improvement, and aviation safety work on the continent typifies industry efforts on the global stage. Although Africa continues to post the worst safety statistics, 2011 saw a 56% improvement in the region over the previous year (IATA 2012, 23). Air Malawi has major problems with maintenance for its air crafts which has led to cancellation of flights on which the carrier had to charter other airlines to fly their passengers. The airline is owned by government which is also a challenge to make decisions more efficient and effective.

1.1 Research Question and Objective

Strategic development with focus on sustainability for any organization especially airline industry is vital for success and growth, and this study has been the focus for this study. The study objective is to explore and understand the strategies the airline develops and how it

implements its sustainable practices, to know how Air Malawi can develop its operations in a more sustainable matter.

The research questions are as follows:

- o What strategic developments does Air Malawi and Finnair take into account in their business?
- o What sustainable practices is Air Malawi implementing in comparison to Finnair?
- o What are similarities and difference between Finnair and Air Malawi operations, in strategic development and sustainability?

The research questions defined the literature approach which brought the outline which will focus on the case companies. The research question one will look into the theory through books and articles to understand definitions and theories in strategy and strategic development, sustainability and airline industry. Then the research question how will have focus on strategic operations and sustainability practices in airline industry mainly with case study focus Air Malawi and Finnair. Later the last question will be based exploring similarities and differences between case companies in order to give the researcher concrete understanding of the overall of the thesis study.

1.2 Research Structure

The research study consists of firstly introduction, literature review, case study, Methodology, results, conclusions and recommendation. The introduction of the topic will give the reader an understand overview of airline industry and what is going on with strategies and sustainability practices. The Literature review helps the author to understand terms and definitions related to the thesis topic which would help the author to have a better view of the study, different books and articles to make comparison for reliability. The study narrowed and focus more on case company on which the author wishes to make comparison with main case study, Air Malawi in order to examine the operations which these companies encounter. Qualitative method helped the author to gather and analyze data to write the study, and methods used were interviews from case companies. The research results will present the findings after analyzing all data corrected from literature review and case study to find similarities and differences. Conclusions this involves the final summary of the study and recommendations will include thoughts and developments from authors point of view.

2 Literature Review

This study has used literature review in order to enable the reader to have an easy access to a specific topic in the research which mainly focuses on strategic development, sustainability and airline industry by using books and articles which are relevant and valid for the research topic in order to assist author in summarizing the study. The use of literature has helped the

author to analyze and evaluate the data and make comparison with the original research in a case study.

2.1 Strategic Development

Strategy is referred to as the key issues of organization's future state, the long-term direction of an organization. For Instance how airlines manage its entry into the market and how to survive in the market (Johnson 2011, 4). Strategic management was established and started to grow later in the twentieth century and mainly from economics field. Strategy of an organization cannot be predicted or predestined. The study will start with defining the strategy, the process and the environment and how it is analyzed in airline industry (Harrison & Enz 2005, 4).

2.1.1 Strategy

The study examines different definitions related to Strategy in order to differentiate and give explanation of an organisations strategy. Below are the strategy definitions from three theorists in strategy, namely Alfred Chandler and Michael Porter from Harvard Business School, Henry Mintzberg from McGill University defined strategy distinctively. Chandler focused on a logical flow from determining goals and objectives to allocation of resources. Porter emphasizes on deliberate choices, difference and competition. Whilst Mintzberg used word pattern to accept the fact that strategies do not always follow a chosen and logical plan but can emerge more ad hoc ways (Johnson 2011, 4).

According to Chandler(2011, 4.) strategy is referred to as the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resource necessary for carrying out these goals. Michael Porter looked at the competitive strategy is about being different and it's meant to deliberately choose a different set of activities to deliver a unique mix of value. However, Henry Mintzberg defined strategy as pattern in a stream of decisions. Thompson & Strickland (2003, 14) referred company's strategy consists of the competitive efforts and business approaches that managers employ to please customers, compete successfully, and achieve organizational objectives. The term strategy has been used for many years and one of the definitions in 1980's was that of Andrew which stated strategy as the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and define the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of economic and noneconomic contribution it intends to make to shareholders, employees, customers, and communities (Johnson 2011, 4.). The above definitions bring out the important elements of strategy which will be useful to give concrete understanding of the meaning and examine if the definitions in order to give a better understanding of what is involved in strategy and how it can be related to the airline industry.

Sustainable development to both public and private sectors has brought many challenges in management since the sustainable development concept is widely defined by different authors. The public and private sectors started facing these challenges from the development of company's policies for instance gender equity, occupational health and safety, results-based management. Sustainable Development has integration processes which are leadership, planning, implementation, and monitoring and review. Dalal-Clayton and Bass(2002,32) identified sustainable development as a new pattern of government or organisation policy making.

2.2 Sustainability

Sustainability concerns could be traced since the eighteenth and nineteenth century with the issues of scarcity of resources due to increase in shortage of population energy. The interest to care about the environment during that time was merely focused on health hazards caused through industrialization. The Sustainability Development term was used during the eighties through the International Union of Conservation of nature and natural resources who later presented the world conversation strategy (IUCN,1980) which aimed at conservation of natural resources with focus on ecological sustainability and linking sustainability to social and economic aspects (Baker 2006, 18).

2.2.1 Definition

Sustainability was best defined by Bruntland,1987 who at the time was Norwegian Prime minister chaired the UN Conference on Environment and Development in Brazil in 1992(Baker 2006, 19). Brundtland defined Sustainable development as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Lowitt 2011, 27). According to Lowitt, 2011 the value of sustainability of an organisation should not be based on the balance of economic and social performance with economic aspects but rather the environmental and social aspects drive the economic factors. The figure below gives an overall image what is involved in sustainability with the focus of individuals, groups, and society as a whole, to think of patterns of behavior, by that meet the needs and aspirations of the present generation without compromising the ability of future generations of all living things to meet their needs and aspirations.



Figure 1 : Sustainability Aspects (Risk Management monitor, 2013)

2.2.2 Environmental Sustainability

This refers to the maintenance of the integrity of life support systems. This includes biodiversity and ecosystem services. It is a fundamental requirement for all the other sustainability aspects. There is needed to consider how we use resources from the land, sea and air, to make money, so we don't run out or destroy the earth now and in the future. Making sure all forms of life animals and plants and their habitats are cared for. This will ensure that all ecosystems in both natural and man-made environments will be maintained so that all the different forms of life can exist together. Environmental aspects are regarded as the organization's carbon emissions, consumption of water, waste sent to landfill and energy consumption by the organization during its operations (Lowitt 2011, 168).

