STRATEGIC RESPONSES ADOPTED BY BATA SHOE KENYA PLC TO CHANGES IN THE EXTERNAL ENVIRONMENT

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DECLARATION

This research project is my original work and has not been presented for any scholarly award in any other institution of higher learning.

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

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ABSTRACT

The external environment is increasingly turbulent calling on all organizations to continuously re-think and re-focus their strategies, aligning each strategy to the macro-environment. Every organization is an open system with critical interaction with the environment. The aim of the study was to establish the strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment. The study adopted a case study design with primary data being used. The researcher collected data by use of an interview guide which was administered through face-to-face interviews during scheduled onsite visits. The respondents included the Managing Director and seven Departmental Heads, being selected through purposive sampling technique. This group was critical to the study having a role to play in strategically responding to macro-environmental changes. The collected data was scrutinized through thematic analysis. The results revealed that Bata Kenya faces political-legal, economic, social-cultural, technological, industry-level, competitor and physical environmental changes. To counter the macro-environmental changes, the findings showed that Bata Kenya has put in place various strategic responses. These are-modernization, diversification, innovation, market positioning, market segmentation, partnership, total quality management, vertical integration, outsourcing, marketing and advertising, frugality, training and restructuring strategies. The study made significant contributions to theory, policy and strategic management practice. On the theoretical front, there was a deviation from the philosophy that the external environment is non-controllable as modern organizations are powerful tools in the society with an ability to influence the direction of the macro-environment. The study offered helpful information to various administrative bodies with a stake in the footwear manufacturing business. This enables a better understanding of the challenges and opportunities faced for enactment of improvement measures. Industrialization policymakers can for instance identify and address gaps such as exportation of high quality leather, creating scarcity in the domestic market as well as increased competition driven by footwear importation. Finance policymakers can make better budgetary decisions to support footwear manufacturing businesses in Kenya. On strategic management practice, the study can be of value to the management of Bata Kenya and footwear manufacturing businesses in Kenya at large. The findings can enable them assess the adequacy of major response strategies. The research was limited to Bata Shoe Kenya Plc and in terms of the period it covered, being the past five years. The study concluded that Bata Shoe Kenya Plc deploys a combination of strategies to counter challenges emanating from the external environment. In doing so, the company adopts a proactive stance by forecasting the macro-environmental changes and deploying precautionary measures. This helps the organization overcome many challenges faced in strategic response and exert influence on the macro-environment. The study suggests to future researchers to consider conducting a comparative study of the strategic responses adopted by formal footwear manufacturers in Kenya versus the informal footwear manufacturers to changes in the external environment.

TABLE OF CONTENTS

DECLARATION ..... **i**

ACKNOWLEDGEMENTS ..... **ii**

DEDICATION ..... **iii**

ABSTRACT ..... **iv**

CHAPTER ONE: INTRODUCTION **1**

1.1. Background of the Study 1

1.1.1. External Environment 2

1.1.2. Strategic Responses 4

1.1.3. Footwear Manufacturing Business in Kenya 5

1.1.4. Bata Shoe Kenya Plc 7

1.2. Research Problem 8

1.3. Research Objective 10

1.4. Value of the Study 10

CHAPTER TWO: LITERATURE REVIEW **12**

2.1. Introduction 12

2.2. Theoretical Foundations of the Study 12

2.2.1. Resource Dependence Theory 12

2.2.2. Contingency Theory 14

2.3. Strategic Responses to External Environmental Changes 15

CHAPTER THREE: RESEARCH METHODOLOGY **18**

3.1. Introduction 18

3.2. Research Design 18

3.3. Data Collection 18

3.4. Data Analysis 20

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION 22

4.1. Introduction 22

4.2. Informants Overview 22

4.3. External Environmental Changes 22

4.3.1. Political- Legal Changes 22

4.3.2. Economic Changes.. 25

4.3.3. Social-Cultural Changes 27

4.3.4. Technological Changes 30

4.3.5. Industry Level Challenges 32

4.3.6. Competitor Environment 33

4.3.7. Other Significant Changes 34

4.4. Strategic Responses to External Environmental Changes 34

4.4.1. Strategies employed by Bata Shoe Kenya Plc 340

4.4.2. Challenges faced in Strategic Response 40

4.4.3. How the Company has managed the challenges to meet its objectives 41

4.5. Discussion of the Findings 42

4.6. Chapter Summary 45

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS 46

5.1. Introduction 46

5.2. Summary 46

5.3. Conclusion 48

5.3. Contribution of the study 489

5.4.1. Contribution to Theory 49

5.4.2. Contribution to Policy 49

5.4.3. Contribution to Strategic Management Practice 50

5.5. Limitations of the Study 50

5.6. Recommendations of the study 50

5.7. Suggestion for Further Research 52

REFERENCES 53

APPENDIX I: INTERVIEW GUIDE 57

CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

In the era of globalization and international trade, the external environment in which organizations operate and trade in, is in constant state of evolvement; with several factors affecting the organizations (Kotler, 2011). Business entities are generally open systems characterized by an interaction between the internal and the external environments. Organizations source for various inputs from the external environment which after transformation are injected back to the external environment in terms of goods or services (Burnes, 2000). Considering the relationship organizations have with the external environment, business establishments are largely affected by any changes in the environment at the national and international levels. Therefore, organizations need to continuously scan the external environment for identification of prevailing opportunities and threats and therefore put in place the appropriate strategic responses (Porter, 2008).

Strategy is an organization's long-term direction that accords it a competitive edge through its alignment of resources within a turbulent environment in order to satisfy the market and accomplish stakeholders' expectations (Johnson, Scholes & Whittington, 2006). No matter how good or big a company is, appropriate strategies are a necessity as no single organization is invulnerable to the external environment. Business entities must be in the know that regardless of how superior their products or services are, they will not just sell without an appropriate plan of action or strategy (Welch & Welch, 2005). Some of such strategies are cost leadership- by which a company competes on low price, differentiation as to unique products or services and focus on given markets (Porter, 2004). It is critical for business entities to formulate and adopt the appropriate strategy so as to fend an organization's long-term position and gain sustainable competitive advantage (Pearce & Robinson, 2005).

This study was informed by the resource dependence theory and contingency theory. Resource dependence theory posits that resources are critical for an organization's survival with organizational power emanating from successful access and control of key resources (Pfeffer & Salancik, 2003). In acquiring these resources, an organization has to transact with other organizations outside its environment. Contingency theory postulates that there is no single way of managing an organization as this is informed by external environmental factors (Barney, 2001). Therefore, strategies being put in place should match the prevailing external environmental conditions.

Footwear manufacturing business in Kenya encompasses a number of companies that have set up plants for the production of footwear as well as small traders who engage in basic cobbling with limited machinery; that is the informal footwear makers like Kariokor Cobblers in addition to import traders and assemblers (FAO, 2011). The study undertook the case of Bata Shoe Kenya Plc, which is the leading footwear manufacturer in Kenya and a foreign subsidiary of the Bata Shoe Organization (FAO, 2011). Bata Shoe Kenya Plc is headquartered in Limuru with distribution centres spread countrywide.

1.1.1. External Environment

The external environment refers to factors outside an organization and which an organization has no control over. It is divided into three areas: macro, industry and competitor environments (Hitt, Ireland & Hoskisson, 2005). The macro-environment encompasses factors in the broader society which impact on an entire industry (Buckley, Clegg, Cross, Voss & Zheng, 2006). These are political-legal, economic, socio-cultural and technological factors (Hitt et al, 2005). Political-legal factors are undertakings associated with the government and the law that may have an impact on business; indicators of which include democracy levels, levels of political stability, political participation, number of trade restrictions and human rights amongst others.

Economic factors encompass issues to do with the prevailing market and economic conditions, with indicators such as currency exchange rates, cost of labor, interest rates, inflation rates, Gross Domestic Product, number of bankruptcies and unemployment rates. Social-cultural factors include a range of forces that shape the way of thinking of given groups of people. Social-cultural indicators include corruption levels, number of health concerns, number of women in the workplace and the general workforce diversity amongst others. Technological indicators on the other end include expenditure on research and development, number of product innovations and new communication technologies inter alia.

The industry environment entails a range of factors that directly impact an organization and its competitiveness (Yu, 2003). According to Porter (2008), these are threat of new entrants into the market, the power of suppliers, the power of buyers, threat of product substitutes and the force of rivalry among competitors. When the five factors interact, an organization's profit potential is established. The concern and struggle for all firms is therefore in attaining an appropriate position in the market that will enable it to fend itself against the adverse forms of these factors.

The competitor environment entails an organization's direct and indirect competitors. This is whereby an organization identifies its actual competitors, their levels of complacency with their current position, likely strategy shifts as well as their strengths and vulnerabilities (Porter, 2008). This helps an organization position itself well relative to its competitors. Some of the important factors to consider in determining the aforementioned are- competitors' market position, size, market share, failures and achievements.

There are two important aspects of the external environment: the rate of change or levels of turbulence and complexity. The external environment can either be in a placid state where there are no changes or characterized by constant change (Linn, 2007). In the latter case, there are low levels of stability and this would mean than an organization must effect several organizational changes in responding to macro-environmental changes so as to survive (Mason, 2007).

