STRATEGIC RESPONSES TO THE COMPETITIVE ENVIRONMENT

A CASE STUDY OF UMASH FUNERAL SERVICES LIMITED

BY

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF THE UNIVERSITY OF NAIROBI, SCHOOL OF BUSINESS

OCTOBER 2009

DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature: ....Date: 02/11/2009 ....

JOSEPH KANYIRI MURIITHI

D61/71423/2007

SUPERVISOR'S DECLARATION

This research project has been submitted for examination with my approval as the University Supervisor.

Signature...Date............2/11/09..............................

JEREMIAH KAGWE

LECTURER: UNIVERSITY OF NAIROBI

DEDICATION

I dedicate this work to my family and all those who supported me in the completion of this project.

ACKNOWLEDGEMENT

I take this opportunity to give thanks to the Almighty God for seeing me through the completion of this project.

The work of carrying out this investigation needed adequate preparation and therefore called for collective responsibility of many personalities. The production of this research document has been made possible by invaluable support of many people. While it is not possible to name all of them, recognition has been given to a few. I am greatly indebted to my supervisor for his professional guidance, advice and unlimited patience in reading through my drafts and suggesting workable alternatives, my profound appreciation to you.

The entire staff of Umash Funeral Services Limited can not pass without my special acknowledgement for taking time off their busy schedule to provide me with all the information I needed in the course of the research. Without their immense cooperation I would not have reached this far.

I would also wish to extend my sincere gratitude to all the MBA students 2007/2009, staff, lecturers and the entire University of Nairobi fraternity for changing me from what I was to what I am.

Thank you all. May the Almighty God bless you abundantly.

ABSTRACT

The firm's competitive environment is the set of factors which include; the threat of new entrants, suppliers, buyers, product substitutes and the intensity of rivalry among competitors that directly influence a firm and its competitive actions and responses. In total, the interactions among these five factors determine an industry's profit potential. The challenge is to locate a position within an industry where a firm can favorably influence those factors or where it can successfully defend against their influence. The greater a firm's capacity to favorably influence its industry environment, the greater is the likelihood that the firm will earn above-average returns. The objectives of this study were to determine the competitive environmental challenges facing the Umash Funeral Service Limited (UFSL) and to identify the strategic responses adopted by the company to these challenges.

The research design used for this study was a case study design as it enables the researcher to have an in-depth understanding of the study. The researcher used an interview guide, as primary data collection instrument, administered through personal interviews with the directors and managers of UFSL. Data collected was purely qualitative and it was analyzed by content analysis.

From the study, the researcher found that that UFSL faced some challenges from external environment and the major challenges included; rivalry and competition from other funeral services providers such as Lona Funeral Services, Montenzuma and Monalisa and Lee-Funeral Home, expensive and unreliable transport, lack of finance, lack of experience and expertise/assistants which mismatched demands, poaching of experienced workers by competitors, high taxation, lack of subsidies for cooling equipment, constitutionally and lack of support/recognition for private funeral homes. In order to deal with these challenges, UFSL adopted some strategic responses such as enhancing better services which made a good reputation for the company and covering regions all over Kenya and sometimes Uganda and Tanzania. The study recommended that in order to remain competitive in the market, UFSL should advertise itself appropriately and even consider online advertisement as an appropriate advertisement media. It further recommended that the company should recruit workers who have the necessary knowledge and skills in the business and the workers should also be remunerated fairly so that they are not poached by competitors.

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1.1.1 Strategic Responses

Strategic responses is the reaction of a firm or an organisation to environmental changes/turbulence i.e. machinery of the resources and activities of an organization to the environment in which it operates. According to Pearce and Robinson (2005) it is through strategic responses that a firm is able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment.

Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose, it answers the question on where does an organization want to go, where it is now and how to get to where it wants to go (Denis, Lamothe and Langley, 2001). Thus, the survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002).

1.1.2 Competitive Environment

A firm's competitive environment comprises of the following set of factors; threat of new entrants, suppliers, buyers, product substitutes and the intensity of rivalry among competitors that directly influences a firm and its competitive actions and responses. In total, the interactions among these five factors determine an industry's profit potential. The challenge is to locate a position within an industry where a firm can favorably influence those factors or where it can successfully defend against their influence. The greater a firm's capacity to favorably influence its industry environment, the greater is the likelihood that the firm will earn above-average returns.

External pressures resulting from public opinion, regulations, the green movement and financial enterprises, and internal drivers related to a change in employees' awareness, have led companies to consider the environment in strategic management (Lowes et. al., 1994).

Academics and practitioners have attempted to improve understanding of firms' environmental strategies by characterizing their environmental actions. The major interest of the past studies was how to describe and predict a trend and change in corporate environmental management and strategy.

Environment has been characterized as complex, dynamic, multi-facet and having far-reaching impact (Kazmi, 2002). As a result, of these characteristics, the environment is composed of various factors, events, conditions and influence, which interact with each other to create an entirely new set of influences leading to constant environmental change in its shape and character. A fundamental change is occurring in the world economy whereby the world economies are witnessing the forces of globalization and liberalization of trade. The phenomenon of globalization, according to Hammond and Grosse (2003) refers to "the fact that people around the world are becoming more and more knowledgeable about each other," this is expected to increasingly affect the real estate sector.

The emergence of environmental influences and their effect on firm strategy has gained tremendous traction in the management literature in recent years (Pearce and Robinson, 2005, Johnson and Scholes, 2001). Fuelled by societal concerns over global warming, globalization, poverty, ecosystem destruction, and social degradation, environmental pressures have gained substantial attention in strategic management classrooms, corporate boardrooms and academic journals (Pearce and Robinson, 2005 and Kazmi, 2002).