2.2.3 Social Sustainability

This focuses about equity within and between generations, ethnic and social groups. This embraces the development of the mental and physical wellbeing of people and the cohesion of their communities. All people are considered equal whether they are from different cultures, ages or social groups and they all have the same rights to exist and grow in a supportive community within a healthy environment. Aspects are mainly referred to as the knowledge, technology, and financial and capital resources which are provided by organisation to the local communities (Lowitt 2011, 195).

2.2.4 Economic Sustainability

This looks into the utilisation of resources to provide products and services for the wellbeing and aspirations of the present generation, and for generations to come. Financially, shareholders have a right to a return on their investment. It is critical then that we maintain a strong balance sheet so that we retain the capability to invest and the capability to give shareholders profitable returns (Finnair Sustainability 2012, 7).

However, Brundtland definition of sustainable development has enlightened how organisation can embrace sustainable practices in order to have value in the future. Sustainability does not only focus on keeping the environment green but rather as an ongoing ,unchanging commitment in which an organisation can make balance with their returns financially due the environmental and social impacts (Lowitt 2011, 27).

The strategic developments, this gives the organisation growth opportunity at the same time reducing risk to legal and resource exposure. Sustainability has helped companies to have more critical attention to the efficacy and future viability of their operations. This has led to an increase to brand value and revenue and reduced risks and costs valuable for stakeholders. Nowadays, an organisation cannot survive or operate without having a sustainable strategy, due to the growing demand and expectation from stake holders like organisations customers, employees, shareholders, authorities, and partners these cannot be ignored. As an organisa-

tion sustainability strategy has to really reflect in its values aspirations and the main business strategy. Some organisations sustainability strategy and growth innovation strategy are regarded as similar strategies, according to Lowitt, 2011, ' it is advisable that sustainable strategy should begin with corporate strategy without distractions from other projects ' (Lowitt 2011, 118).

2.3 Airline Industry

The global airline industry operates services all over the world which creates the international economy. The airline industry contributes to the economy through its operations and similar industries like Airline manufacturing companies and growth in tourism. The industry also impacts its external participants economically such as government policy, media and other stakeholders with interest in air travel. The international airline industry's development has led to technological advancement in fifties which led to commercial airline through introduction of the jet aircraft and later in the seventies followed by wide body aircraft jumbo jet. The regulations of airline industry worldwide has created an environment have led to the advancement of technology and governmental policies over profitability and competition (MIT 2013, 9). There were some airlines that did create value for their investors in the past two years. This group of airlines includes long-haul network airlines, regional airlines, low-cost carriers, and other business models. It also encompasses airlines from most regions of the world. These airlines, though, are the exception and are few in number (IATA 2012, 12).

2.3.1 Regulations and Deregulation

The Airline Industry deregulation was established into law in 1978 with aim to encourage air transportation system that placed primary reliance on competitive market forces as the basic determinant of commercial airline operations (Sweet 2009, 8). The Civil Aeronautics Board Controlled airlines routes and ticket prices in order to serve interest of the public. Domestic airlines were allowed to fly domestic routes if they were fit and able by the Department of Transportation (DOT). The DOT changed their role from approving in making sure the airline operations were in accordance with public interest to decide whether airline operations according to the safety standards and operating procedures. Since 20 years ago the route schedules and airline pricing has been deregulated, highly regulations in other areas of the industry are still valid. The local governments has essential regulations in their region as they own and manage airports and able to control airport services such as accessibility to runways and in boarding gates. In most cases airport commissions in the region allocates gates without any formal market mechanism such as a bidding process; they often require concrete proof that the airline would operate in the public best interest. However, deregulations in global routes have gradually changed, through negotiated bilateral open-skies agreements, which mainly allow airline companies from the two different countries in question the right to fly between those countries without restrictions. This open-skies agreement does not develop

competitive market as they do not accept foreign aircrafts to transfer passengers within one country or vice versa. Regulations were designed to avoid congestion at a country's busiest airports, have lagged behind market realities. Service to other small isolated markets also is subsidized and regulated by the government. However, though the end-consumer for airline tickets faces a market-driven menu of prices and services, key inputs into the industry are allocated using non-market mechanisms. Gowrisankaran, 2002 stated that 22 years after deregulation, the airline market is still partly regulated. As a result of airline mergers this have reduced costs and increased market share. Nethertheless fixing pricing has forces small airlines out of business as increasing number of seats and reducing competitions in other markets as evidenced by the dismantlement of some regional airlines by bigger ones, big corporations are known for their monopolistic acts and predatory pricing (Sweet 2009,8).

2.4 Finnair: Strategic Development and Sustainability

2.4.1 History of Finnair

Finnair was founded in 1923 by Consul Bruno Lucander as managing director, Gustaf Snellman and Fritiof Åhman was operated under Aero O/Y, located at the time in Katajanokka, Helsinki. They owned their first aircraft in 1924 named Junkers F 13 D - 335, an agreement between the manufactures of aircraft and Aero O/Y 50 per cent holding in Aero in exchange for one aircraft plus technical help and personnel. March 1924, Aero OY operated their first commercial flight with 162 kilos of mail from Helsinki to Tallinn and carried 269 passengers. Aero became a member of the International Air Transport Association, IATA in 1927. During the years 1924 - 1929 Aero received six more Junkers aircraft. Aero Oy lost Bruno Lucander who suddenly died. Due to the agreement, Junkers, Flugzeugwerke A.G., the aircraft manufacture became shareholder of the airline owning 50 percent share. Later in the year of 1930's, investors in Finland managed to buy the shares from Junkers shares which led the Aero became Finnish owned airline company. Due to the Second World War the Aero Oy was used for military control which was challenging time for the airline since the routes were closed and the challenges include fuel. Things changed 1952 when Finland hosted Olympics which brought success to the airline industry due to increase in passengers and during same year the airline moved its operations Seutula. In 1953 Aero OY was officially named Finnair. (Beck & als, 2009, 6)

The figure below gives an overview of the aircraft before it changed to Finnair.



Figure 2 : Old Finnair Aircraft (Finnair, 2013.)

2.4.2 Finnair Current Operations

Finnair is regarded as one of the innovative safest and longest-operating airlines internationally. The airline is specialists in operating flights between Asia and Europe, and desires to be the leading airline in the Nordic region with focus on Asia market. The airline strives to be one of the three big operators in transit traffic between Asia and Europe including transfers during the trip. The airline's growth strategy focuses on the rapid flight connections to the growing Asian market. Finnair has other business group which involves; Airline Business, Aviation Services and Travel Services with approximately 7,000 personnel. Finnair subsidiaries provide support services directly to the Airline or operate in close with the related areas. The major shareholder of the airline is the government which holds 55.8per cent of airline shares, other shareholders of the airline includes public bodies, financial institutions, private companies and households. (Beck & als, 2009, 7.)

