

An analysis of foreign exchange risk management performance techniques used by airline companies in Kenya

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Abstract:

The purpose of the study was to analyze the foreign exchange risk management performance Techniques used by airline companies in Kenya. The study involved analyzing of specific performance techniques used to manage foreign exchange risk by airline companies in Kenya, this included leading and lagging, use of derivatives, payment netting, payment Matching and invoicing. The study was significant to field of finance in the area of foreign exchange risk management and the scanty empirical literature is a limiting factor. The scope of the study was based on finance, since it's the one that is directly involved on foreign exchange management. The literature review contained empirical and theoretical literature on management of foreign exchange risk performance techniques. It also contained a critical review of the document with information related to the research problem and summary of the gaps to be filled.

The conceptual framework of the study comprises of five independent variables, intervening variable (central bank of Kenya) and dependent variable. The study employed a descriptive survey research design. The study was carried out on a census on the total target population of 14 registered airline companies in Kenya. Data was collected by the use of questionnaires and was analyzed by the use of descriptive statistics and SPSS. The findings were presented in frequency tables and percentages, graphs and charts. Both airline companies in Kenya and International business organization benefited with the findings of this research. From the study, the researcher concludes that the variables; Invoicing and Currency clause, Leading and Lagging and Payment Matching were the main foreign Exchange risk performance techniques used by most airline companies as indicated by most respondents.