The general environment is composed of elements in the broader society that influence an industry and the firms within it. These elements can be grouped into six environmental segments: demographic, economic, political/legal, sociocultural, technological, and global. Firms cannot directly control the general environment's segments and elements. Accordingly, successful companies gather the types and amounts of data and information that are required to understand each segment and its implications so that appropriate strategies can be selected and used.

Porter (1980 and 1985) argues that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition which is among the strategic responses that a firm can adopt. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 1980).

Bharadwaj, Varadarajan and Fahy (1993) argue that competitive methods consist of skills and resources that are available for use by firms in a competitive industry. They define superior skills in terms of staff capability, systems, or marketing practical understanding not possessed by a competitor.

The competitive environment is largely uncontrollable and very wide in scope. This is significant to an organization because changes brought by the external environment are uncontrollable and require to be responded to otherwise the organization will experience a strategic misfit and success will be difficult. The success of every organization is therefore determined by its responsiveness to the environment. To be able to retain competitive advantage, organizations need to examine their environment both external and internal and respond accordingly (Porter, 1985)

Strategic responses can be seen as the matching of activities of an organisation to the environment in which it operates. When firms are faced with unfamiliar changes they should revise their strategies to match the turbulence (Ansoff and MC Donnel, 1990). Strategic responses affect the long-term direction of an organisation and require commitments and resources both human and financial. According to Pearce and Robinson (1991) strategic responses is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objective. It is thus a reaction to what is happening in the environment of the organisation.

1.1.3 Funeral Service Industry

Funeral management business involves organizing burial ceremonies through the provision of equipment including the coffin, hearse service, coffin lowering gears, public address system, video camera, tents and seats. Players in the funeral management business also provide etiquette; semi formal clothing such as suits and ties for men or dresses for women/bereaved while consumer products provided include the casket, flowers, obituary notes and mourner transport service (Whittaker, 2005).

Over the past decade, particularly the previous few years, organization of funerals across Kenya has changed steadily into an industry. Funerals have been noted as immense social occasions that most often involve entire communities. Fueled by a changing perception towards death, rising mortality and competition, funeral management services are flourishing. Hearse companies, coffin makers and private companies have given death a new face, changing funeral from the traditional view. According to industry sources, Thiga (2000) there are about 200 independent players currently, which is almost five times the number in the year 2000 and industry has an estimated annual turnover of Shilling 5 billion. Hearse service providers account for the highest number players in this business.

Apart from public funeral providers, some of the key private players in funeral service are Umash Funeral Services Limited (UFSL), Lee and Montezuma. These three provide private mortuary services in Nairobi and also run hearses. They are situated only metres away from one another, off Mbagathi road. The three mortuaries also have several body viewing rooms, modern storage systems and coffin showrooms. The company has three categories of storage: middle class, VIP and executive. The three firms that provide private mortuary services in Nairobi namely Lee, UFSL and Montezuma Monalisa Funeral Services also run hearses.

1.1.3.1 Umash Funeral Services Company Limited

Umash Funeral Services Company Limited (UFSL) began business in 1984 as general carpentry workshop along Rabai road in Nairobi. The company ventured into casket making business in 1987 and in 2004 diversified into a fully fledged funeral services company at its current location off Mbagathi road in Nairobi (UFSL, 2009).

The vision of the company is to be the leading funeral directing company countrywide ultimately to be the growth of funeral business as an organisation and be accepted by the society. The funeral management company offers services such as body presentation, repatriation, hearse service, postmortem and chapel services. Their packages also include body storage and preservation. The opulence displayed at their premises is a clear pointer to the changing fortunes in this business (UFSL, 2009).

1.2 Statement of the Problem

Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming future environment. Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1998) views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy

Ansoff and McDonnell (1990) asserts that the management system used by a firm is a determining component of the firm's responsiveness to environmental changes because it determines the way that management perceives the environment, diagnosis their impact on the firm, decides what to do and implements the decision

With the increasing competition that companies are facing today, rewards will accrue to those who can read precisely what consumers want by continuously scanning the environment and delivering the greatest value to customers with the view that as the operating environment changes, a more pronounced transformation of the business landscape lies ahead (Ansoff, 1990). Therefore, strategy is vital to the adaptation of the changing business environment. According to the Mose (2007) implementation of structural adjustment programme and subsequent market liberalization opened the Kenyan market, leaving businesses at the mercy of market forces.

As a result, businesses faced increased competition and registered low profits and even losses. This could probably be attributed to lack of strategic responses practices. Various researchers have studied the state of industries in Kenya in relation to changed economic conditions particularly after liberalization. They found that the changed environment has affected business practices and made firms more proactive and competitive. To survive in such an environment, the firm has to adopt strategic responses and come up with competitive strategies for dealing with the environment (Mugambi, 2003).

Strategic management in service industies demands that companies should have effective systems in place to counter unpredictable events that can sustain their operations and minimize the risks involved (Porter, 1985). Though environmental challenges pose a major problem to the individual service industry, scanty research has been done on the funeral service industry which further exacerbates the problem for individual firms in the industry as they don't know the way forward when faced by environmental challenges for lack of academic justification on the strategic responses that they should adopt to such challenges. Therefore, venturing in this area gives hope that, areas of interest for further research can be identified and further understanding of the concept of strategic responses particularly in the funeral service industry in Kenya will be enhanced.