Complexity on the other end refers to the number of external environmental factors that must be put into consideration by a business entity in decision making. It is the range of heterogeneity of macro factors that are significant to an organization (Linn, 2007). A business external environment could be quite simple with low requirements to conformity or complex structures with several factors to conform to (Mason, 2007). It is hence of importance for organizations to exercise environmental intelligence through deploying scanning techniques in scrutinizing and collecting information as to macro-environmental changes in a timely manner.

1.1.2. Strategic Responses

Organizations being open systems are affected by what is happening in the external environment, both at the national and the global level. The external environment is increasingly turbulent calling on business entities to keep up with the changes as they occur. They have to put in place appropriate strategies to respond to the environmental changes in order to remain competitive. This is what strategic response is all about for the long-term wellbeing of a business entity. According to Pearce and Robinson (2005), strategic response encompasses the decisions and actions undertaken by organizations that result in the development and execution of plans intended to help a firm realize its objectives.

The grand and generic strategies are some of the typologies of strategy that have been explored by various organizations in their strategic responses. The generic strategy was developed by Michael Porter in assisting organizations to respond to the external environment for a competitive advantage (Porter, 2008). It provides for competitiveness either on the basis of low cost, differentiation whereby an organization offers unique products or services than its competitors or focusses on a given market niche by either differentiation or low cost (Porter, 2004).

The grand strategy on the other end guides organizations in selecting the appropriate action plans that would enable the accomplishment of long-term objectives (Hill & Jones, 2012). These include stability strategy by which firms seek to maintain their current position while putting in place improvement plans in their operations. Secondly is an expansion strategy which entails broadening the scope of an organization's business for growth purposes. Retrenchment entails a firm cutting down its operations. An organization could alternatively deploy a combination of any of the other strategies -stability, expansion and retrenchment.

Given the valuable relationships organizations have with various external stakeholders and the numerous external factors affecting the organizations' operations, it is fundamental that business entities remain vigilant to the ever-turbulent business environment (Amenya, 2008). Lengopito (2004) observes that it is imperative for organizations to keep reinventing themselves in order to keep abreast of the environment and be ahead of peers. In doing so, organizations have to put in place appropriate strategies as it is strategy that links up an organization to its external environment (Porter & Kramer, 2006).

1.1.3. Footwear Manufacturing Business in Kenya

The footwear manufacturing business in Kenya is part of the country's industrialization efforts in a bid to transform the economic structure of the country into a new and increasingly industrializing economy by the year 2020 (KIPPRA, 2010). It is both capital and labour intensive, and is a low-cost producer of largely undifferentiated, low-end shoes and boots, with an estimated 3.3 million pairs of leather footwear per year (FAO, 2011). Other types of footwear are made from canvas and plastic.

Technological progress has had a significant impact on labour in the footwear manufacturing business in Kenya. Footwear manufacturers in Kenya today require more skilled manpower than in the past years due to the introduction of more sophisticated machinery and product development software. However, certain skills set are still scarce, for instance, owing to the fact that there are functions that are yet to grow into well-recognized professions in the country. This causes skills shortage in the footwear manufacturing business in Kenya (COMESA, 2012). In terms of the technological impact on capital, the business has experienced advancement in machinery and software to aid in footwear design and production. This, however, means that footwear manufacturers in Kenya need to have more capital to keep upgrading their technology.

In the face of the beneficial government support, lenient government policies towards international trade have weakened the competitive position of footwear manufacturers in Kenya due to cheap global imports, for example from Vietnam, Italy and China; making them perform poorly despite having readily available raw materials such as leather as well as cheap labour (Gituma, 2011). The footwear manufacturing business in Kenya has also been faced with competition from the second-hand market, commonly and locally known as “Mitumba”. Gituma (2011) notes that Kenya as a footwear manufacturing country is considerably less competitive than international leaders such as Italy, China and Vietnam by all indicators of competitiveness other than the availability of and access to raw materials.

The footwear manufacturers in Kenya are also faced with other challenges such as increased competition, the inadequacy of infrastructure and technology amongst others. As a way of dealing with these external environmental changes, Kenyan footwear manufacturers have put in place various measures. In countering the cheap imported shoes for instance, they are increasingly importing footwear too to supplement their own. However, this is not quite strategic as they can do better to strengthen their sustainable competitive position. This study aims at exploring the various responses adopted by footwear manufacturers in Kenya to changes in the external environment including a recommendation of better strategic responses that can be adopted by them.

1.1.4. Bata Shoe Kenya Plc

Established in 1939, Bata Shoe Kenya Plc has for a long time served as the largest footwear manufacturer in Kenya (FAO, 2011). The company produces a range of footwear such as children’s shoes, school shoes, industry safety shoes, sports shoes, men’s dress and casual shoes as well as women’s dress, casual and fashion shoes. It has six plants: Pelletizing, Rubber, Canvas, Plastics, Tannery and Leather Factory with over 140 retail stores and depots. As a foreign subsidiary, it has leveraged on synergy which in the past years made it enjoy what almost seemed as a monopolistic position. However, the business environment is changing presenting challenges that the company has to keep up with.

Bata Shoe Kenya Plc has for a long time competed on quality, therefore being able to offer its products at premium prices and still top the market. However today, the Kenyan footwear market is characterized by massive importation of both new and second-hand shoes; which are way much cheaper and of better design. Informal footwear manufacturers like Kariokor are also part of this competition. Bata Kenya is completely integrated; operating its own tannery, manufacturing plants and retail outlets & depots. Nonetheless, it is still faced with stiff competition and hence has to re-focus its strategic responses.

In responding to the changes, the company has joined in the importation of footwear; largely importing shoes from China, Italy and India. Some of the company’s sources of imported footwear being its sister companies in these and other nations. This allows Bata Kenya to offer to its markets trendy shoes, but at high prices with its “going north’ strategy that has consequently seen it focus on a niche market- being the high-end market. Consequently, it loses the massive middle to low market to competition. Nevertheless, customers are constantly raising concerns on social platforms as to the declining quality of its locally made footwear products; an issue of great importance and that does not go well with its focus market strategy.

New and stringent legislation such as quality standards as stipulated by the Kenya Bureau of Standards (KEBS) is yet another threat for the organization. Other challenges are- shortage of skilled manpower, shortage of raw materials, expensive machinery and increased exportation of semi-processed leather leaving local manufacturers with poor quality leather; all of which have not been strategically addressed.

1.2. Research Problem

Whereas Bata Shoe Kenya Plc is one of the oldest companies in Kenya and that appears to remain stable over the years, the company is facing macro-environmental challenges and has lost its near sole position in the Kenyan market. Several market dynamics have changed the organization's narrative. Machuki and Aosa (2011) noted that variance in organizational performance can be attributed to the external environment. This is so as the macro-environment is a basis of munificence, growth, competition and change. It presents various opportunities and threats that if reacted upon well by organizations, business entities can gain a competitive advantage or avoid competitive disadvantages. This sets out a performing organization from the rest and hence the significance of strategic responses.

The current study is thereby important as competitiveness is a concern for every organization and also an actor of the nation's economy. Footwear manufacturing companies in Kenya have generally been facing a downward trend as a result of external environmental changes. The researcher's concern, therefore, was to establish the strategic responses adopted by the organizations in responding to the various changes in the external environment; with a case study of Bata Shoe Kenya Plc. The organization has over the years been the center of Limuru, employing many people and empowering several businesses in the community. These are- hotels, the Limuru market, butcheries, bars, transport business, house renting business and even Kenya Power. The researcher's motivation was to find out what the company is doing to survive and make recommendations of perhaps better ways to respond to the environment as well as what can be done by external stakeholders.

Several studies have been conducted to examine the strategic responses adopted by organizations in responding to macro-environmental changes. Njiru (2012) studied the strategic responses to changes in the external environment by universities in Kenya. The researcher adopted a cross-sectional survey research methodology, using questionnaires to collect data. Kimaiyo (2018) looked at strategic responses to changes in the external environment and organizational performance by commercial corporations in Kenya. Similar to Njiru (2012), the study adopted a cross-sectional research methodology while still relying on questionnaires in collecting primary data. The current study adopted a case study methodology which generally allows for a more in-depth investigation while using interviews to collect data.

In addition to the methodological gaps established, the aforementioned studies present contextual gaps; further justifying the need for additional research given the vital role of the external environment in organizational survival and success. In looking at the external environmental changes, the researchers failed to look at all the factors in the general environment while also overlooking the industry and competitor environments. The knowledge gaps are thereby addressed by the current study that comprehensively looks into all levels of the external environment. Moreover, these studies have revealed the significance of strategic responses to organizational success and survival; especially with the now more turbulent business environment. It is therefore of importance that organizations respond adequately to opportunities and threats emanating from the external environment.

Every organization quests for strategic competitiveness in the face of a volatile business environment. Organizations being unique in terms of management practice and organizational capability, business establishments deploy varying strategic responses with similar strategies working out differently for different organizations. The footwear manufacturing business in Kenya has been inadequately researched in terms of the strategic responses to macro-environmental changes, despite the relentless flux. In satisfying these gaps, the current study endeavored to answer the research question "What are the strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment?"

1.3. Research Objective

The objective of the study was to establish the strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment.

