



MUEO

MOI UNIVERSITY

**OFFICE OF THE DEPUTY VICE CHANCELLOR ACADEMIC AFFAIRS,
RESEARCH AND EXTENSION**

UNIVERSITY EXAMINATIONS

2013/2014 ACADEMIC YEAR

END OF SEMESTER II EXAMINATIONS

FOR THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION

COURSE CODE: MBA 827

EXAM TITLE: AIR TRANSPORT MANAGEMENT

DATE: 5TH JUNE, 2014 TIME: 9.00 A.M. – 12.00 NOON.

INSTRUCTION TO CANDIDATES

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COUSE CODE: EMBA 827

COURSE TITLE: AIR TRANSPORT MANAGEMENT

Instructions to Candidates

- Answer Q one and any THREE questions

QUESTION ONE

- a) Discuss the shortcomings of the current Air Navigation System with regard to Communication, Navigation and Surveillance **(10 Marks)**
- b) Describe in brief the solutions proposed by the FANS 1 Committee to address the limitations discussed in a) above. **(5 Marks)**
- c) Why do you think CPDLC is the best solution for oceanic traffic? **(5 Marks)**
- d) In your own words discuss the advantages that CPDLC will bring to the industry. **(5 Marks)**

QUESTION TWO

- a) Kenya Airways has reported that high operation costs are threatening its survival. What in your opinion could be contributing to this? **(10 Marks)**

Read the following press report and answer the questions below:

Competition in Kenya's low-cost aviation market is set to increase with both Jetlink and Jambojet expected to take off in the first quarter of 2014.

Kenya Airways' low-cost subsidiary, Jambojet, has received regulatory approval for commercial flights, bringing it closer to launching operations.

According to a notice from the Kenya Civil Aviation Authority (KCAA) published in the Kenya Gazette on Friday, Jambojet now has a one-year air operator license to fly "international scheduled air services for passengers and freight" to several destinations in East Africa.

Jambojet was initially granted an air operator licence by the KCAA in September 2012, which expired before the carrier could commence flights.

During an investor briefing in September this year, KQ chief executive Titus Naikuni said that the exact date for Jambojet's launch within the first quarter of 2014 would be announced pending KCAA approval. Mr Willem Hondius was named to head Jambojet.

Jetlink has also been granted a one-year licence for international scheduled and non-scheduled flights. The firm had grounded flights in 2012 following a cash crisis in its South Sudan business.

In an interview earlier this month, Jetlink told Sunday Nation that it would begin operations again within the first quarter of 2014.

The KCAA board held public hearings on the licence applications in early December.

The launch of the low-cost airline is in line with KQ's strategy to gain dominance over African routes, a plan informed by dwindling revenues from traditional markets amid projections of a boom in the African aviation industry.

These prospects have drawn increased investments in Africa's aviation sector from international players. Last year, British investors acquired Fly540 operations in the region and set up FastJet, a carrier modelled along the lines of Europe's Easy Jet.

Jambojet will not be KQ's first foray into the low-cost flying. In 2004, the carrier absorbed its Flamingo Airlines subsidiary into group operations.

Once operational, JamboJet will ply Juba, Hergeisa, Bujumbura, Kigali, Addis Ababa and Dzaoudzi internationally, and Nairobi, Mombasa, Kisumu, Eldoret, Wajir, Lamu and Malindi locally.

- b) Discuss whether KQ's move to launch Jambojet is wise and its chances of success. (5 Marks)
- c) If you were the Regulator, discuss whether the licensing of Jambojet is in contradiction to the policy of fair competition. (5 Marks)
- d) Discuss the pros and cons of de-monopolisation of Domestic Air Transport. (5 Marks)

QUESTION THREE

- a) The World Air Traffic movement is expected to double by the year 2025. How do you think ICAO will manage the growth? (10 Marks)
- b) Describe historical factors that led to the growth of the Aviation Industry. (5 Marks)
- c) What are some of the inhabiting factors on the growth of air transport? (5 Marks)
- d) Discuss the need for regulations in the development of an aviation industry. (5 Marks)

QUESTION FOUR

- a) Discuss the negative Social Economic Implications of Air Travel and the industry reaction to eachone of them. (10 Marks)
- b) There are reports circulated by WHO to the effect that there is an outbreak of Ebola in Central African Republic. Discuss what measure you will put in place to prevent the spread of the disease to Kenya. (5 Marks)
- c) Discuss the positive Social economic implication of Air Travel. (5 Marks)
- d) Discuss factors that make Johannesburg more of a Hub than Nairobi despite the geographical advantage of Nairobi. (5 Marks)

QUESTION FIVE

- a) You have been informed that the issue of Environmental and Noise pollution is becoming serious and there is need to address it in the aviation Industry as well. As a consultant what will be your advice? **(10 Marks)**
- b) Discuss factors that led to the evolving of SESAR and NextGen concepts. **(5 Marks)**
- c) Discuss main factors that led to the Aviation System Block Upgrade Concept (ASBU). **(5 Marks)**
- d) What in your own opinion are the outstanding benefits of ASBU. **(5 Marks)**

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