In Kenya, previous studies have dwelt very much on service industry while no study has been done in funeral service sector. Mugambi (2003) proposed that companies should be more involved in strategic marketing and especially as they operate in competitive and turbulent environments. Similar studies such as Kombo (1997) on motor vehicle franchise-holders, Muturi (2000) and Mwangi (2007) on the East African Breweries Ltd and Thiga (2000) on the airline companies confirm that firms respond differently to environmental challenges. Other studies that have been done on strategic responses are Munyoki (2007), Atheru (2007), Githii (2007) and Were (2007). Therefore, this study seeks to add on to the existing literature by looking at the funeral services industry. The study specifically purposes to investigate and document the strategic responses adopted by UFSL to the competitive environment. The study will achieve this by answering questions on the environmental challenges that UFSL services faces and what strategic responses it has undertaken to deal with these challenges.

1.3 Objectives of the study

The study sought to achieve the following objectives:

i) To establish the environmental challenges facing the UFSL

ii) To identify and document the strategic responses adopted by UFSL to these challenges.

1.3.1 Research Questions

The study sought to answer the following research questions:

i) What are the environmental challenges that face UFSL?

ii) What strategic responses has UFSL adopted to deal with the challenges in its environment?

1.4 Importance of the Study

This study provided insights into strategy and further provided a framework for responding to environmental challenges.

The study is invaluable to the government as it might find it useful in getting an insight on how to formulate policies that govern the creation of a competitive, sustainable funeral management industry in the country.

Scholars might find the study useful as it will act as a foundation for further knowledge as they seek to improve and develop a better understanding of strategic responses by local organizations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter presents various studies that have been done on strategic responses to competitive environment and develops the theoretical framework on how firms respondent to such environmental challenges. The chapter begins by looking at the theories advanced on strategic responses, then competitive strategy and goes further to state various levels of responses.

2.2 Strategic Responses

Strategic responses refer to the machinery of the resources and activities that an organization undertakes in reaction to the environmental changes in which it operates (Johnson and Scholes, 2002). According to Ansoff (1990) and Pearce and Robinson (2005), it is through strategic responses that a firm is able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness and secondly, by use of real time response through issue management and thirdly, systematic management of resistance to strategic implementation.

The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005). The days when firms could simply wait for clients to beat a path to their door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Kotler, 2000).

Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose. Strategy answers the fundamental questions of 'where do we want to go? Where are we now? And how do we get there?' Three areas of a company strategy are important in identifying the responses of a firm to its environmental challenges. These include objective setting, the vision and mission of the company, and competitive strategy formulation where after considerations of the firm's competitive strengths and weaknesses vis-à-vis competition and customer needs, the company establishes a position of competitive advantage (Lowes, Pass and Saunderson, 1994).

Survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002). Strategic responses require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises. Porter (1985) affirms that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant.

2.2.1 Corporate Level Responses

The company's corporate strategy should help in the process of establishing a distinctive competence and competitive advantage at the business level. There is a very important link between corporate-level and business level. According to Johnson and Scholes (2002), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise. This includes issues of geographical coverage, diversity of product/services or business units and how resources are to be allocated between the different parts of the organization. At a general strategic level Ansoff (1990) suggests three reasons why firms diversify. The objectives cannot be achieved by continuing to operate in their existing market.

Porter (1996) in his contribution to the Harvard Business Review states that as the world changes, evolution takes its toll. The business most vulnerable to the march of events those concentrated in single, non-evolving (or only slowing evolving technologies, in single product categories, in industries characterized by large aggregates of fixed and inflexible plans and equipments. Such industries as traditional textiles, cement, paper and certain metalworking sectors would appear to fall into this category and for firms in this sector diversification is an important strategy to be considered. Thus, even business which have by all accounts have been successful in their simple chosen market must recognize in time to take appropriate action that sooner or later their continued expansion and perhaps profitability will be dependant upon moving into new market area.

Thus, even business which have by all accounts have been successful in their simple chosen market must recognize in time to take appropriate action that sooner or later their continued expansion and perhaps profitability will be dependant upon moving into new market area. The most frequent reason for diversification in the part of individual business is the achievement of growth and risk reduction. With regards to growth, any firm that attempts to expand within an industry immediately faces two limitations: The rate of growth of the market its self and reactions of its market competitors. Any business seeking to achieve a growth rate about the aggregate rate of expansion of the market which it is currently confined is implicitly or explicitly envisaging an increase in its market share.

According to Hill and Jones (1999), argue that focus strategy concentrates on serving particular market niche, which can be defined geographically, type of customer or by segment of the product line. It differs from the first two because it is directed towards serving the needs of a limited customer group or a segment. Hence the company is specialized in some way. A focus strategy provides an opportunity for an entrepreneur to find and then exploit the gap in the market by developing an innovate product that a customer cannot do without. The company has enormous opportunity to develop its own niche and compete against low-cost and differentiated enterprises which tend to be larger.

It differs from corporate strategy in that whereas corporate strategy involves decisions about the entire organization, strategic decision under the business units are basically concerned with how customers' or clients' needs can best be met. According to Johnson and Scholes (2002), "Business unit strategy is about how to compete successfully in particular markets". Hill and Jones (1999) states that strategic choice is a process of choosing among the alternatives generated by a Strength, Weaknesses, Opportunities and Threats (SWOT) analysis. The strategic alternatives generated can encompass business level, function level and global strategy. According to Thompson and Strickland (2001), Business-level responses - refers to plans of action the strategy manager adapt for using a company's resources and distinctive competences to gain a competitive advantage over it's rival in the market or industry. Companies therefore pursue a business level strategy to gain a competitive advantage that allows them to out perform rivals and achieve above average returns.