1.4. Value of the Study

The findings arising from this study will be beneficial to many. Firstly, it will significantly be of value to policymakers in the formulation of various policies. In practice, improving the growth of any sector of the economy is a challenge. By means of the knowledge gained from this study, various policymakers will be at a better place to develop clearly thought out policies that would result in growth. The current industrialization strategy aims at transforming the economic structure of the country into a new and increasingly industrializing economy by the year 2020 (KIPPRA, 2000). Industrialization policymakers can make better decisions in seeing the footwear manufacturing business contribute in this goal.

Additionally, the findings of this research will be of importance to strategic management practitioners; more so, strategic managers in the footwear manufacturing business in Kenya. They can utilize the results to plan for interventions in responding to changes in the external environment for survival, sustainability, competitive advantage and improved bottom-line. The practitioners will be at a better place to understand the opportunities and threats faced by footwear manufacturing companies in Kenya and have an insight of how best to go about it so as to maximize from the opportunities while addressing the threats.

The findings of this study will enhance the existing strategic management body of knowledge through the findings that will add more knowledge to the field and in a different context. In so doing, it will play a vital role in filling up knowledge gaps that will be beneficial to students, the academic community as a whole as well as future researchers in the field of strategic management. It will form an invaluable secondary source of data for continued studies in strategic management and improvements in the field.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter looks at the theoretical framework of the study so as to explore various theories in line with the study. It further goes ahead to conduct an empirical review in relation to the study's research objective.

2.2. Theoretical Foundations of the Study

There are various theories that explain the rationale of strategic responses in aligning with external environmental changes. This study was anchored towards resource dependence theory and contingency theory.

2.2.1. Resource Dependence Theory

Resource dependence theory studies the impact resource acquisition has on organizational behavior in terms of the firm's capability to assemble and exploit resources faster than its competitors. According to Pfeffer and Salancik (2003), organizational survival is accredited to an organization's ability to acquire, obtain and maintain its required critical resources for effective operations. This is the aspect of environmental dependence on the external environment. The theory lays emphasis on the vital role resources play as the key to a firm's survival and that successful access and governance of its critical resources becomes a source of power. Resource dependency analysis begins with identifying an organization's critical resources, then tracing them to their sources. According to Hillman, Withers and Collins (2009), firms utilize this theory in making key strategic decisions within an organization.

The theory assumes that whatever transpires in an organization is usually a consequence of the environment and the particular incidents and constraints deriving from that specific environment. A great deal of organizational behavior and the action taken by organizations can only be well understood by having knowledge of the firm's environment and the problems created while trying to obtain these required resources (Davis & Cobb, 2010). To ensure their survival and success, organizations must concentrate on dealing with problems of acquiring resources as opposed to concentration on using resources for maximization of output or how to motivate employees to be more productive.

The guiding principle of this theory is that an organization must be involved in transactions with other organizations within its environment so as to acquire resources. Whereas these transactions are beneficial, there are instances in which they lead to dependencies. Owing to unpredictability and instability of the environment, the required resources may sometimes be scarce and not readily available. This situation generates power dependence relationships between these organizations. Interdependencies coupled with uncertainties in the external environment results in a situation where survival of the organization and its continued success also becomes uncertain (Pfeffer & Salancik, 2003).

It is the managers' responsibility to learn to navigate these circumstances by coining tactics and strategies of dealing with these dependencies to ensure ample access to required resources and minimize disruptions in their operations (Casciaro & Piskorski, 2005). The strategies to be employed vary depending on the nature of the business. It is therefore of utmost importance for managers to employ the least constraining mechanism to manage relationships and partner with firms that offer minimal dependence and uncertainty at the same time maximizing their autonomy. There are strategies that managers can put to use to deal with this dependence (Davis & Cobb, 2010). One common technique employed in managing suppliers of raw materials is the establishment of multiple sources of supply, which reduces the power of any one supplier.

In sensitive areas like IT systems where the cost of changing suppliers is high, managers can employ the contracting method to ensure timely delivery.

The theory is important to this study as it acknowledges that organizations depend on the environment for resources such as labour, raw materials, capital, equipment, knowledge and markets for their products (Pfeffer & Salancik 2003). The environment is therefore seen as a powerful constraint to organizational activities as resources are at the center of every activity in organizations. The theory is hence instrumental in guiding organizations to devise strategic ways of managing their resource dependence and how they can deal with power politics arising from resource suppliers (Davis & Cobb, 2010).

2.2.2. Contingency Theory

Contingency theory holds that the most operative governance structural design is where the structure matches various eventualities (Robbins & Coulter, 2002). Such contingencies could be emanating from the environment as revealed by environmental scanning. However, there are numerous major challenges to it, some of these being theoretical while others are empirical. The organizational designs can be likened to the strategies embraced and managed by an organization. Just like strategic management, governance structures have been described as the matrix of rules, regulations, protocols and conventions that narrate to the transaction (Porter & Kramer, 2006). The idea of governance structure is comparatively modest, but actually defining a complex structure.

Generally, the theory stipulates that there is no single best way to manage an organization (Donaldson, 2001). This is so as different circumstances would call for varying approaches and techniques. To counter changes in the macro-environment, an organization would have to employ relevant and appropriate strategies to the situation as opposed to employing one standard approach. Leadership also varies with the various contingencies, with leaders putting in place varying strategies to fit various situations (Mulder, 2013).

The contingency theory offers no specific way or approach to managing organizations. It is at the discretion of the organizations to develop a managerial strategy based on their conditions or specific situations in which they operate. This theory informs the study in the sense that it appreciates the role of the external environment in shaping the strategies adopted by organizations so as to gain competitive advantage.

2.3. Strategic Responses to External Environmental Changes

Strategic responses are basically plans of action drawn by various organizations in responding to external environmental changes. Depending on the levels of turbulence and environmental complexity as well as an organization's ability, companies put in place various strategies in order to take advantage of the opportunities arising from the external environment and tackle the threats as well (Johnson & Scholes, 2002). They are of the opinion that there are three factors that make strategic response challenging: greater levels of diversity of the environmental factors affecting organizations, the high pace of change in the era of globalization and technological development as well as highly complex environments. Burnes (2000) emphasizes that the concern for strategic response is to abate the grand total losses and reinstate profitability to ensure business success in a turbulent and astonishing environment.

In a study of UK building societies, Des and Keith (1992) note the importance of organizations adopting the best strategic response or behavior in line with the prevailing environmental turbulence and developing a matching resource capacity for the same. This means that there is no one strategy but it all depends on the various circumstances faced by organizations. According to the scholars, there are three distinct types of strategic responses exhibited by organizations- reactive, pre-emptive and aggressive (Des & Keith, 1992). Reactive entities put in place strategies to counter changes in the external environment. However, pre-emptive organizations tend to forecast external environmental changes and thereby put in place appropriate strategies ahead of such changes. This is beneficial as an organization can deal with threats in good time and speedily, and take advantage of opportunities ahead of competitors. However, forecasts are very difficult to establish. For aggressive organizations, they tend to go beyond the forecasts by attempting to actually bring them about (Des & Keith, 1992). Various scholars have come up with tools that can aid in making decisions as to strategic responses, for example, grand strategies and generic strategy as briefly discussed in the first chapter of this study.

Numerous empirical studies have been conducted on how organizations strategically respond to challenges in the external environment. Mahdi, Abbas and Mazar (2015) conducted a comparative study on the strategies employed by Adidas Group and Nike Inc. The study revealed that the macro-environment is quite dynamic with strategies such as innovation, premium pricing, market segmentation and differentiation being put in place. However, the focus is on competition as a challenge faced by the two organizations.

Okello (2016) studied the revitalization of production in the footwear industry in Kenya, looking at the macro-environmental challenges faced and the strategic responses adopted. The study looked at the informal footwear manufacturers, undertaking a case study of Kariokor. Many researchers have conducted studies on how organizations strategically respond to the environment. However, there are contextual gaps that the current study endeavored to fill. The current study also made conceptual contributions through the additional constructs that the mentioned studies did not cover. This is so as the current study looked at the industry and competitor environments in addition to the general environment. Given the dynamism of the external environment, the lapse of time also called for further research to explore the changes that may have taken place and resulted in new strategies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter explains the research methodology used in the study. Specifically, it looks at the research design, data collection and data analysis.

3.2. Research Design

Given the nature of the research problem, the study adopted a case study design. In the analysis of Gerring (2005), case studies involve the investigation of events, periods, institutions, projects, persons, policies, decisions or other systems that are studied holistically by one or more methods. The design was deemed fit in establishing the strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment since the unit of observation was one organization.

Case studies allow researchers to conduct an in-depth investigation of the subjects under research in order to fulfil the study's objective. Zaidah (2003) notes that case studies enable the assessment of data within the context of its use and thus desirable over other designs. The research design is notably suitable for real-life situations (Zaidah (2003) as was the case in this study.

3.3. Data Collection

The study used primary data. An interview guide was administered to the respondents through face-to-face interviews during scheduled onsite visits. An interview guide is a set of questions that guide the interview process by proving the interviewer with a guiding structure (Mugenda & Mugenda, 2003). It was designed in line with the objective of the study and this helped direct the interviews and tailor the discussions to obtain appropriate responses. The interview guide was in three sections- the first section focused on the interviewees' background information while the second and third sections sought to establish the external-environmental changes faced by Bata Shoe Kenya Plc and the strategic responses adopted towards the changes.