The Airline is responsible for taking care of domestic and international scheduled flight operations business, route planning, product development, sales and marketing, other airline cooperation and fleet management. Other subsidiaries and business units under Finnair operations, for instance are, Commercial Division, Flight Operations, Production Management, Finnair Cargo Ltd, Finnair Cargo Terminal Operations Ltd and Finnair Aircraft Finance Ltd.

Finnair subsidiaries employed over 4252 employees with turnover of 1,736 million just in year of 2008 alone which was 3.0 per cent better compared to 2007. Passenger volume increased with 7 million in 2008 with its scheduled flights and the 5.1 per cent revenue fell compared to previous year due to demand cheaper fare classes. Finnair's cargo operations was a success in 2008 and the main factors for the improvement were good fares and efficiency in it operations. However, the cargo operations dropped drastically due to the recession and it is predicted to continue in the near future. The airline's fleet is subsidiary of Finnair and its managed by Finnair Aircraft Finance, Finnair operated 45 aircraft by end of 2012, with 15 are wide-body and 30 narrow-body aircraft. Finnair balance sheet indicated 24 aircraft operations owned by the airline by Flybe Finland. The estimate age of the fleet operated by Finnair was 9.8 years at the end of 2012 and that of the fleet operated by other airlines 4.1 years. Finnair

also has eight leased aircraft, which it has subleased and which are operated by other airlines.

**Fleet operated by Finnair
on 31 Dec 2012**

	Seats	Pcs	Own	Leased (operational leasing)	(finance leasing)	Average age	Change from 31 Dec 2011	Ordered	Add. options
European traffic									
Airbus A319	123-138	9	7	2		11.5	-2		
Airbus A320	165	10	6	4		10.4	-2		
Airbus A321	196	6	4	2		12.0		5	
Embraer 170*	76	1	1			6.4	-4		
Embraer 190	100						-12		
Long-haul traffic									
Airbus A330	297/271/263	8	4	1	3	3.2			
Airbus A340	270/269	7	5	2		10.0			
Airbus A350	na.							11	8
Leisure traffic									
Boeing B757	227	4	0	4		15.0			
Total		45	27	15	3	9.8	-20	16	8

Table 1: Finnair Aircraft Fleet (Finnair, 2012.)

2.4.3 Finnair Strategies

Finnair's objective is to be the leading airline in the Nordic region and its desired route is Asia and Europe. The airlines aims to increase its revenue from Asian traffic from 2010-2020.

Growth strategy implementation focuses its core business building a more extensive network of partners with committed to creating added value for its customers and shareholders.

Finnair as many airlines has strengths which are having a clear strategy , Sustainable competitive advantage due to geographical location, operating a modern, fuel-efficient fleet and offer a top-class service product - Northern Europe's best airline, excellent operational quality and efficiency, Quality and capacity of the Helsinki-Vantaa Airport and good financing position for implementing future fleet investments.(Finnair 2012.)

Finnair's strategy focus is making sure they take advantage of the potential of route between Asia and Europe. Their strategy is mainly based Asian growing market as the fastest connections between Asia and Europe, by offering high-quality service, efficient airline in the industry and cost-efficiency. Due to Helsinki geographical location, Finnair has a competitive advantage compared to other cities in northern Europe through its fast connections to Asia.

Finnair operates its business for both business and leisure travelers with combination of cargo for Asian market and advantage for Finnair comparing other European airlines which does not operate directly to Asia. There is an approximate that 20 million people travel annually to Asia and European destinations through Finnair and transfer passengers without direct con-

nections to the destination. Due to the large population in Asia, just one percentage growth travel between Europe and Asia would bring about 200,000 potential new passengers every year. There is expectation of growth of 4.1per cent per year by 2012-2031 in revenue passenger kilometers between Europe and Asia by Airbus forecast and indicates as advantage for Finnair to grow its Asian operations. Finnair had a structural reform in 2011, which made the airline to focus on its main and in services provide support to other airline business and European feeder traffic; this has led to include partnership with world class operators. Strategic partnerships are also part of Finnair strategy in order to improve the quality of its operations and reduce costs which are essential for the industry. Finnair has been able to adjust its operations and cost level more flexibly according to the prevailing market conditions by focusing on its main business.

Finnair growth strategy was focusing on investing charting new market possibilities and improving profitability, developing customer service and leadership, well-managed staff and customer satisfaction. Finnair goal is to be an active and valuable partner. The airline is part of the oneworld alliance, which is one of the leading airline alliances; Finnair holds a strong position as an expert in traffic between Asia and Europe.

Profitable growth	Cost competitiveness	Customer Experience	International winning team
<ul style="list-style-type: none"> • New Asian destination Chongqing, decisions on new routes to Hanoi and Xi’an • New ancillary services like advance seat reservations offered to customers • New ticket types 	<ul style="list-style-type: none"> • Structural change and cost-reduction programs • Procurement • Increased automation in customer service process 	<ul style="list-style-type: none"> • Increased automation in customer service process • Service identity - Peace of Mind 	<ul style="list-style-type: none"> • Leadership development

Table 2: Finnair Strategy Implementation (Finnair, 2012.)

2.4.4 Finnair Sustainability

Finnair sustainability measures and account for the financial, social and environmental

Sustainability of this enterprise, back in 1997 we became one of the first airlines to report on sustainability. Since 2008, we have followed standards set by the Global Reporting Initiative; the most widely recognized international authority on sustainability reporting. (Finnair 2012.)

Economic sustainability

The airline objective is to make sure that it creates sustainable economic value to the economy and business by operating flight services more profitably, cost competitively and meeting the needs of the environment and society, the company's responsible operations are the key to business profitability. Finnair as public limited company with focus to earn profit for its shareholders, the airline distributes its profit through dividend policy. The airline takes into account its operations and financial decisions on its environment and society and these are assessed by the corporate, social responsibility and risk management department. This has also been an interested for tour operators in promoting sustainable tourism. The airline offers its financial report online in order to provide, as transparently as possible, information about Finnair's financial position and development. The airline industry is sensitive to cyclical fluctuations in the world economy as well as in country's economies. Since the airline relies on earnings generated from people's need to travel for business or leisure and cargo carriage, the infrastructure forms part of the country's economies in area which it is operating. Aviation is very important industry for Finnish society and the country's economy. The Finnish airline industry generates 3-5 per cent of GDP, employment for the society and tax revenue. The easy accessibility by the airlines is vital for the country's world competitiveness. Finnair's Asian strategy is the key area of the country's GDP contribution with an estimated of 1-2 billion euros. Finnair implements structural changes for its profitability in the competitive industry. The airline developed a career gate concept which assists employees find work more efficiently to reduce workforce. The important changes in airline operations, deeper alliance has made an increase in costs effectiveness in order to reduce costs for all its operations. The airline worldwide traffic has changed in recent years as well as structural changes, which has been the market liberalization, growth in competition, overcapacity, consolidation, alliances and specialization. The international consolidation of the airline industry is predicted to keep going and Finnair aims to take advantage of developments (Finnair 2012, 48).