Another level of strategy is at the operating end of the organization, concern with how component part of the organization delivers effectively the corporate and business level strategies in terms of resources, processes and people. Thus operational strategy looks at how corporate/business level strategies can be translated into concrete operational functions and processes in areas like marketing, research and development (R&D), manufacturing, personnel and finances. Strategic management is therefore wide and complementary. Other types of management are like operations management and financial management, which are basically in the operational level of the organization. They focus on the short-term and aim at achieving efficiency in the use of resources and maximizing the returns for the stakeholders in the organization (Hill and Jones, 1999).

According to Johnson and Scholes (2002), operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people. Companies adopt strategies directed at improving, the effectiveness of basic operations within the company, such as production, marketing, materials management, research and development, and human resources. Even though strategies may be focused on a given function, as often as not they embrace two or more functions and require close co-operation among functions to attain companywide efficiency, quality innovation, and customer responsiveness goals.

According to Johnson and Scholes (2002), new flexible manufacturing technologies hold out the promise of allowing small manufacturers to produce at unit costs comparable to those of large assembly line operations. Flexible manufacturing technologies allow the company to produce a wider variety of end products at a unit cost that at one time could be achieved only through the mass production of a standardized output.

According to Hill and Jones (1999), recent research suggest that the adoption of flexible manufacturing technologies may actually increase efficiency and lower unit costs relative to what can be achieved by the mass production of a standardized output, while at the same time enable the company to customize its product offering to a greater extent than was once thought possible. Hill and Jones (1999) state that material management encompasses the activities necessary to get material to a production facility (including the cost of purchasing material inputs), through the production process, and out through a distribution system to the end user. The potential for reducing costs through more efficient materials management is enormous. In the average manufacturing enterprise, the materials and transportation costs account for 50% to 70% of revenue.

Even smaller reduction in these costs can have a substantial impact on profitability. Improving the efficiency of the materials management function typically requires the adoption of just-in-time (JIT) inventory systems. The basic philosophy behind JIT system is to economize inventory holding cost by having materials arrive at a manufacturing plant just in time to enter the production process; and not before. The major cost saving comes from increasing inventory turnover, which reduces inventory holding costs such as warehousing and storage costs (Johnson and Schones, 2002).

Hill and Jones (1999) noted that the role of superior research and development in helping company achieve greater efficiency is two fold; first, the research and development function can boost efficiency by designing products that are easy to manufacture. Research and development function can help a company achieve greater efficiency through pioneering process innovation. A process innovation is an innovation in the way production processes that improves their efficiency. The process innovation has often been a major source of competitive advantage.

Johnson and Scholes (2002) emphasized that employee productivity is one of the key determinant of an enterprise's efficiency and cost structure. The more productive the employees, the lower will be unit cost. However, the challenge for a company's human resources function is to diverse ways to increase employee productivity. It has three main choices: training employees, organizing the work force into self-managing teams, and linking pay to performance. According to Hill and Jones (1999), self-managing teams are relatively recent phenomenon. Few companies used them until the mid 1980's. But since then they have spread rapidly.

With the introduction of flexible manufacturing cells which group workers into teams, the growth has undoubtedly facilitated the spread of self-managing teams among manufacturing enterprises. The typical team comprises five to fifteen employees who produce an entire product or undertakes an entire task. Teams' members learn all team tasks and rotate from job to job. A more flexible work force is one result. Team members can fill in for absent co-workers. Teams also take over managerial duties such as work and vocation scheduling, ordering materials and hiring new members. The greatest responsibility thrust on teams members and empowerment it implies is seen as motivators. Performance bonuses linked to team production and quality targets works as an additional motivator (Johnson and Scholes, 2002).

According to Hill and Jones (1999), people work for money, therefore it is hardly surprising that linking pay to performance can help to increase employee productivity. However, if the issue is not quite so simple as just introducing incentive pay systems; it is also important to define what kind of performance is to be rewarded and how some of the most efficient companies in the world, mindful of that co-operation among employees is necessary to realize productivity gains, do not link pay to individual performance. Instead they link pay to group or team performance. This link creates a strong incentive for individuals to co-operate with each other in pursuing of team goals; hence, it facilitates teams work.

According to Johnson and Scholes (2002), the infrastructure sets the context within which all other values creation activities take place. It therefore follows that the infrastructure can help in achieving efficiency goals. Above all the commitment to efficiency and promote corporation among different functions in pursuit of efficiency goals. Hex and Mali (1996) states that the primary role that various functions must be taken into account in order to achieve superior efficiency, which is not something that can be tackled on a function by function basis, but requires an organization wide commitment and an ability to ensure close co-operation among functions. Top management, by exercising leadership and influencing the infrastructure plays a major role in this process. There are various steps that a company can take to boost the efficiency and thus lower their unit costs. However, much emphasis is on achieving superior quality which plays a major role in achieving superior efficiency.

According to Hex and Mali (1996), organizational structure and administrative systems constitutes managerial infrastructure of a firm. An effective managerial infrastructure is critical for the successful implementation strategies of the firm. Its ultimate objective is the development of corporate value, managerial capability, organizational responsibility and managerial processes to create a self-sustaining set of rules that allows decentralization of activities of the firm. The term organizational architecture is commonly used to designate the design efforts that produce an alignment between the environment, the organizational responses, the culture of the firm and the strategy.