The interview guide was preferable over other methods of data collection due to its superior ability to extract information from the respondents. As Kinyoe (2016) notes, an interview guide gives the researcher a better understanding and more insightful interpretation of the results from the study. Blaxter, Hughes and Tight (2006) advocate that interviews can disclose information that may be inaccessible through other techniques such as observation and questionnaires. The employees interviewed were- the Country Manager, Finance Director, Commercial Director, Production Coordinator, Human Resources Manager, Purchasing Manager, Product Development Officer and the Legal Officer.

In selecting the interviewees, the researcher relied on purposive sampling technique. That is, a subjective method was explored based on the researcher's judgment as to who in the organization was key to matters of environmental changes, strategy and competitiveness. Strategic management being a top management function (Swanburg & Swanburg, 2002), the various heads of the organization and departmental heads had a role to play in strategically responding to macro-environmental changes. The selected respondents were therefore critical to this study given their senior positions in the organization.

To separate the researcher from the organization under study, given that the researcher works with the organization, integrity was exercised by adhering to the data collection plan; interviewing each of the selected respondents impartially. In doing so, the data collection process was guided by the interview guide that was evenhandedly designed, thereby disallowing any possible acts of biasness. The researcher was honest on the reasons for undertaking the research study, being supported by a letter from the university.

3.4. Data Analysis

The researcher scrutinized the data collected through thematic analysis by the adoption of a six-step process as provided for by (Maguire & Delahunt, 2017). It is a technique for methodically and factually describing spoken, written or visual communication and ascertaining features of crucial messages. This method is suitable for the analysis of qualitative data as it allows for making inferences as construed from specific characteristics of messages in the form of themes. From this, trends can be established in answering a study's research question.

Thematic analysis begins with familiarization with the data, whereby, the researcher meticulously read through the transcripts while taking notes and initial impressions. Secondly, the researcher organized the data in a significant and methodical way. This entailed primary coding of the text using the preliminary ideas gathered in the first step. This lead to the generation of new codes as well as modification of already existing codes. Thirdly, the researcher embarked on the search for underlying themes in line with the study's objective. The codes were reorganized into extensive themes that addressed explicit facets of the study's research question. This helps in generating significant information and decreasing the quantities of data collected as qualitative interviews tend to produce large amounts of data (Neuman, 2007).

The fourth step entailed a review, modification and development of the primary themes identified in the previous step. The researcher evaluated the validity of the themes by assessing the extent to which the data linked with each theme supported the given themes. The themes were also reviewed to ensure that they were coherent and dissimilar from each other. In the process, any need for merging of different themes or sub-categorization was addressed. The next step involved polishing of the themes and defining the final themes to be used. The researcher defined the essence of each theme in addition to the affiliations between the themes and subthemes. Lastly, the researcher wrote the report; summarizing the findings and making conclusions based on the identified themes.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

This chapter focuses on the analysis, presentation and interpretation of data collected from the field. Data was gathered through the administration of an interview guide. The chapter entails the decomposition of the findings from the research into components that can be better understood, an exposition thereof and presentation of the final work. Data was analyzed through thematic analysis.

4.2. Informants Overview

The respondents interviewed were- the Country Manager, Finance Director, Commercial Director, Production Coordinator, Human Resources Manager, Purchasing Manager, Product Development Officer and the Legal Officer. These were the company's top management in charge of the organization and of various functions; being involved in strategic management in the company. The interviewees presented all the departments in the organization, according the researcher confidence, in that whatever information was collected from the managers was a representation of all the departments in the organization.

4.3. External Environmental Changes

This section sought to establish the external environmental factors faced by Bata Shoe Kenya Plc at the general, industry and competitor environments. The study revealed that various external environmental factors presented either positive or negative impacts and on certain instances were both helpful and harmful.

4.3.1. Political- Legal Changes

Political-Legal factors entail actions allied to government policy and its managerial practices. They set out the legal and regulatory restrictions within which organizations need to operate.

The study investigated the political-legal changes experienced by Bata Shoe Kenya Plc in its operations. Specifically, the factors explored were- legislative changes, tax policies, foreign trade policies, public participation, fluctuating periods of political uncertainty, government bureaucracies and government intervention.

From the findings, it was clear that Bata Kenya experiences legislative changes. The company is regulated under various statutes and bodies in Kenya through laws and policies. The regulatory bodies have set out rules of engagement coupled with continuous amendments on how Bata Kenya amongst other firms should conduct business. In case of breach of the rules, heavy penalties are mounted on the company. In complying with the statutory provisions, the results indicate that Bata Kenya spends significant amounts of money which increases its operating costs and ultimately the prices of its range of footwear. Changes in employment law such as minimum wages as well as environmental protection laws were noted to increase the organization's expenditure.

According to the analysis, the relocation of cargo import clearing services from Mombasa to Nairobi has contributed to the company incurring unnecessary costs that would otherwise be avoided. The Purchasing Manager lamented:

> *The recent relocation of cargo import clearing services from Mombasa to Nairobi has disrupted our operations in certain instances. We experience unnecessary delays in receiving raw materials, leading to lost man-hours as some production conveyors have to be suspended on such circumstances until the raw materials are received.*

Nonetheless, in making amendments to existing government laws and policies or even coming up with new legislative regulations, public participation is not pursued. This results into laws that are not necessarily beneficial to the economic environment and as such disfavor Bata

Kenya. At the county level, there is equally minimal engagement with structures not favorable to the company.

The analysis also indicated that there are licensing bureaucracies experienced in dealing with the various regulatory bodies. To run the tannery, for instance, it was established that Bata Shoe Kenya Plc requires several licenses, some of them being a duplication by different bodies. For instance, both the National Environmental Management Authority (NEMA) and Water Resources Management Authority (WARMA) necessitate the company to acquire Effluent Discharge License from the two bodies. Equally, both the Directorate of Occupational Safety & Health (DOSH) and NEMA require the company to conduct air quality audits by persons separately certified by them and submit the audit reports on an annual basis. This is costly to the company and affects its cost-effectiveness.

The study indicated that foreign trade policies have promoted market liberalization, opening up the Kenyan market to global competitors thereby intensifying competition amongst footwear businesses in Kenya. Increasingly, the footwear business is flooded with cheap global imports from China and India amongst other countries, making Bata Kenya compete less favorably in the market.

The findings pointed out that stringent tax policies have negatively impacted the company as the high tax rates have a direct undesirable influence on Bata Kenya's operating costs. The high tariffs on certain raw materials have increased the prices of Bata Kenya's raw materials, negatively reflecting on its operating costs. Equally, high import tariffs reflect negatively on Bata Kenya's profitability as the company supplements its local production with a range of imported footwear that it does not have the capacity to produce and hence sustained by its sister companies in more advanced countries. However, this may reduce the competition faced from footwear import businesses in the country. The Commercial Director pointed out, "*A recent* *move to increase the import duty from 25% to 35% or 10 dollars per unit; whichever is higher, will impact our import business which forms 30% of the overall trade*."

It was observed that there is fear of fluctuating periods of political uncertainty in Kenya, after every five years. Post-election violence is often experienced which greatly affects businesses and investments. Rising of political temperatures creates a bad environment for business to survive and thrive. The analysis revealed that during such periods, there are losses associated with employees who quit employment to go back to their home areas. A concern was raised that this equally creates fear of working away from home areas amongst the employees, especially at the sales levels. This destabilizes deployment decisions and practices in the company.

According to the review, there has been government intervention through the President's decree to the disciplined forces to locally purchase their military footwear. The organization is hopeful that the initiative will open up new markets and enhance its competitiveness with the Country Manager noting, "*This was a move aimed at enhancing the growth of local manufacturers and has seen us seek partnership with various government security agencies for the supply of their military footwear*."

4.3.2. Economic Changes

Economic factors are those issues that impact the economy. The researcher examined- inflationary trends, currency fluctuation to the dollar, competition, increased labour costs and business collapse and reduction in Kenya's retail sector as some of the major economic changes faced by Bata Shoe Kenya Plc.

The study revealed that inflation has had an adverse impact on the organization. As a result of inflation, the cost of living has increased, reducing consumers buying power. This means that generally, customers buy less of Bata Kenya's products hence reducing their sales levels, making the company less profitable. The Commercial Director elaborated, "*Our customer conversion rate is 7.8% compared to 12% three years ago. Besides, we are selling at 70% against last year's sales and about 60% against targets*."

Secondly, the analysis showed that with increased costs of operation, the company finds it expensive to run its business and the cost hence has to be transferred to consumers through price increments in order to make a margin. This makes Bata Kenya lose a part of its market which in turn negatively affects sales levels.

From the analysis, Kenya's currency weakens to the dollar. Bata Kenya experiences challenges when it comes to the fluctuation of the Kenyan shilling to the dollar as most raw materials the organization use in shoe manufacturing are not locally available and have to be imported. For that reason, most of Bata Kenya's suppliers are paid in dollar leading to losses associated with the exchange rates. The company continuously purchases foreign currency throughout the year to finance its raw materials.

As a result of lenient trade policies, Bata Kenya is faced with competition from the import footwear business of both new and second-hand footwear. An evaluation of the findings revealed that there is a concern that the Kenyan market is progressively saturated with import footwear which are not only cheaper but of better design as well. This makes the company lose a great deal to its competitors. The imported footwear do not match Bata's quality standards but still are a threat that has seen the company lower the prices of its footwear products. This reduces its profitability as generally, footwear inputs are costly to the organization.