Asian traffic has been Finnair's core strategy in order to pursue as leading airline in Nordic region by cooperating with strong partners. Partnership is very essential as small medium firm cannot do everything by itself. Due to the increase in competition in airline industry there has been an ongoing improvement in cost-competitiveness and quality require specialization and large-scale cooperation. The high increase of oil prices took place in 2011 as well as growth in market capacity. During this time, the industry had expectations on market growth due to increase in demand. Since the world economy declined there was tight competitive situation with affected the industry in passenger and cargo business. Finnair managed

to increase its market share in the traffic between Asia and Europe on the routes it operates despite of oil price increase (Finnair 2012, 48).

Social Sustainability

The airline industry is very strict in regulations. Finnair takes part in discussions concerning its operating conditions. The airline engages in ethical sustainable way through its views and perspectives. Finnair aims to engage its activities to strengthen relationship with authorities or government in negotiations with policies and operations of transport policy and to participate in relevant negotiations and the operations of advocacy organisations. Finnair is active member of air transport associations, such as AEA and IATA (Finnair 2012, 61).

Finnair's mission is to be transparent, honest and timely in communication with the stakeholders. This involves the regulations governing according to Finnish Act and the airline takes into considerations to respect all viewpoints. Airline responsibility must be reflected in its strategy and brand building in order to maintain positive image for the company. Finnair's interacts with all employees and other important stakeholders that have interest in the company's operations. The ones in leadership have to communicate goals, operations and results to their own work community, in order to create a good work environment that enables freedom of discussion. One of Finnair social responsibility is not accept corruption in any kind of form. The airline identifies and evaluates corruption risk surveys in all its business areas. Finnair's procurement sets ethical guidelines and expects its stakeholder to be treated fairly. Finnair does not accept or give bribes, there is avoidance of giving and accepting business gifts without acting contrary to good manners. The workforce is not allowed to accept gifts or services to the amount at which it exceeds the maximum limit set by the organization at a given period of time. The suspected cases of bribery are reported to the company's Internal Auditing department and training will be arranged for new recruits.

Finnair's policy in business operations is to adhere to competition law .The airline industry has constant flow of new competitors in the market which is highly competitive. The Internal Auditing makes sure that there is compliance with competition law with audits of foreign sales units, reviews issues relating to compliance with competition law.

Mostly Finnair business operations are based on official regulations and to official supervision. Individuals approved by the authority in question are responsible for compliance with official regulations. Finnair has internal control procedure, where each unit has managers who managed control in their own department and are responsible of documented internal control principles as well as the company's values and ethics. The findings of the Audit Committee's are reported to Finnair's Board of Directors and to confirm that controls are exercised effectively, property is maintained, and operations are conducted appropriately in accordance with the group's goals and objectives. The priorities of the internal auditors are determined

in accordance with the group's risk management strategy. Information regarding control requirements is communicated through guidelines, policies and procedures. The results of the Audit Committee's control work, in the form of observations, recommendations and proposed decisions and measures, are continuously reported (Finnair 2012,61).

Environmental Sustainability

Finnair's mission is to be one of the environmental leading airlines, the airline takes environmental aspects seriously in all its operations and support the International Air Transport Association (IATA) zero emission target of aviation. The airline complies with the ongoing current environmental legislation, their environmental work and wishes to exceed in being a leader in evaluating, reporting and reducing environmental impacts (Finnair 2012, 51).

The airline corporate responsibility acknowledges environmental management in their strategy. The company has personnel responsible for corporate responsibility and environmental training the whole workforce in its practices for both internal and external campaigns.

The airline's environmental practice is to use new fleet, currently the company has used its newest fleet Airbus A320 and Embraer aircraft and the average life of the fleets is 7.2 years with aim to have less fuel consumption which is less than 3 litres per hundred kilometers per passenger. As part of developing its technologies, Finnair involves biofuel projects, the airline operated its first biofuel flight summer 2011 and the airline aims to continue with bio fuel projects and flights (Finnair 2012, 51).

3 Case Study Air Malawi: Strategic Development and Sustainability

3.1.1 Brief Description of Malawi

Malawi is a small country located in the East central Africa, it has lake which is approximately 896 kilometers in length and the land is approximately 120, 000 sq km. The country is landlocked and bordering Mozambique on the east and southwest, on the north and northeast by Tanzania then Zambia on the west and northwest. Despite of the size of the country, there are the mountains namely Zomba Plateau which is roughly 2,130 m / 7,000 ft and the Mulanje Massif which 3,000 m / 9,847 ft, which is considered as the highest mountain Central Africa. One of the country's pride is the Lake Malawi, formally Lake Nyasa which is considered to be 2 million years old and is referred the third largest lake in Africa, which makes up one fifth of the country's surface area and is Africa's third largest lake.

Lake Malawi is one of the world's deepest lakes which attracts tourist to the country. Due to its geographical location, the most efficient and effective way to travel is through air transport, as the country is landlocked which makes it difficult for tourist arrival if the airline industry is not operating effectively. The picture below shows how the country is positioned among its neighboring countries to give a better view on the airline operations to the country.

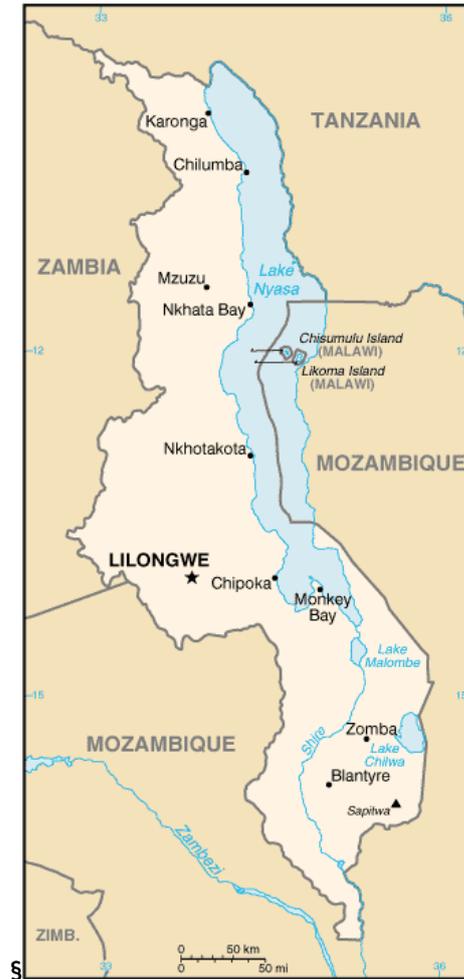


Figure 3: Map of Malawi (CIA, 2013.)