2.2.2 Proactive Strategy

All organizations lend themselves to the external environment, which is highly dynamic and continually posing challenges as well as opportunities. Firms therefore need to develop capabilities to manage threats and exploit emerging opportunities. Pearce and Robison (2000) point out that this calls for a proactive approach to business and the formulation of strategies that constantly match capabilities to the environment. The environment in an industry has great influence on the growth, survival and profitability of firms. According to Ohmae (1992), to survive and prosper in an industry, a firm must meet two criteria; first, it must supply what customers want and second, it must survive the competition. Porter (1979) is of the view that it is very necessary for firms to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies and respond to competitive forces.

Firms are environment dependent in that they obtain inputs such as capital, raw materials and human resources from it and discharge their outputs in form of products and services into the environment. External factors influence a firm's choice of direction and action. The external environment comprises all conditions that effect a firm's strategic options but are typically beyond its control (Pearce and Robison, 2000). Changes in environmental conditions shape a firm's opportunities and challenges. A new environment necessitates the formulation of new strategy best suited to cope with change. According to Ansoff (1988) turbulent environments are characterized by unfamiliar rapid and unpredictable events.

2.2.3 Organizational Strategic Responses

Strategic responses implies that the entity as the ability to change according to its needs. Flexibility is the ability to adapt, in a reversible manner, to an existing situation, as opposed to evolution, which is irreversible. This notion reflects the ability to stay operational in changing conditions, whether those conditions are predictable or not, or completely different from conditions known in advance. This adaptability is required from firms that, for economic reasons, are currently turning to efficient techniques of organization and management of the zero stock, just-in-time and tight-flow type which can make them fragile. Strategic responses are crucial in hypercompetitive environments because, the established paradigms of sustainability of competitive advantage and stability of organizational form have limited applicability.

Strategy researchers have emphasized stability in a firm's pattern of resource commitments (Ghemawat, 1991). Through resource commitments, firms erect entry barriers, mobility barriers (Caves and Porter, 1977), and isolating mechanisms (Lippmann and Rumelt, 1982) that protect their competitive advantages. Although such patterns of resource commitments provide a firm with competitive advantage, they can also become impediments to strategic reorientations (Dierickx and Cool, 1989).

In order to develop strong strategic responses capabilities a firm needs to have the three types of flexibilities, market flexibility, production flexibility and competitive flexibility (Yip, 1989). Market flexibility deals with organisations, ability to have a high global market share, ability to sell its major products in a large number of international and geographic markets, and have a strong presence in those markets that are the home bases of global competitors. For most organisations, production flexibility arises from spreading its value creation activities in those markets where it has a major market share.

An organisation can shift production from one base to another, in order to take advantage of the foreign exchange rate fluctuations and access the best factors of production (Porter, 1990). Similarly, the competitive flexibility of an organisation arises from its ability to coordinate its global competitive moves. This helps the organisation to have a large number of competitive points and a bigger strategic space to build appropriate offensive and defensive moves that may often include counter-parry, cross-subsidization and sequential competitive entries.

Aosa (1992) noted that the action of competitors have a direct impact on a firm's strategy. He further stated that strategy will only make sense if the markets to which it relates are known; and pointed out that the nature of the industry in which the company operates needs to be understood. The structure of an industry and trend in that industry will help the current and future attractiveness of that industry.

In the 1990's, many companies have acknowledged the critical importance of being customer oriented, customers pay attention to after sales services, and responsiveness of employers (Kotler, 1997). While both restructuring and re-engineering are legitimate and important tasks, they have to be focused on building tomorrow's industry (Hamael and Prahalad, 1989). According to Aarker (1989), long-term success involves creating, managing and exploiting assets and skills that competitors find difficult to match or counter. This involves three steps; the first step is identification of relevant skills and assets by observing successful and unsuccessful firms, key customer motivations, large value added items and mobility barriers. The second step is selection of those skills and assets that will provide an advantage over competitors, will be relevant and appropriate for the future, and will be feasible, sustainable and appropriate for the future and thirdly is developing and maintaining skills and assets of competitors. He further observed that there are three basic ways to compete, namely, on the basis of delivery, quality and price.

Porter (1980) noted that competitive advantage is the ability of the firm to out perform rivals on the primary performance goal profitability. Hines (1996) also argues that there is essence of business to create competitive advantage that comes in a number of ways such as low-cost production or market differentiation. Collies et al (1998) identified three elements that collectively lead to competitive advantage that creates value and they have called these elements the corporate strategic triangle: resource (company assets, skills and capabilities). Strategic business units and other key segment of the society: structure, systems and processes. They argue that these three sides of vision, goal and objectives to produce competitive advantage that could lead to value creation. Bennet (1983), also emphasizes the importance of improving a company's image and points out that the first step in doing this is finding out where you are currently; which can be done by determining the target audience, especially the employees.

Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviors to assure success in transforming future environment. Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1998) views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy

Pearce and Robinson (2000) says that there is need to adopt new strategies that match the challenges from the environment. Reengineering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's. Ansoff and McDonnell (1990) asserts that the management system used by a firm is a determining component of the firm's responsiveness to environment changes because it determines the way that management perceives the environment, diagnosis their impact on the firm, decides what to do and implements the decisions.

Burnes (1998) the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strength for a sustainable competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm.

Global trends have had adverse effect on many sectors, the insurance sector included. Every organization has to develop strategies that will enable it fit within the environment it operates in. this is necessary because the environment is dynamic, multi-faceted and complex; as a result of which organizations have to plan how to respond to the challenges posed by it. An organization can either plan on how to cope with the many changes brought about by the environment or handle them as they emerge.