The findings show that the cost of labour has gone up and Bata Kenya has to make adjustments in order to continue attracting and retaining high talent with the requisite knowledge, skills, abilities and experience. In the absence of a strong workforce, it may not be possible to drive a business forward. It was established that the company has to at least on an annual basis review employees' salaries with union negotiations getting quite tough. Notwithstanding the salary reviews, Bata Kenya has to offer competitive benefits to its employees in order to remain a desired employer and hence competitive.

The review pointed out that as a result of business collapse and reduction experienced within the retail sector in Kenya, Bata Kenya has had to close down some of its retail distribution outlets. This is so as the company highly depends on shopping centers, setting up its stores within malls and supermarkets to rely on the high footfall. The collapse of some Nakumatt and Uchumi retail supermarkets hugely impacted the company's commercial business. The Legal Officer reckoned, "*In the past one year, we have closed 18 stores associated with major shopping centers that have collapsed*."

4.3.3. Social-Cultural Changes

Socio-cultural factors relate to the way of thinking and doing things by given groups of people as a result of their philosophies, attitudes, values, lifestyles and beliefs. The social-cultural changes sought by the interviewer were- changing tastes and preferences, changing demographics, uneven income distribution, literacy levels and career attitudes, the role of men and women in the society, health awareness and lifestyle changes, corruption levels, animal husbandry practices, urbanization and shift in media.

The analysis indicated that in the footwear business, consumer tastes and preferences keep shifting in line with fashion. This presents a challenge on Bata Shoe Kenya Plc in matching the consumers' changing tastes and preferences following the financial resources needed to meet the shifts in consumer demands. The Product Development Officer explained, "*In order to keep altering footwear designs to match market demands, the company incurs huge capital investments associated with changing the molds and at times upgrading footwear design software*".

It was established that there are online designers who utilize their knowledge in design to embark on creating attractive social media blogs and websites that offer inquiry on the latest fashions in footwear. This makes customers more informed, putting pressure of alteration and improvement in design to the company.

The results also revealed that changing demographics have seen the Kenyan population be dominated by the younger generation. This completely changes the market dynamics as the youthful target population appears more informed and the company continues to lose control of the amount of data that reaches the consumers. To keep this category of customers vibrant, Bata Kenya has to offer highly diversified footwear and of the latest designs. This is at extra costs to the company. Contrariwise, if managed well, Bata Kenya can gain increased sales through augmented impulse buying by youthful customers.

The changing dynamics are coupled with uneven distribution of income with Generation X getting the larger piece of cake. The youthful generation basically spends more and would hence buy more if they had the money than the older generation. The irregularity in income distribution thereby disfavors Bata Kenya’s business in terms of the ability of the youthful generation to buy. The Country Manager remarked, “*A young lady or man would want a pair of footwear for every occasion unlike my age as we basically put on the same pair to almost every occasion*.”

The study showed that there has been a general shift in career attitudes, given increased levels of literacy, with the society paying high regard to people in white-collar jobs. The education system in Kenya has also tilted towards this direction, with technical institutes not offering the much needed practical skills and knowledge. According to the analysis, this leaves the blue-collar job holders with minimal knowledge and skills yet trades like machine operation today require advanced technical skills being that there are sophisticated machinery in use. The

Human Resources Manager lamented, "*The gaps have made the company incur investment costs in training our workforce, some of whom are poached afterward*."

Equally, the assessment revealed that the society does not embrace the practice of women working at night. This is a norm that has seen Bata Kenya hire more men than women; especially in its manufacturing plants, thereby locking itself out of some talent. This has also made the company be ranked poorly on gender equality in various forums and surveys. The Human Resources Manager noted, "*There is a connotative meaning of women who work at night being associated with immoral trades and this can cause family and societal disputes*."

There was a concern over dishonesty in the exportation of raw hides and skin, leaving the company amongst other local manufacturers with poor quality leather yet the nation is a rich source for raw hides and skins. Consequently, Bata Kenya at times fails to meet its quality standards being affected by leather quality as one of its major raw materials. It was noted that this also makes the company incur losses in cases of leather that cannot be corrected for instance through adornment.

An assessment was made that there are poor animal husbandry practices, resulting in low-quality leather, characterized by amongst others- trademarks and other forms of branding, tick marks, scratches, knife cuts, wrinkles, vein marks and color inconsistency. This negatively affects the supply of leather and the quality of the leather supplied. It was also established that the society is rooted in the culture of urbanization with most tanneries setting up either in urban areas or in proximity to urban areas. This is despite the fact that cattle herding is majorly practiced in rural areas and hence the supply of raw hides and skins is plenty and cheaper in the rural set-ups. This impacts on the prices of leather, making Bata Kenya buy at higher prices.

From scrutiny of the results, there is increased health awareness and lifestyle changes, with reduced red meat consumption. This is in order to reduce the risks of lifestyle diseases especially with the looming rate of diagnosis of long-term illnesses. The study revealed that this has reduced the supply of leather and equally led to an increase in prices following the scarcity of the commodity.

The analysis shows that the society has generally shifted audience from traditional marketing and entertainment sources such as television and newspapers to social media and the use of mobile phones. This has called on the company to rethink its marketing decisions, majorly using modern marketing strategies that embrace the use of technology. This has been of value as Bata Kenya was noted to have cut its marketing costs and increased its audience at the same time.

4.3.4. Technological Changes

Technological factors entail a range of variables that influence the technological capability of people, groups, organizations or nations. The study pursued- information technology, communication technology, automation, the rate of change, research, development and innovation as well as their impact on the organization.

The study indicated that in the wake of information technology, there are various social media platforms that have led to an expansion of the company's marketing initiatives. Marketing of Bata Kenya's footwear has been achieved through a combination of traditional retailing and social media marketing. It was established that through social media, the company reaches out to masses, marketing and advertising its range of products. The Commercial Director remarked, "*Our Bata Home services allow customers to order for their products at their convenience and have them delivered to them, thanks to technology. This plays a vital role in improving our relationship with the public*."

On the contrary, the analysis revealed that the use of social media has equally put the company on the frontline. Notably, in footwear business, fashion and design is a major concern with critiques on the bestselling designs. Social media has brought increased consumers' awareness and information flow has been incredible. According to the findings, a complaint raised by a single customer on a social media platform receives wide coverage; damaging the company's reputation.

The analysis showed that changes in communication technology have led to better communication systems with Bata Kenya being able to put in place well-established communication systems. That is, communication in Bata Kenya has been enabled by the existence of the internet and mobile phones. This has equally increased the levels of flexibility even amongst the sales teams while on field for duty. Additionally, while on leave employees are able to be reached easily either through phone or email. As such, there is less disruption in work, meaning that Bata Kenya has become more efficient. The introduction of laptops in place of desktop computers has equally eased communication, making work more flexible for example through teleworking.

The advancement of technology has enabled Bata Kenya automate some of its operations, being able to cut down costs and improve efficiency. Mechanization has resulted in work being done with comparatively lesser efforts and with great end results based on machine accuracy. This has also helped the company in meeting high-quality standards. The findings demonstrated that in the distribution outlets, there has been the introduction of auto order resupply systems, ensuring that no matter how busy the sales associates are, they do not run out of stock. Technology has also enabled for point of sales transactions in the stores with an integrated system by which employees sitting in the headquarter office in Limuru are able to receive updates on the stores' transactions. This eliminates the need for physical supervision and acts as a control measure. Automation has helped the company reduce its labour costs by cutting off some operations that were formerly performed manually.

It was equally established that technological changes have supported the company's innovation efforts. There has been the development of improved shoe design software allowing for the conceptualization of better footwear products. As per the assessment, there are 3D footwear software designs which allow for more innovation and creativeness and ultimately unique footwear products. By means of technology enabling increased research and development, the company is able to introduce to the market new products, whether locally manufactured or imported.

However, the analysis indicated that Bata Kenya now requires more knowledgeable staff who are up-to-date with the fast-changing technological systems. Conversely, this has been challenging to achieve especially with machine operators, as the technical education offered in colleges is not sufficiently practical. Moreover, most people willing to take up blue-collar jobs are either semi-skilled or unskilled as machine operation has not yet received much attention in Kenya as a profession. This leaves skills and knowledge gaps as the staff have to operate sophisticated machinery leading to investment costs in terms of training. Given the high rate of technological changes, the company generally incurs more in terms of investment with increased rates of obsolescence.

4.3.5. Industry Level Challenges

The analysis showed that at the industry level, there have been several new entrants in the footwear business. Firstly are the manufacturing footwear firms that have continued to set up plants in the country such as C & P Shoes, Kenafric and Slapper Limited amongst others with others solely assembling. It was also established that there has been an influx of imported footwear in the market; comprising of both new and second hand footwear, with the informal footwear trade equally growing. Further assessment into the findings revealed that this has compromised Bata Kenya's competitive position being that most of these footwear are cheaper and of better quality. According to the analysis, some importers acquire footwear through porous borders thereby undercutting competition by offering very low prices. The new entrants have increased rivalry of footwear business in Kenya.

It was established that competition has offered buyers a variety of choice, thereby empowering them. The buyers incur very minimal switching costs if any and would therefore opt for competitor products which act as substitute products. For suppliers, it was established that most of the company's suppliers are foreign companies in foreign countries. Consequently, supplier switching costs for Bata Kenya are quite high and could even cause delays in raw materials, negatively affecting production. Locally, leather as a commodity is scarce, with good quality leather being rare. This makes it challenging to switch locally from one supplier to another.