3.1.2 History of Air Malawi

In 1964, Air Malawi operated as owned subsidiary of Central African Airways which also operated other airlines like Air Rhodesia and Zambia Airways. The Central African Airways early operations used Douglas DC-3 and three de Havilland Canada DHC-2 Beavers in Malawi and the airline had technical and equipment personnel. The airline started its first operation between Blantyre, Salima within Malawi, Beira Mozambique in conjunction with DETA and Ndola in Zambia in 1964. The operations proceeded its services to northern part of Malawi, with the DC-3s, later that year Salisbury-Mauritius operations were inaugurated and started flying via Blantyre, Nampula and Antananarivo. Air Malawi became independent in 1967, which led to Central African Airways fall. The airline operated with two previous CAA Vickers Viscounts, and a later the Beech C55 Baron joined the fleet. The DC-3 operated domestic flights, Central African Airways was officially non-operational by the 31 December 1967. Air Malawi was established in 1967 by an Act of Parliament with the mandate to offer air transport services to the public, carrying passengers, freight and mail. Air Malawi was set up as a commercial entity and became IATA member on 1 January 1968. (Air Malawi,2013,6)

The 1968, Viscount established a sales operation on the Blantyre to Johannesburg route, and

the routes included Blantyre-Salisbury, and Salisbury-Mauritius via Blantyre and Nampula Mozambique . In the late 60s and early 70s saw the Air Malawi fleet was being modernized and standardized. In 1969, two HS-748s were ordered and the airline purchased two Britten-Norman BN-2A Islanders .The airline disposed of the last of the DC-3s in March 1970, and in November 1970 it leased a BAC One-Eleven from Zambia Airways on a two year term. With the addition of the BAC One-Eleven, Nairobi and Johannesburg were added to the fleet network. In 1972, Air Malawi leased a Vickers VC-10 from British Caledonian, started its operations from Blantyre to London. (Air Malawi,2013.)

Later, 1974 Air Malawi purchased the British Caledonian and the operation to Gatwick Airport in London, via Nairobi. In 1974, the airline started flights within Africa from Blantyre to Manzini in Swaziland with the HS-748, and service route until October 1975. From 1975, the airline operated with one VC-10, two One-Elevens, two HS-748s and two Islanders, on a route network which involved countries like Amsterdam, Beira, Harare, Johannesburg, Lusaka, Manzini, Ndola, Nairobi, Salisbury and Seychelles. Due to increase in operating costs which affected stability of airlines finance, and later Air Zimbabwe bought two Viscounts. Air Malawi then bought Three Shorts Skyvans and a Beechcraft King Air. Due to inauguration of Kamuzu International Airport, Air Malawi moved its international flights Blantyre to Lilongwe though its maintenance based in Blantyre. (Air Malawi,2013.)

The airline ordered two Boeing 737-500s, but later changed to delivery of one Boeing 737-300, the first of which arrived in May 1991. Air Malawi ordered of two Boeing 737-300s worth US\$65 million, an ATR 42, and a Dornier 228 was introduced into the fleet in December 1993. Figure below shows the old aircraft for Central African airways before it changed to Air Malawi (Air Malawi, 2013).



Figure 4 : Old Central African Airways (Our story, 2013).

3.1.3 Air Malawi Current Operations

Air Malawi Limited is located in Blantyre where the headquarter is based and offices in Lilongwe and Mzuzu. The Malawi government owns wholly the airline and operates regional flights and domestic passenger services. Kamuzu International airport located in capital city Lilongwe is the hub for the airline and Chileka airport in Blantyre is the main base for the airline. Since the airline established its operations in 1964, it became independent, and became the national carrier for the country. (Air Malawi,2013.)

The airlines slogan is “Africa’s friendly airline, the industry used to operates a fleet of two aircraft on a route network of six destinations including, Lilongwe, Johannesburg, Harare, Dar es Salaam and Lusaka but now all operations have been ceased and used to operate domestic services to Club M akokola, Mzuzu, and Mvuu camp in Liwonde National Park originating from Lilongwe International Airport and Chileka International Airport respectively which was great accessibility in tourism within and outside the country. Air Malawi has foreign offices in South Africa, Kenya, Zimbabwe and Zambia and trades through General Sales Agents in United Arab Emirates, the United Kingdom, Tanzania, Mozambique and Taipei. (Air Malawi,2013.)

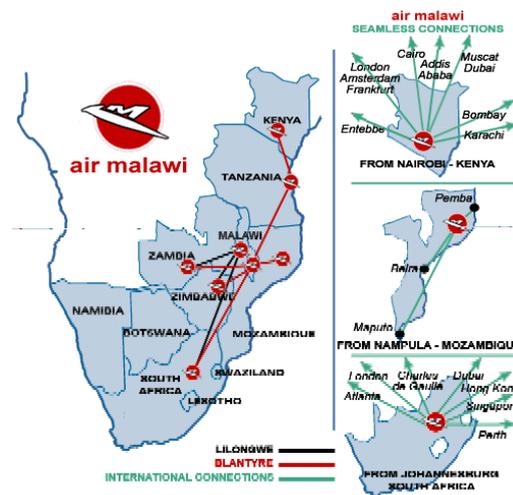


Figure 5: Air Malawi Map routes (Air Malawi 2013)

Air Malawi has the following group companies or subsidiary with the objective of letting Air Malawi focus on the core business of providing air passenger transportation.

<p>Air Cargo Limited</p>	<p>Formed 1979 is 100% owned subsidiary with its principal offices in London and providing airfreight of goods between Malawi and Europe, the Far East.</p>
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Galileo Limited	A wholly owned subsidiary with principal office in Blantyre and involves in the provision of passenger reservations and travel information and technical support services to travel agents in Malawi and rest of the world.
Air Malawi Pension Fund	A wholly owned subsidiary administering Air Malawi Pension Scheme and having a principal office in Blantyre.
Airport Caterers Limited	Air Malawi has a 35% shareholding in this company providing catering services to airlines.
Lilongwe Handling Company Limited	Incorporated recently (year 2000) a wholly owned subsidiary providing ground handling services in Malawi to all foreign carriers and Air Malawi.

Table 3: Air Malawi Subsidiaries (Air Malawi 2013)

Air Malawi used to operate to the above mentioned destinations, but as of November 2011, Air Malawi did not renew its lease for ATR 42-320 after the government made ordered the airline to lease it due to the financial loses the airline had been facing over the years and scarcity of forex in the country and by 2013, March all air Malawi operates has been ceased till further notice (Air Malawi 2013).