2.2.4 Adaptability Responses

Strategic responses imply that the entity has the ability to change according to its needs. Flexibility is the ability to adapt, in a reversible manner, to an existing situation, as opposed to evolution, which is irreversible. This notion reflects the ability to stay operational in changing conditions, whether those conditions are predictable or not, or completely different from conditions known in advance. This adaptability is required from firms that, for economic reasons, are currently turning to efficient techniques of organization and management of the zero stock, just in time and tight-flow type, which can make them fragile. Strategic responses are crucial in hypercompetitive environments because, the established paradigms of sustainability of competitive advantage and stability of organizational form have limited applicability.

Strategy researchers have emphasized stability in a firm's pattern of resource commitments (Ghemawat, 1991). Through resource commitments, firms erect entry barriers, mobility barriers, and isolating mechanisms (Lowes et. al., 1994) that protect their competitive advantages. Although such patterns of resource commitments provide a firm with competitive advantage, they can also become impediments to strategic reorientations

In order to develop strong strategic responses capabilities a firm needs to have the three types of flexibilities market flexibility production flexibility and competitive flexibility (Yip, 1989). Market flexibility deals with organisations, ability to have a high global market share, ability to sell its major products in a large number of international and geographic markets, and have a strong presence in those markets that are the home bases of global competitors. For most organisations, production flexibility arises from spreading its value creation activities in those markets where it has a major market share.

An organisation can shift production from one base to another, in order to take advantage of the foreign exchange rate fluctuations and access the best factors of production (Porter, 1990). Similarly, the competitive flexibility of an organisation arises from its ability to coordinate its global competitive moves. This helps the organisation to have a large number of competitive points and a bigger strategic space to build appropriate offensive and defensive moves that may often include counter-parry, cross-subsidization and sequential competitive entries.

Aosa (1992) noted that the action of competitors have a direct impact on a firm's strategy. He further stated that strategy will only make sense if the markets to which it relates are known; and pointed out that the nature of the industry in which the company operates needs to be understood. The structure of an industry and trend in that industry will help the current and future attractiveness of that industry.

2.3 Strategy and the Environment

In order to achieve a competitive advantage, strategy needs to focus on unique activities. Operational effectiveness is necessary but not sufficient for achieving a sustainable competitive advantage (Porter, 1985). Changes in environmental conditions shape a firm's opportunities and challenges. A new environment necessitates the formulation of new strategy best suited to cope with change. According to Ansoff (1988) turbulent environments are characterized by unfamiliar rapid and unpredictable events.

The emergence of environmental influences and their effect on firm's strategy has gained tremendous attraction in the management literature in recent years (Pearce and Robinson, 2005 and Johnson and Scholes, 2001). Fueled by societal concerns over global warming, globalization, poverty, ecosystem destruction, and social degradation, environmental pressures have gained substantial attention in strategic management classrooms, corporate boardrooms and academic journals (Pearce and Robinson, 2005 and Kazmi, 2002). While these concerns are global in nature, they manifest themselves differently based on firm context. Environmental concerns are now quite prevalent in developed countries while disease and poverty have remained prominent in developing nations. All in all, most business environments represent substantial environmental forces that impact the development and implementation of strategy. Yet the nature of firm strategic responses to these influences is presently understudied. Moreover, the process by which firms incorporate environmental forces and strategies into market strategies has not yet been examined.

As the external environment changes, organizations find themselves in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt to the new environment for survival and growth. According to Schendel and Hofer (1979), organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce and Robinson (1991) urge that the organization have to respond to the turbulence by crafting new strategies that they define as a large- scale, future –oriented plans for interacting with the environment.

Environment has been characterized as complex, dynamic, multi-facet and having far reaching impact (Kazmi 2002). As a result, of these characteristics, the environment is composed of various factors, events, conditions and influence which interact with each other to create an entirely new set of influences leading to constant environmental change in its shape and character. A fundamental change is occurring in the world economy whereby the world economies are witnessing the forces of globalization and liberalization of trade. The phenomenon of globalization, according to Hammond and Grosse (2003) refers to "the fact that people around the world are becoming more and more knowledgeable about each other," this is expected to increasingly affect the banking sector.

In today's global environment, change rather than stability is the order of the day. Increased trade liberalization reduces country-based trade barriers, thus increasing the opportunity for cross-border entry (Ellis and Williams, 1995). If new entrants have adopted new technologies and/or developed more efficient business operations systems, the competitive intensity will increase pressure of existing industry to internationalize by weakening their competitive position. Virtually, most industries across the globe are currently experiencing increased pressures for globalization, banking industry included. Environmental forces of change are the forces which are increasing pressure for globalization of the banking industry and have led to trade liberalization and opening of the banking market. These forces have also increased the rate at which companies need to alter their strategies and structures in order to survive in the market.

During the last decade, the economic and political environment has changed dramatically. These changes have had a tremendous impact on the global economic outlook (Tersine and Harvey, 1998). Continued globalization, coupled with the technological revolution led by the Internet has changed the way most of the banks operate. These changes have created both enormous opportunities and challenges for global organizations. The change in environment has forced most banks to develop a global strategy based on flexible systems that can adapt to the changing external environment.

Competitive flexibility provides a company with the capability to compete in a global market that has high competitive intensity and demand; technological uncertainty. Competitive intensity is the degree of competition a company faces, that requires firms to take a flexible approach so that they can adapt and improvise to the changing conditions to put their best foot forward (Moorman and Miner, 1998). In highly competitive environments, strategic responses become a valuable asset (Aaker and Mascarenhas, 1984). Often a technological shift or a strategic move by a competitor in a particular market has the potential to change the very basis of competition. Firms that have the flexibility to respond to new competitive behaviors are at a definite advantage; they can easily redeploy critical resources and use the diversity of strategic options available to them to compete effectively.