4.3.6. Competitor Environment

According to the analysis, Bata Kenya has direct competitors selling footwear to a common market. There are established firms that import and sell footwear in recognized retail outlets such as African Boot, Mr. Price, Sir Henry's, City Walk, Italian Footwear, Jade Collection, Kings Collection, K-Shoes and House of Leather amongst others. This group takes minimal time to enter the market with low capital requirement. The Country Manager expounded, "*They compete with the company through frontal attacks, setting up their retail outlets in proximity to our stores, competing for the same market with similarly high quality standards and even trendier designs*."

It was found out that the informal sector also competes with the company, majorly deploying bypass attack strategies by which they do not directly compete with Bata Kenya but do so indirectly, strictly targeting the lower markets. These include Gikomba and Kariokor markets. The informal footwear businesses enjoy low capital requirement and relies on low prices to penetrate the market. This is equally the case for individual and small partnerships importing footwear and that indirectly compete with Bata Kenya. The study revealed that Bata Kenya faces direct competition from footwear manufacturers and assemblers in Kenya. However, with brand power, Bata Kenya competes adequately with its rivals.

4.3.7. Other Significant Changes

The analysis revealed that physical environmental changes present shifts in weather patterns that affect the company's product and business cycles. During periods of adverse hotness, parts of the country experience drought and this affects cattle rearing even causing early death of calves, negatively affecting the supply of leather. The company also experiences hiked leather prices during such periods. It is equally a low selling period for some of Bata's lines of footwear like the gumboots footwear.

The study also established that Limuru weather is mostly cold and wet. An in-depth inquiry into this revealed that it is a turnoff for some potential talent who cannot adopt. They further specified that some take up roles in the company only to resign shorts periods after, citing the extreme coldness as a reason.

4.4. Strategic Responses to External Environmental Changes

The study also sought to establish the strategic responses adopted by Bata Shoe Kenya Plc to external environmental changes. The researcher went ahead to investigate the challenges faced in strategic response as well as to determine how the company has managed the challenges to meet its objectives.

4.4.1. Strategies employed by Bata Shoe Kenya Plc

The study was aimed at establishing the strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment. The findings revealed that the company has put in place- modernization, diversification, innovation, market positioning, market segmentation, partnership, total quality management, vertical integration, outsourcing, marketing and advertising, frugality, training and restructuring strategies in responding to macro-environmental changes. This section details the strategies as employed by the organization, the challenges faced in strategic response and ways in which Bata Kenya manages the challenges to meet its objectives.

The findings show that Bata Kenya has adopted a modernization strategy, firstly through automation of some of its operations. The company has made capital investment decisions, procuring sophisticated footwear production machinery and software design technology which has resulted in better footwear design and reduction of manual operations in manufacturing. Notably, this has helped the organization cut down on labour costs and increase production efficiency, producing thousands of pairs of footwear daily. Similarly, the organization has adopted technology by engaging in online selling or e-commerce through its Bata Home network. This has opened up its markets owing to the convenience associated with online shopping.

It was established that Bata Shoe Kenya Plc has diversified its products; a risk minimization mechanism and a means of offering more to its customers. Bata Kenya offers a wide range of footwear with varying designs. The company for instance offers both male and female official shoes, fashion shoes, sports shoes as well as open shoes and a variety of children's shoes. When one range of footwear is affected by a given business cycle, other lines of footwear may thrive, thereby sustaining the company in the face of external environmental changes. Away from its main line of business, the findings show that Bata Kenya offers supplementary products such as socks, belts, key holders, bags and shoe polish in the spirit of diversification.

From the analysis, it is undoubtable that Bata Kenya has embraced innovation. The company has invested in research and development to come up with new products and new ways of doing business. The Country Manager emphasized, "*We have a Research & Development*

Department as well as a Product Development Department with highly skilled employees who drive the organization's innovation strategy."

On an annual basis, the organization engages ongoing design students from various institutions of higher learning in a competition for coming up with new designs in its programs dubbed, "Bata Young Designers Challenge" and "Bata Designers Apprentice". The students conceptualize and create new designs with the winning concepts at Bata world level being put into limited production and sold in select Bata stores.

The results indicate that Bata Kenya has put in place market positioning strategy. It is widely spread across its markets, with over 150 retail outlets and 18 depots distributed across the nation. Nonetheless, it continues with its expansion strategy, opening up new stores to meet increased customers' demands. This affords its customers accessibility and convenience. In putting up its retail outlets and depots, the results point out that the company does so selectively, exercising strategic positioning by setting up in areas with great footfall and hence a high market. These are majorly large shopping centers and busy streets in urban and semi-urban areas.

The company further puts in place a market segmentation strategy. Its stores are categorized depending on the caliber of customers the stores attract. The findings indicate that based on the market segments, different stores are stocked with different types of footwear that would sell in the respective shops, thereby the company being able to cut across different markets maximally. The Finance Director exemplified, "*You will not find the same type of footwear in our Hilton and River-road stores and neither will you find a customer visiting both stores, yet, the differentiated merchandise offered in the two stores will both sell*."

The study showed that Bata Shoe Kenya Plc has partnered with various institutions to drive forward its business in the face of dynamic macro-environmental changes. As specified, the organization partners with various retailers and malls in the country to set up their stores within their establishments, thereby relying on the traffic so created. The challenge however arises when the business relied on collapse, for instance the case of some Nakumatt and Uchumi stores. The company has also sought partnership with various governmental and non-governmental institutions for supply of footwear such as safety footwear for the disciplined forces and school footwear for schools. It was also established that the organization partners with its sister companies in other countries to support its local manufacturing with trendier footwear. Partnership is also sought with various private labels such as Marie Claire, Weinbrenner, Baby Bubbles, Bubble Gummers and Power to meet increased demands.

By partnering with financial institutions, Bata Kenya holds bank accounts in foreign currencies. This accords the organization protection against the depreciation of the Kenyan Shilling against foreign currency especially the dollar. According to the findings, this is aimed at addressing issues of losses incurred in paying international raw materials suppliers. This is a mitigating measure against the cost of foreign exchange of the Kenyan shilling against foreign currency.

The analysis indicated that in addition to the above kind of partnership, Bata Kenya affiliates with various bodies that lobby on its behalf with regards to new legislations and amendments to current law as well as representation on various government forums. Such bodies include Kenya Association of Manufacturers (KAM) and the Federation of Kenya Employers (FKE). In this way, the company gets to voice its concerns on a numbers of issues politically, legally and economically impacting the organization.

Bata Kenya embraces total quality management strategy by which it maintains high quality standards in all aspects of the company’s operations. In its local production, operators are well trained coupled with strict supervision and rigorous quality checks to ensure that what is offered to the market is of high quality. The findings show that when offering its private label brands, the company equally implements thorough quality checks with sampling and lab tests and also comparisons with other leading brands. Moreover, its private label brands are produced by companies known to manufacture renowned brands. The Production Coordinator asserted, "*As a company, we make effort to ensure that any product sold by us meet or exceed the other top brands in various parameters such as appearance, taste and performance*."

According to the study, Bata Kenya exercises backward integration, acquiring part of its value chain in its efforts to maintain high quality standards. As noted, the organization has in the past strengthened small businesses in the form of its Associated Business Units (ABUs) to undertake on its behalf certain operations. However, following quality concerns, Bata Kenya has acquired most of these businesses, expanding its factories to accommodate what was previously was performed by the ABUs.

At the same time, it was revealed that the company outsources some of its functions. Non-core roles like compound maintenance and cleaning of the offices and factories have been outsourced; leaving the company to concentrate on core business areas. Additionally, it was found out that the company supplements its own hired labour with outsourced personnel, thereby being able to maintain quality and high standards while at the same time cutting down on labour costs.

The results also indicate that Bata Kenya has put in place aggressive marketing and advertising mechanisms. The company has an active advertising department that ensures new products receive adequate attention, recently engaging in a "New Arrivals Every Friday" campaign. As revealed by the study, the company puts up advertisements on the local dailies every Friday to publicize any new collections. It was noted that Bata Kenya has also embraced vibrant social media advertisements through Facebook, Twitter, Instagram and YouTube. This has offered

Bata Kenya a marketing and advertisement mix that targets all generations and classes of customers.

In line with the analysis, Bata Kenya also relies on a frugality strategy by which it avoids unnecessary costs that the company can do without. For instance, the company has over the last three years been on an employment freeze, whereby employees who exit are not replaced but their jobs distributed to other employees within the respective departments at no extra pay. Fresh recruitment is only made where necessary and with strict Key Performance Indicators. There has been strict cuts in budgets with priority given to areas that will drive forth business and employee productivity.

It was established that Bata Kenya has undergone a restructuring program to improve its leadership and structure to support its other strategies. As pointed out by the study, with a new Country Manager, the company has become leaner while at the same time empowering young talented managers who can make innovative decisions. There is a revitalized culture of creativity and innovation with rewards for the best ideas. This is also embedded in employees' Key Performance Indicators.