The current Air Malawi fleet consists of 3 aircrafts: 1 ATR 42-320 and 2 Boeing 737-200

Aircraft	Active	Stored	Written off	History	On
<u>ATR 42/72</u>	<u>1</u>				
ATR 42	<u>1</u>				
<u>Boeing 737</u>	<u>1</u>	<u>1</u>		<u>2</u>	
Boeing 737-200	<u>1</u>			<u>5</u>	
Boeing 737-300		<u>1</u>		<u>1</u>	
Boeing 737-500				<u>1</u>	
<u>Boeing 747</u>				<u>1</u>	
Boeing 747-SP				<u>1</u>	
Total	2				

Table 4 : Air Malawi Fleet (Air Fleet 2013.)

Air Malawi has a fleet of four aircraft: a Boeing 737-300 acquired in May 1991, a Boeing 737-500 acquired in 2006, a Turbo prop ATR 42 acquired in November 1991 and another Turbo prop Let 410 acquired in October 2004. Air Malawi flies to Johannesburg, Nairobi, Harare, and Lusaka. On the domestic routes we are flying Blantyre-Lilongwe, Lilongwe-Mzuzu, and Club Makokola. On top of this we also offer charters and leases. The airline had had three air-

crafts, Boeing 737-300 (Kwacha) - 131 seat capacity Boeing 737-500 (Sapitwa) - 100 seat capacity, the ATR 42 - 48 seat capacity (Air Malawi 2013).

3.1.4 Air Malawi Strategies

Air Malawi corporate strategy strives to set its values in making sure customers are treated as king in order to increase their satisfaction. The airline aims to provide services within Malawi as well as other international destinations. The airline strives to serve the passengers and cargo freight by taking into account safety; secure, reliable and efficient air both domestic and international flights (Air Malawi 2013).

The airline has expectations to be profitable airline for its shareholders and justify the continued existence of the company. Strategic goal: To be the best and preferred airline in Africa. Air Malawi, Africa's friendly airline, is the national carrier of Malawi - the country popularly known as the Warm Heart of Africa and its Mission: To Be the provider of the best passenger and cargo air transport services that are safe, reliable, and efficient, that exceed passengers' expectations and significantly contribute to the economy of Malawi. (Air Malawi,2013.)

Market Share Growth

Some of Air Malawi' strategic weaknesses, which should be turned into opportunities, are Low market share - below 50% Low load factor at around 40%. Increase in market share means an increase in passengers per flight, which will mean an increase in the load factor. Increasing market share means getting business from the competitors. Our competitors are the giants SAA and Kenya Airways. These two airlines are among the top 5 airlines in the African region. This means that chipping away market share from them is an uphill battle. But it is said "*the tougher the battle the sweeter the victory*". Apart from exceeding customer expectations Air Malawi developed and implemented aggressive and effective marketing strategies apart from the usual mix of product and promotion. Some of these strategies are as mentioned below (Air Malawi 2013).

Market Segmentation

Different types of customers have different needs. If the market is taken as one homogenous whole specific needs of identifiable groups of customers cannot be recognized and addressed. Banks in Malawi have used segmentation very effectively. They are developing most products and services based on particular market segments. They know which market segment gives them the highest revenue and therefore offer the platinum level of service. An example of passenger market segments that Air Malawi had Civil Servants, public corporate travelers (parastatals), private corporate travelers, small business entrepreneurs, holiday makers, students etc. Government should be viewed as a very big and important customer. Apart from the issue of patriotism or buy Malawi-ism, Air Malawi should give civil service good reason for them to want to travel by their flag carrier. Air Malawi must develop a strategy for packages

to make civil servant fly Air Malawi. Deliberate and aggressive approaches to be made to get the Government to travel Air Malawi. As they say no stone should not be left unturned until it happens. Air Malawi as an airline cannot do without strong market research as part of robust Management Information System (Air Malawi 2013).

Network Expansion Strategy

Network expansion for Air Malawi include partnerships as in the London, and Dubai code shares, or can be done solo. No airline can achieve meaningful growth without network expansion. Good market research and good feasibility analysis can ensure that network expansion is done properly and successfully Air Malawi should aim at expanding to three destinations within the coming twelve months. Possibilities are Uganda, Ethiopia and one Asian destination (Air Malawi 2013).

SWOT Analysis

Just as any organizations, Air Malawi has summarized its SWOT Analysis to show the airline's strengths, weaknesses, opportunities and threats (Air Malawi 2013).

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Improved on time departures • Excellent technical dispatch reliability • Well trained and qualified pilots and engineers/high technical skills • Well maintained equipment • Excellent safety record 	<ul style="list-style-type: none"> • Divisions within management • Poor communication • Poor coordination of functions • Demotivated staff • Stifled staff commitment and creativity • Resistance to change • Lack of suitable equipment to service particular routes • Poor financial control systems • Poor customer care • Lack of a marketing plan • Laissez-faire attitude among staff • Lack of performance and change management system in the company • Lack of a properly organised IT department • Inconsistent company policies • Poor business-culture • Lack of sense of ownership of business by staff • Huge debts and inability to service them

	<ul style="list-style-type: none"> • High direct operating costs
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Monopoly status on domestic market • Conducive government policy to promote tourism and aviation • Access to government funds administered under the Department of Human Resources Management and Development (DHRMD) • Liberalisation of the air transport • Regional economic integration which may increase trade volumes and travel. 	<ul style="list-style-type: none"> • Rising operational costs (fuel, spares) • Liberalisation of the skies - open skies policy and deregulation • Alternative modes of transport • HIV/AIDS pandemic • Manual procedures (MRA, Immigration) • High handling charges • Inadequate safety and security systems at airports • Challenges of e-ticketing and IOSA • Speed of technological change • Ever-changing customer expectations • Stiff competition from mega carriers into global alliances, bigger network • Rapid technology changes with associated high cost.

Table 5 : SWOT Analysis (Air Malawi 2013).

3.1.5 Air Malawi Sustainability

Air Malawi sustainability was a challenge to measure, despite of the challenge few facts about sustainability were found as mentioned below.

Social Sustainability: The airline aims to make sure Safety and Security of passengers and its employees is properly monitored and that the employees are considered as the most important resource of the airline and it seeks to be accountable transparent, trust worth and honest to both customers and work force(Air Malawi 2013).

Economic Sustainability: Air Malawi is to engage in profitable commercial activity of providing passenger and cargo air transportation. Thus at the core of air Malawi's existence is commercial activity, not flying aircrafts, not servicing or maintaining aircraft, not accounting or financial management and airline existence of a commercial activity must be there first then the rest come into play. Air Malawi has a small market share because it is out-competed in all regional and international market routes. Among other reasons, Air Malawi is out-competed in these markets is due to scheduling, type of equipment used and quality of service offered, but most importantly is lack of a marketing plan (Air Malawi 2013).