Similarly, demand uncertainty creates difficulty in assimilating information and devising strategic plans. Managing in uncertain environments requires concerted deployment of resources devoted to the product-market operations and response to demand idiosyncrasies. Competitive flexibility, by definition, emphasizes answering to the unique needs of consumers, business partners, and institutional constituents (Alien and Pantzalis, 1996). Because firms are more likely to face challenging and unique situations in uncertain markets than in stable markets, competitive flexibility becomes a key asset to a company at times of demand uncertainty.

Change in technology stemming from product and process innovations contributes to technological uncertainty. Strategic responses involve capability building to respond quickly to changing market conditions. Such capability building usually involves investing in diverse resources and possessing a wide array of strategic options (Bowman and Hurry, 1993). Because technologically uncertain markets are likely to offer a greater number and range of threats and opportunities for firms to adapt and improvise, we expect competitive flexibility to be of crucial importance in an environment that is characterized by high levels of technological uncertainty.

2.4 Competitive Strategy

Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson and Strickland, 2002). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics: it provides access to a wide variety of markets, it increases perceived customer benefits, and it is hard for competitors to imitate. Porter (1980) outlines there are three approaches to competitive strategy: Striving to is the overall low cost producer, i.e. low cost leadership strategy; seeking to differentiate one's product offering from that of its rivals, i.e. differentiation strategy; and Focus on a narrow portion of the market, i.e. focus or niche strategy.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson and Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialised expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics: It provides access to a wide variety of markets; it increases perceived customer benefits; It is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will, perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for.

Porter (1998) noted that competitive advantage is the ability of the firm to out perform rivals on the primary performance goal profitability. Porter (1985) also argues that there is essence of business to create competitive advantage that comes in a number of ways such as low-cost production or market differentiation. Bennet (1983) identified three elements that collectively lead to competitive advantage that creates value and they have called these elements the corporate strategic triangle: resource (company assets, skills and capabilities). Strategic business units and other key segment of the society: structure, systems and processes. They argue that these three sides of vision, goal and objectives to produce competitive advantage that could lead to value creation. Bennet (1983) also emphasizes the importance of improving a company's image and points out that the first step in doing this is finding out where you are currently; which can be done by determining the target audience, especially the employees.

2.5 Competitive Positioning

A competitive action is defined as a specific and visible initiative taken by a company such as the introduction of a new product or a price reduction in order to improve or defend its competitive position. In the same way, a response is defined as a counteractive, specific and detectable initiative, caused by the initial action, carried out by a company to defend, or improve, its market share (Chen and MacMillan, 1992, Chen et al., 1992 and Porter, 1980). Companies have different characteristics, resources and capabilities, which affect their credibility in the marketplace and, hence, how other companies perceive their actions. Two characteristics of the initiating company that are of special relevance are relative size and position in the marketplace.

According to Chwelos (2001), external pressures, perceived benefits and readiness are significant predictors of intent to gain response strategies by organizations, with external pressures and readiness being considerably more important than perceived benefits. Numerous organizations have adopted strategic responses since market complexity and turbulence have increased drastically in their external environment. For instance, some organizations have chosen the strategy of the so-called international expansion (Zheng, 2002), some have chosen acquisition strategy and strategic alliance (Pan and Hu, 2002), while others have considered stock listing and/or an increase in IT investment.

Burnes (1998) the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strength for a sustainable competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm.

Every organization has to develop strategies that will enable it fit within the environment it operates in. This is necessary because the environment is dynamic, multi-faceted and complex; as a result of which organizations have to plan how to respond to the challenges posed by it. An organization can either plan on how to cope with the many changes brought about by the environment or handle them as they emerge. In view of the foregoing, strategies to be adopted within any industry should reflect and underscore the macroeconomic, social, political events in Kenya as well as the increasing pressure of globalization, liberalization and fair trade practices as advocated by the world trade organization (WTO) and policies within and outside the sector in determining its key elements.

Thus, UFSL is bound to engage the various strategies purported by researchers (in order to realize an effective and efficient service delivery). In order to maintain their market position and market share in the industry. Hill and Jones (2001) states that by planning, an organization is able to identify the problems and plan how to solve them by using appropriate strategies. In the strategic decision making process of organizations, there are three levels of strategy under the strategic responses that is; corporate level strategy, business level strategy and operational level strategy.

2.6 Adaptability Responses to Competition

Strategic responses imply that the entity has the ability to change according to its needs. Flexibility is the ability to adapt, in a reversible manner, to an existing situation, as opposed to evolution, which is irreversible. This notion reflects the ability to stay operational in changing conditions, whether those conditions are predictable or not, or completely different from conditions known in advance. This adaptability is required from firms that, for economic reasons, are currently turning to efficient techniques of organization and management of the zero stock, just in time and tight-flow type, which can make them fragile. Strategic responses are crucial in hypercompetitive environments because, the established paradigms of sustainability of competitive advantage and stability of organizational form have limited applicability.

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2.6.1 Cost Leadership Strategy

The underlying rationale of a cost efficiency strategy is to outperform competitors in the same market segment by lowering prices. This strategy is only possible if the costs are kept as low as possible (Porter, 1985). The very nature of company competition, however, is based on lower costs due to the comparative advantage of lower labor costs in final assembly and as well as in upstream component suppliers. The resource-based theory posits if domestic companies try to compete with low-cost-country competitors on price they have to offset the competitive advantage of local companies, which is only possible if they build upon other resources that substitute for labor, e.g. capital for automation (De Meyer, 1986). But such a substitution is limited to those segments only where product changes are rare and sufficient economies of scales are achievable.