The analysis pointed out Bata Kenya's devotion to training, having a well-established training center which is equally Bata Africa's training headquarters. The training center is well equipped with a variety of courses being conducted throughout the year to continuously bridge any skills, knowledge and behavioral gaps. This has not only improved productivity and customer relations but has been a pull factor in attracting fresh graduates who are ready to be developed and work with the company. Employees are also cross-trained thus becoming multi-skilled and allowing flexibility and delegation of work. This helps counter unexpected employee turnover through well-established succession plans. According to the study, international exchange programs and trainings are also offered to employees, enabling them be exposed to advanced technology and become more creative & innovative.

4.4.2. Challenges faced in Strategic Response

The findings demonstrate that in responding to macro environmental changes, Bata Shoe Kenya Plc is faced with financial constraints. In every move the organization makes towards strategic response, there is a financial impact with some of the strategies being very costly to implement against the organization's frugality efforts. It was established that this makes it challenging for the organization to compete on cost basis, losing a part of the market to competition, especially to the informal sector and the cheap footwear importers.

It was also established that apart from financial resources, there are time constraints. This is especially in training employees to bridge existing gaps in knowledge, skills and behavior. Away from on-the-job training, employees spend valuable time that would have been dedicated towards work being trained and still have to be remunerated.

The results indicate that after successful training programs or international exchange, there are instances where highly developed employees are poached by other entities. As pointed out, not even bonding agreements prevent the poached employees from leaving as the organization is restrained by various statutes. The numerous legalities equally put boundaries in all aspects of strategic response thereby being a limiting factor in strategic response.

In putting in place strategic responses, Bata Kenya is faced with the challenge of the long-term relevance of the plans so established. This is because aspects of the external environment could keep on changing, forcing the company to revise its strategies and even abandon some, regardless of the financial impact involved. It was pointed out that the rampant rate of technological advancement could for instance lead to the obsolescence of expensive machinery and design technology.

The process of strategic response is also frustrated by employees' resistance to change. The results showed that the various strategic responses entail given levels of change, yet most of the time, employees are resistant to change due to a range of reasons. The employees are central to any strategic plan and hence their resistance is detrimental to reacting to macro-environmental changes. Notably, this at times results into acts of negligence and non-cooperation by the employees. It was drawn to attention that a problem also lies with the strategists where they come up with good strategies without a clear plan of implementation and procedures, sometimes resulting into conflict.

4.4.3. How the Company has managed the challenges to meet its objectives

The results showed that through partnership with financial institutions such as banks, Bata Kenya can receive funds to finance its strategic responses such as technological advancements decisions. The company thereby gradually repays the loan, feeling a smaller pinch and having put the necessary strategies in place. This is coupled with synergy with the company's sister companies, being part of the larger Bata Shoe Organization. Bata Kenya from time to time seeks support from the other branches.

According to the analysis, there is an active strategy team consisting of senior managers across the organization to oversee matters relating to strategic response. The various challenges faced are brainstormed by this team and action plans drawn with mitigating measures. The strategy team ensures that any strategic response is backed up with a clear implementation process and ad hoc meetings called for to tackle any arising challenges. Additionally, there is the use of committees and sub-committees for follow-up on specific matters for redress.

It was established that in dealing with employees' resistance, all employees are made part of the strategic response process, seeing the clear picture and sensitized on what the impact of macro-environmental changes could be to the organization. Select union officials are from time to time invited to committee meetings to enable them understand what is going on and share the same with the employees. In strategy implementation, various employees are allocated different tasks, ensuring that the process is owned by the employees.

Through continuous and vigorous research, Bata Kenya can anticipate various changes and plan. In cases where forecasting is extremely difficult, expert opinions are sought. The study established that this helps the company seize opportunities in good time and respond quickly to the threats to protect its competitive position. Equally, the organization performs cost-benefit analysis of various strategies, prioritizing on projects with high benefits and low costs, a cost management aspect. The Country Manager remarked, "*Bata Kenya always stays abreast on expected and actual trends and changes*."

4.5. Discussion of the Findings

The role of the external environment cannot be underscored as it can be a source of sustainable competitive advantage or disadvantage. The findings indicate that Bata Kenya is faced with changes in the general, industry and competitor environments. Such changes would present opportunities and threats, thereby leading to competitive advantages or disadvantages depending on the strategies adopted and how successful the strategies are. This sets out performing firms from the rest.

The study demonstrated the organization's dependence on the external environment for both labor and capital. As a manpower intensive organization, Bata Kenya sources for its talent pool from the macro-environment, facing a challenge of acquiring hands-on talent with the right mix of knowledge and skills. In the process, the company interacts with other organizations to solve problems of skills shortage that may arise. Similarly, being capital-intensive, Bata Kenya interacts with its externalities to keep abreast with the latest technologies to be deployed to its shoe design and manufacturing processes. This helps the organization remain relevant by meeting shifting customers' demands. These demonstrate conformity with resource dependence theory as Bata Kenya has to interact with its externalities for resources.

As advocated by Pfeffer & Salancik (2003), the organization's success is attributed to its ability to acquire and maintain its required critical resources for the effectiveness of its operations. In obtaining these resources, Bata Kenya is faced with various challenges and also interacts with other organizations, thereby leading to dependencies. By the use of appropriate strategies, Bata Kenya counters the challenges and manages the dependencies to continue remaining competitive.

To take advantage of opportunities arising and tackle the challenges emanating from the macro-environment, the organization adopts strategies that conform to the specific peculiarities of the external environment. This is in line with contingency theory which holds that there is no single best way to manage an organization as the strategies embraced should be informed by the different circumstances (Donaldson, 2001). For instance, in satisfying growing customers' demands, the organization has adopted innovation and diversification strategies with partnerships to supplement their local production with private label brands.

It can be construed from the analysis that strategic competitiveness is better achieved by deploying a mix of various strategies rather than relying on only specific strategic responses. Bata Kenya embraces a frugality policy simultaneously with efforts aimed at innovation and differentiation. According to Porter's Generic Strategies, this would characterize a firm that would be stuck in the middle but has seen the organization survive in the turbulent external environment.

Bata Kenya has embraced a pre-emptive stance in responding to macro-environmental changes. This is a deviation from the old notion that the external environment is out of an organization's control. The business entity predicts the likely macro-environmental changes before they occur, enabling the organization to prepare well in advance; thereby even according given levels of control to such changes. In the era of technological revolution, business forecasts have been made possible as data is easily accessible and research enabled by way of the internet. Expert opinions could also be sought for. It is therefore of importance for firms to invest in research and forecasts as a means of gaining some control over the macro-environment, as generally, modern organizations are very powerful tools in the general public.

Okello (2016) in a study of Kariokor Footwear traders cited competition from imported footwear and well-established footwear firms as one of the macro-environmental challenges faced. In the researcher's explanation, Kariokor footwear traders lag behind in technology as they lack industrial machines, instead relying on basic machinery such as domestic sewing machines and rudimentary tools. This compromise the traders production capacities as well as quality, making them face competition despite competing on low cost.

In a comparative analysis of the strategies adopted by Nike and Adidas, it was established that the business entities are faced with competition, deploying different strategies to outdo the other in various lines of footwear (Mahdi, Abbas & Mazar, 2015). Nike focuses on marketing and innovative designs while Adidas concentrate on achieving efficiency, market expansion and attraction.

The studies support the concept of environmental-dependence while advocating for appropriate strategies just like the current study. Companies can deploy totally different strategies and both succeed as seen in the comparative study of Nike and Adidas, with other strategies being common amongst business entities. Organizations are influenced differently by external environmental factors and respond dissimilarly as well, with an objective of fending their market position and becoming more competitive.

4.6. Chapter Summary

This chapter presented the findings from the study as analyzed through thematic analysis. The results showed that Bata Shoe Kenya Plc is largely impacted by macro-environmental changes and puts in place strategic responses to counter the changes. This is consistent to theory as well as the results of previous studies. The role of the environment in organization survival can thereby not be underscored as extreme negativities may cause business collapse if not adequately dealt with through effective strategies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The purpose of this chapter is to discuss, draw conclusions and recommendations on the findings of the study. Specifically, it looks at- the summary of research findings, recommendations, conclusion, limitations of the study, the study's implication on policy, theory and strategic management practice as well as suggestion for further research.

5.2. Summary

In examining the strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment, it emerged that the company is faced with various external environmental changes. These are- technological changes, political-legal changes, economic changes, social-cultural changes, industry level changes as well as changes in the competitor environment. The technological changes encompass a range of factors that have opened up the company to opportunities such as information technology, communication technology, automation of some of its operations, research, development and innovation. These have benefited the organization in terms of e-commerce, social media marketing, better communication systems, improved efficiency and cost reduction.

Bata Kenya is however now faced with the need to engage more skilled workforce who can keep up with the rampant rate of technological advancements and has equally had to reduce the number of its employees with the elimination of some manual operations. Political-legal changes largely encompass legislative changes, tax policies, foreign trade policies, lack of public participation in governmental decisions, government bureaucracies and intervention.

Economic changes such as inflation, depreciating value of local currency to foreign currency especially the dollar, increased competition, increased labour costs and the collapse of certain retail businesses such as Nakumatt stores have constrained the company's finances or weakened its market share. Social-cultural changes include changes in customers' tastes and preferences, changing demographics, general shift in career attitudes, increased levels of corruption, poor animal husbandry practices, increased health awareness and the society not embracing the practice of women working at night. These factors are associated with various negativities. On the other hand, shift in audience from traditional marketing have seen the organization reach more customers and potential customers through mobile marketing strategies.