4 Research Methodology

Qualitative research methods are designed to describe and understand certain patterns of behavior by accessing the intentions, motives, beliefs, attitudes, rules and values that lie behind them and make actions and behavior meaningful. There is a wide array of different data collection techniques, but these techniques mostly fall into the categories of interviews and observations of social life, both of which yield textual data. Interviews may be more or less structured and may be conducted on an individual or group basis, such as focus groups. Observations again may be structured or unstructured, participant or nonparticipant (Bryman 2002). This research method identifies a focus or interest or a research problem then collects data on what it's involved in order to consider the ethical implications of the study, in order to analyze the data and generate hypothesis. The research plan involves identifying next step, actions and how to accomplish the main aim of the study. Collection of data to monitor change, then analyze and evaluate the data collected lastly summarize the guide to the qualitative research based process in order to get results from hypothesis question (Bryman 2002).

In this Research study the qualitative method was done in two ways, firstly was to gather already existing literature through books and articles that relates to strategic development and sustainability in general including view of the airline industry. Then the study narrowed its research in conducting interviews with case companies in order to have in depth understanding of the company's operations which would help the researcher to get the research questions answered and the questions been semi structured in order to allow the interviews to focus on the study area presented.

4.1 Interview

Interviews can be compared to everyday conversations, though the main focus is on the author's need to collect data. They are concerned in conducting research in a rigorous way to ensure reliability and validity which gives confidence in the research findings to the study users and author. The type of interview used in this study was a semi-structured, where the interview participants are interviewed based on guided questions established by the researcher (Bryman 2002). The semi structure interview consisted of topic of the study and questions covered main topics of the study. The purpose to ensure flexibility in what kind of questions to be asked and to give directions, the interview was structured by the researchers own interests and understandings, the semi structure gave room for development in particular areas and might need follow up, the semi structure interview consisted of topic of the study and questions covered main topics of the study (Bryman 2002).

In the study the interviews were semi structured in order to gather information relevant for the study, the questions asked in the interview consisted of research are of Strategies that airlines are implementing and what sustainable practices the companies use. The interviews took place with two key companies Finnair and Air Malawi, where the interviewee used on this research was previous employees of Finnair with more than 30 years' experience and the interview took place at the interviewee's residents and other questions followed through email. The interview with Air Malawi took place on 4th March 2013 at the researcher's office. The challenge in obtaining the interview was due to discovery of the airline non existing operations due to liquidation declared by the government.

Limitations to the interview with case company was unavailability of the airline personnel's to conduct more interview with and once some personnel's were contacted there was refusal of doing the interview in order to protect their privacy since the company's operations has been put to stop with immediate effect but the research managed to interview three personnel's to gather relevant data for the study.

4.2 Reliability and Validity

Reliability is regarded as the extent at which results or findings of the research are consistent over time and an accurate representation of the total population under research. Validity, mainly determines if this research is reliable and how truthful the findings are. However it wishes to determine if the data used in the research allows the author to reach the objective of the study, in this study the researcher determines its validity in answering questions and have looked for answers through articles, annual reports from other sources (Joppe 2000). In order to measure the ethic of the study the author is telling a co- coherent story in the thesis and to avoid losing track of the focus is mainly on strategic management, sustainability of airline industry and the study seeks professionalism, honesty and openness in research procedures to avoid plagiarism which presents own idea or words of another researcher or person for academic evaluation without acknowledgement (Hard & als 2006). The study also give assurance to the users against plagiarism that according to Laurea guidelines teachers are allowed to use Urkund which is a tool which reveals plagiarism, this too automatically analyses and reveals similarities of information between a student's text and other materials (Laurea 2012).

In this research study reliability was difficult to measure since most of the questions asked through the interview did not give the researcher key points to the study but after continuous emailing and calling to make the participants understand the core idea to the questions, progress was made to make the study and data collected reliable and in terms of its validity, the research problem is current and there is no existing study in the area in the country and that give creditability that the study could be useful in helping the airline review its strategies and develop in more sustainable way.

5 Results of Interview

Finnair is small airline business and one of the leading national airlines in Nordic region, the interviewee representative was Mr. Taneli Hassinen a former Vice President for investor relations and financial communications of Finnair (2001-2011). Air Malawi is small national airline operating in Malawi; the interviewees consisted of the Corporate Marketing Executive at Air Malawi, Mr. Asayile Philip Malanga Tariffs & Industry Affairs Manager, Mr. Tony Chimpukuso and Marketing manager, Mr. Mike Ndaombwa.

The content discussion in the interview consisted of strategies of the airlines and the sustainability practices in relation to economic, social and environmental sustainability practices and the overall operations of airline industry. Strategies and sustainability were mainly highlighted in the interview in order to get research questions answered.

The researcher inquired a question about how the aircrafts were purchased to give a better understanding how the airline operates, according to Hassinen, 2013; ` Proportion is 60% owned and 40% leased. Having part of the fleet leased is due to risk management. Residual values of aircraft fluctuate strongly based on the market situation. Even though generally it is economically more efficient to own and sell the aircraft, leasing is a way for an airline to outsource the residual value risk to the aircraft owner`. However, Malanga, 2013 stated that ` Air Malawi has got a small fleet of 3 aircrafts that were bought. The airline also leases aircrafts from other companies to fill gaps created when the company's own aircrafts are out for maintenance`. This indicates that most airlines do own their own air crafts at the same time lease from outside source for effective operation and it also indicates that this is costly for the airlines to lease aircrafts. According to Finniar its seems effective and more profitable having lower percentage of leasing and more than half percentage of ownership whilst Air Malawi leasing another aircraft looks more risky since the airline only has three aircrafts which do not bring much revenue and could be challenging to finance its operations.

The researcher had interest in knowing what challenges both airlines are going through in order to have better understand of current state. Hassinen `Many national carriers are still in the transformation process. Heavy structures were formed in the environment where competition was limited by bi-lateral agreements. Some countries subsidize their airlines, which distorts competition. For Finnair, Russian over-flight rights are crucial. The number of rights may limit Finnair's capability to operate to the Asian destinations. The situation comprises also a risk of price increase as Russia has a monopoly for the rights. Finnair has kept good relationship to both Russian and Chinese authorities`. Whilst the challenges in Air Malawi has been that, The airline has got equipment that is old and unreliable as such the airline has faced a decreased customer base The airline's sore share holder should consider investing in modern equipment or alternatively invite a strategic partner to inject in new capital in form of equipment and expertise(Malanga,2013). The challenges between these two airlines are different, Finnair challenge is related to restructuring of the airline and the rights to fly over through certain routes restrict the airline operations to Asian destinations and as for Air Ma-

lawi the aircrafts need major maintenance or investments in new aircrafts which will help airline operate efficiently. This indicates how different airlines have different challenges from aircrafts, rights to fly certain routes.