At the industry level, there are more entrants in the form of imports and the informal sector. This is aided by low capital requirements, non-requirement for specialist knowledge and the minimal time taken to enter the market. The study established that this has increased rivalry amongst footwear businesses in Kenya, increased the number of product substitutes and accorded buyers more power. There equally are more companies setting up footwear production facilities in the country with other entities undertaking assembling.

On the competitor front, the company's competitors deploy various strategies some of which directly attack the organization's customers flow by setting up their stores close to Bata stores. Physical environmental factors equally have an impact on the organization's product and business cycles with the extremely cold and wet weather being a turnoff to some potential talent. This is a disturbance to continued performance.

It was established that Bata Kenya has put in place various strategic responses to counter the macro-environmental changes. These include- modernization, diversification, innovation, market positioning, market segmentation, partnership, total quality management, vertical integration, outsourcing, marketing and advertising, frugality, training and restructuring strategies. In implementing the strategies, the company is faced with financial and time constraints, employees' resistance to change, statutory boundaries, poaching of trained employees and rapid rate of technological advancement. However, through an active strategy team, the organization overcomes most of the challenges also partnering with financial institutions and its sister companies for the necessary support.

5.3. Conclusion

The research concludes that Bata Shoe Kenya Plc employs a combination of strategies to counter challenges emanating from the external environment. The organization is both capital and labour intensive and hence faces certain challenges in its transactions with the external environment for its critical resources. Nevertheless, it injects back its products to the same environment. The strategies employed are aligned to specific macro-environmental changes to meet the uniqueness of every situation.

The study further concludes that the philosophy that the external environment is unpredictable, has been challenged by modern organizations; that are a powerful force within the society with a capability of exerting influence on the macro-environment. This creates a mutual relationship between organizations and the external environment. Resultantly, Bata Kenya adopts a proactive stance by forecasting macro-environmental changes and deploying precautionary measures in terms of strategy before the actual changes occur.

This reduces the magnitude of the changes and provides a means of managing the challenges faced by the company in strategic response i.e. huge financial requirements. Bata Kenya is equally able to take advantage of opportunities before competitors and tackle challenges early enough making the organization continue to meet its objectives despite the hindrances.

5.4. Contribution of the study

The study makes positive contributions to theory, policy and strategic management practice through the informative findings as well as the recommendations which can be relied upon for improvements.

5.4.1. Contribution to Theory

Organizations are long known to have no or little control over external-environmental factors and changes. This largely means that the external environment is non-controllable. The results of this study however reveal that modern organizations are powerful tools within the society, capable of exerting control on the external environment. By adoption of a learning culture, for example, business establishments are able to depict trends in the external environment and research on likely macro-environmental changes, placing them at a better position to influence the direction of the external environment.

5.4.2. Contribution to Policy

Different bodies with a stake in footwear business in Kenya such as the Department of Veterinary Services in Kabete and Kenya Leather Development Council (KLDC) as well as the national and county governments are better informed by the findings of this study. They can put in place various measures for the development of the footwear business. Equally, industrialization policymakers can identify gaps as well as the challenges faced in footwear manufacturing in the country and hence develop better policies to support footwear business. For example, creating policies that restrict the exportation of leather as this leaves local footwear manufacturers with low quality leather for production. Equally, the restriction of footwear importation to control competition. Finance policymakers can also make better budgetary decisions amongst other financing policies to support the footwear manufacturers in Kenya.

5.4.3. Contribution to Strategic Management Practice

From a practical outlook, the findings could be beneficial to the management of Bata Shoe Kenya Plc and footwear businesses in Kenya at large. They are able to gauge the capability or adequacy of major response strategies to the turbulent macro-environment.

5.5. Limitations of the Study

This study was limited to Bata Shoe Kenya Plc. In as much as the findings may be generalized to footwear manufacturing businesses in Kenya, there may be variation in context and circumstances especially between formal and informal footwear manufacturing businesses in Kenya. This is so as the two are faced with dissimilar challenges emanating from the external environment and hence may not embrace similar strategic responses.

Secondly, in light of the study's objective, the researcher looked at the external environmental factors faced by Bata Shoe Kenya Plc in the past five years and the strategic responses adopted by the organization to counter the changes. The study is therefore limited in terms of the period it covers. Given the instability of the external environment, the results could vary at a later period since effective strategies are those that match the various macro-environmental contingencies and thus, with variance as to external-environmental factors, Bata Kenya would have to amend its strategic responses.

5.6. Recommendations of the Study

Agricultural extension services should be reinstated to help farmers exercise suitable animal husbandry practices. This will safeguard the quality of raw hides and skin available for the manufacturing of leather footwear by ensuring that farmers know how to manage diseases and pests and ensure quality breeding of their livestock. This will also boost the quantities of hides and skin. This ought to be coupled with the provision of sufficient abattoirs to ensure quality slaughtering of cattle, with no defects compromising quality. The government should equally continue with its efforts to encourage local manufacturing, with attention on locally unavailable raw materials used in footwear manufacturing. For example, Dioctyl Phthalate (D.O.P), a major raw material used by Bata in its Pelletizing Factory, in making Polyvinyl chloride (PVC) granules that are used as input by its other factories.

The various legislators should aim at creating policies that restrict the exportation of leather as this leaves local footwear manufacturers with low quality leather for production. Concerns of smuggling raw hides and skin should also be addressed. Equally, the restriction of footwear importation so as to control competition. Finance policymakers can also make better budgetary decisions amongst other financing policies to support footwear manufacturing businesses in Kenya. The national and county governments should ensure public participation while passing new or amending existing laws impacting footwear manufacturers in the country.

The various disciplined forces in the country need to implement the President's decree for the local procurement of their safety footwear. This will open up the local market and contribute towards economic growth. Technical colleges such as Animal Health and Industry Training Institute (AHITI), offering relevant skills for footwear manufacturing should be well equipped with adequate technology. This will allow for practical sessions for skills development and bridge the existing gap in footwear production knowledge. Efficient curriculums should be developed with strides made towards equipping machine operators with the needed skills.

The researcher recommends that Bata Shoe Kenya Plc allocates more funds towards technological advancement. For instance, the company can apportion 5% of its annual proceeds on acquiring new technology. Technological investments may be costly but is a cost that pays off. Currently, the organization supplements its local production with imported footwear of latest designs to cope with competition. However, by adopting new technology in terms of footwear design software and machinery, the organization will be able to offer trendier designs to its markets at even lower prices and will thus be more competitive. By this, the organization will be increasingly market-driven, departing from certain traditional designs and being able to offer more to the modern market; adopting to changing tastes, preferences and demographics.

In as much as Bata Kenya desires to compete on low cost with its frugality policy, it is prudent that the organization stops juggling between low cost and high quality and instead pay more attention to quality. The company should compete on its brand name that assures customers of high quality. In this way, the company's products will continue to sell across all market categories given high levels of durability. Ordinarily, a customer would spend more for a pair of footwear that would last longer than lesser for that that would need replacement after a short period. Competition on cost should hence be secondary for the organization.

5.7. Suggestion for Further Research

Future researchers in the field of strategic management should consider conducting a comparative study of the strategic responses adopted by formal footwear manufacturers in Kenya versus the informal footwear manufacturers to changes in the external environment. This is so as from the study, it appears that certain external environmental changes influence the formal and informal footwear manufacturers differently. It would hence be useful to know just how differently they react to macro-environmental changes.

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APPENDICES

APPENDIX I: INTERVIEW GUIDE

This interview guide seeks information on strategic responses adopted by Bata Shoe Kenya Plc to changes in the external environment. The information provided will be used for academic purposes only.

Section A: Demographic Data

1) What is your job designation in the company?

2) For how long have you served in this role?

3) What is the length of your continuous service with the organization?

Section B: External environmental Changes

4) To what extent does the company experience challenges due to changes in the external environment?

5) Have the following macro-environmental changes impacted the organization?

i. Political-legal changes, how have they impacted the company?

(Legislative changes, tax policies, foreign trade policies, public participation, fluctuating periods of political uncertainty, government bureaucracies and government intervention.)

ii. Economic changes, how have they impacted the company?

(Inflationary trends, currency fluctuation to the dollar, competition, increased labour costs and business collapse and reduction in Kenya's retail sector.)

iii. Social-cultural changes, how have they impacted the company?

(Changing tastes and preferences, changing demographics, income distribution trends, literacy levels and career attitudes, the role of men and women in the society, health awareness and lifestyle changes, corruption levels, animal husbandry practices, urbanization and shift in media.)

iv. Technological changes, how have they impacted the company?

(Information technology, communication technology, automation, the rate of change, research, development and innovation)

6) At the industry level, what are some of the challenges faced?

(New market entrants, buyer power, supplier power, rivalry and substitute products.)

7) How have the changes in the competitor environment impacted the organization?

(Who they are, where they are located, which strategies they use, their strengths and weaknesses.)

8) Other than the changes already mentioned, which other significant changes pose a threat to the organization?

Section C: Strategic Responses to External Environmental Changes

9) What strategies does the company employ to remain competitive?

10. How has Bata Shoe Kenya Plc reacted to the impact of the external environmental changes mentioned?

11) What are some of the challenges faced in strategic response?

12) How do you manage the challenges and ensure that the company's objectives are met despite the hindrances?

Thank You.