The case companies have their own strategies and this is essential since it's the main core to the study to investigate what strategies the companies use in its operations. During the interview the question in what strategies the airlines use was discussed, Hassinen, recommended that it was important to view the Finnair website to find more information and as discussed in page 12 & 13 of the study that strategy is mainly based Asian growing market as the fastest connections between Asia and Europe, by offering high-quality service, efficient airline in the industry and cost-efficiency. (Finnair, 2013) Malanga, suggested that Air Malawi Pricing, Provision of reliable services and friendly staff is the core strategy of the airline, The airline enjoys a loyal client following because of its pocket friendly fares and services that are deemed to be affordable and friendly by its clients. Air Malawi clients believe that the airline is affordable compared to other airlines that operate in the country.

Sustainability in one the core topic in many business or industries and very much talked about topics worldwide. The researcher has personal interest in knowing what the airlines do in terms of its business operations in the area of sustainability. The question was raised during interview on what sustainability practices the airlines implement in terms of economic, social and environmental aspects. Hassinen stated that ` Environmental questions arise more and more when talking about air traffic. Aviation represents 2% of CO2 emissions globally, In Europe 0.5%. Number of measures has been made in order to limit or reduce emissions. Engine manufactures have successfully taken their part in the development, in terms of both emissions and noise. In addition, many operational changes have been made in order to reduces fuel consumption and hence emissions. According to Malanga, 2013, ` The airline provides complimentary tickets to the needy. The airline normally responds to such appeals by providing air transport to patients requiring treatment beyond our borders. Air Malawi gives free tickets to the patient and guardian. The airline also plants trees around the airports that we operate from in Malawi. This is in recognition to the fact that our aircrafts somehow emit green gases when flying in and out of Malawi`. This indicates that the airlines have common sustainable practice in environment in striving to reduce emission of co2 and when this question was presented Finnair focus on topic was related to environment whilst Air Malawi focus on social reasonability in helping the needy in offering free tickets and planning of trees and gas emission. In addition, Chimpukuso, stated that ` Air Malawi purchased the ATR42 and the B737 300/500 aircraft because of their good performance records on CO2 emission regardless that the 2 aircraft type were manufactured in different countries, USA and France. Air Malawi on yearly basis has contributed to planting 5-10000 trees every year in partnership with City of Blantyre which has been the main base of our operations during the month of January which is the Tree Planting Month in Malawi .Air Malawi has remained the only airline operat-

ing in Malawi to embark on reducing Carbon Dioxide Foot Print in Malawi which is a commendable record`.

In concluding of the interview, the researcher had interest in knowing what the future of both case companies would be, Hassinen stated that`. Finnair has outsourced functions which are not its core business, like catering, technical services and baggage handling. It has also formed a joint venture with Flybe, which operates European flights on lower cost level than Finnair. Finnair focuses on European trunk routes and long-haul operations where it has its competitive advantages. Last year, Finnair's profitability turned back to black figures first time since 2007, which is an indication of right decisions made and measured taken. Air traffic increases but is sensitive to changes in world economy. Financial crisis which commenced in 2008 has reduced demand but it is recovering. Major issues for the industry are sufficiency and price of oil. Overcapacity is handled through mergers, partnerships and alliances. Volumes of air traffic will not decrease`. Whilst according to Ndaombwa`The airline is currently in talks with a strategic partner who will help in the formation of a new airline that will serve the nation better. Air Malawi requires modern aircrafts to operate but that can only happen by inviting the strategic partner to bring in the new equipment and expertise. Air Malawi will remain to be the preferred airline in Malawi and Africa but there is need to modernize its fleet and management skills. The new airline is expected to be operational by December 2013`.

6 Conclusions

Strategies are key drivers for the company's present and future and good strategies can be profitable for the organization, strategies gives growth opportunity at the same time reducing risk to legal and resource e resource exposure. An organization cannot survive or operate without having a sustainable strategy, due to the growing demand and expectation from stakeholders'. A company's sustainability strategy has to truly reflect, embody, and build on the company's values, aspirations, and core business strategy.

Sustainability in the study meets the needs of the present without compromising the ability of future generations to meet their own needs and should not be based on the balance of economic and social performance with economic aspects but rather the environmental and social aspects drive the economic factors.

Finnair core strategy is to be the most desired option in traffic between Asia and Europe and the third largest airline on routes between Asia and Europe where passengers have to change planes. Be the number one airline in the Nordic countries and grow in this home market. The main four focus areas in its operations are implementation of the company's strategy and achieving its vision are profitable growth, cost competitiveness, the customer experience and an international winning team.

Air Malawi has corporate strategy strives to set its values in making sure customers are treated as king in order to increase their satisfaction. Strategic goal to be the best and preferred

airline in Africa. Air Malawi, Africa's friendly airline, is the national carrier of Malawi - the country popularly known as the Warm Heart of Africa and its Mission. Air Malawi is out-competed in these markets is due to scheduling, type of equipment used and quality of service offered, but most importantly is lack of a marketing plan. The airline also faced a lot of challenges that led to its strategies in effective Divisions within management, Resistance to change, Huge debts and inability to service them, Liberalisation of the skies - open skies policy and deregulation, Stiff competition from mega carriers into global alliances, bigger network, Rapid technology changes with associated high cost and this will take many years for the airline to develop and operate effectively.

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Appendices 1 Interview for Air Malawi

1. Can you describe history of Air Malawi?
2. What has been a major development since it started its operations?
3. What are the visions, statement and objectives of Air Malawi?
4. What strategies are used by Air Malawi currently?
5. How has the strategies implemented affect the airline operations?
6. How were the air crafts purchased? leasing?
7. What are the current challenges the airline faces?
8. How would these challenges be prevented?
9. What is the airline SWOT Analysis
10. How does it handle its corporate and social responsibility
11. Is there possibility of international alliance
12. Explain how Air Malawi view and practice sustainability (economically, socially and environmentally)
13. What is the future of Air Malawi?

Appendices 2 Interview for Finnair

1. Could you please introduce yourselves and your position with Finnair?
2. Could you please explain how the Aviation industry operates and what is involved?
3. Can you describe history of Finnair?
4. What has been a major development since it started its operations?
5. What are the visions, statement and objectives of Finnair?
6. What strategies are used by Finnair currently?
7. How has the strategies implemented affect the airline operations?
8. How was the air crafts purchased? Leasing?
9. What are the current challenges the airline faces?
10. How would these challenges be prevented?
11. What is the airline SWOT Analysis
12. How does it handle its corporate and social responsibility
13. What process is done to be part of an alliance ? what is required of airline and what benefits?
14. Explain how Finnair view and practice sustainability (economically, socially and environmentally)
15. What is the current situation with Finnair and what is the future of industry?