Therefore, a pure cost-reduction strategy alone seems to be of limited effectiveness when overseas suppliers have a substantial cost advantage (Grant, 1989). Nevertheless, studies on foreign competition have consistently shown that import competition negatively affects price-cost margins, thus increasing the pressure on market incumbents to further shed costs.

2.6.2 Relocation Strategy

As an alternative component of the cost leadership strategy, a relocation strategy complements the domestic cost efficiency strategy by shifting activities within the firm to low-cost foreign countries. Through the transfer of parts of the value chain to Low-Cost Companies (LCC), firms benefit from the same comparative cost advantages as their LCC competitors. According to the resource-based theory such a behavior is best described as imitating the competitive advantage of LCC producers by becoming themselves LCC competitors. Additionally, once a market incumbent has achieved competitive advantage over his domestic rivals through the relocation of production to LCCs, other advanced market firms will feel pressure to follow suit; a behavior referred to as oligopolistic parallel behavior (Knickerbocker, 1973).

2.6.3 Product Differentiation Strategies

Product differentiation strategies strive to create unique products that are not easily be matched by other competitors and thereby alleviate cost pressure on the firm (Porter, 1985). Companies in advanced countries can develop resources and competences that are difficult for their LCC rivals to imitate. Increased LCC competition drives increased use Multiple of product differentiation strategies in terms of innovation, speed, and offered services to the customer for a variety of reasons. Availability of the latest technology that is crucial for product innovation is more likely to exist in developed countries than in less-developed countries (Lee and Suh, 1998). Market knowledge allows domestic companies to be more nimble than LCC competitors at least in the early stages of competition. Only the most advanced LCC competitors will typically be able provide the necessary range of supporting services for advanced products (Zou, Fang and Zhao, 2003).

2.6.4 Marketing Differentiation Strategy

Marketing as a differentiation strategy is especially interesting in the context of LCC competition because marketing knowledge is an intangible asset not as easily imitated as physical products. Many LCC competitors operate in their home market in 'less marketized' environments (Davies and Walters, 2004) reducing the opportunity to develop organically distinctive competences. LCC competitors sometimes can compensate for missing marketing knowledge by relying upon large wholesalers and international trading companies (Arpan, de la Torre and Toyne, 1981). However, even in those cases, the development of strong brand identity and customer awareness is a lengthy and costly undertaking. LCC competitors still suffer from the general perception that products from LCCs are inferior to domestic products i.e. the product can be tainted by the reputation of the country of origin (Insch, 2003).

2.6.5 Avoidance Strategies

Following the strategic choice theory, market incumbents can also avoid direct competition with LCCs by switching into market segments that are less affected. Such a move constitutes a defensive strategy which is only possible if similar but more attractive niches exist in the market. Typically those segments are characterized by higher skill and capital intensity (Bernard, Jensen and Schott, 2006). In case of increasing LCC intensity, we expect companies to switch their market segment or industry to avoid LCC competition.

2.6.6 Deterrence Strategies

Another strategy focused on environmental change aims to raise market entry costs. In the case of increasing LCC competition, this may take the form of lobbying for tariffs or quotas, a dramatic build-up of capacity, or aggressive pricing. An entry deterrence strategy built upon aggressive pricing and over-capacity may require companies to forgo short-term profitability in the hopes that they may maintain a long term market presence (Porter, 1985). Alternatively companies may attempt to prevent higher levels of LCC competition by calling for national regulation and protectionism through the government (Schuler, Rehbein and Cramer, 2002).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This research was conducted through a case study. It sought to investigate the strategic responses to the competitive environment adopted by UFSL. Case study had been chosen as it enabled the researcher to have an in-depth understanding of the study. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear. This is advocated by Young (1960) and Kothari (1990) who both acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. It's a method that drills down, rather than cast wide.

3.2 Data Collection

The researcher used an interview guide as primary data collection instrument. The interview guide was designed to give a brief introduction of the environmental changes targeted.The interview guide consisted of open-ended questions aimed at obtaining information on how UFSL responds to environmental challenges. The interview guide was administered through personal interviews with the directors, managers and departmental head of UFSL. Personal interviews are advocated by Parasulaman (1986) as having the potential to yield the highest quality and quantity of data compared to other methods because supplementary information can be collected in the course of the interview.

3.3 Data Analysis

Data collected was purely qualitative and it was analyzed by content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involves observation and detailed description of phenomena that comprise the object of study. The researcher used the data with an aim of presenting the research findings in respect to the adopted strategic responses to the external environment adopted by UFSL.

CHAPTER FOUR: RESEARCH FINDINGS

4.1 Introduction

This chapter presents data findings from the field, its analysis and interpretations there-of. The data findings were on the strategic responses to the competitive environment with the data being collected from the directors and managers of UFSL.

4.2 Environmental Challenges

On changes that have taken place in the last ten years in the business environment which have affected UFSL, the study found that these changes were opening a shade at Buruburu where it specialized in making furniture which sold at very high price due to high quality, after news that UFSL had built a funeral home, a government official offered to help proprietors acquire land along Mbagathi road where it is currently located. According to the interviewees, UFSL faces competition from other funeral services providers like Lona Funeral Services, Montenzuma, Monalisa and Lee-Funeral Home. According to the interviewees, initially Montenzuma had a means of transport while it did not have, along with this, Montenzuma offered cheap though low quality services. The findings further indicated that other challenges were related to Artisans Union accusations that UFSL of using union's image to solicit for donations.

In relation to the question on what challenges that the environmental changes have posed to UFSL, the interviewees reported that there was rivalry and competition, expensive and unreliable transport, lack of finance, lack of experience and qualified assistants which mismatched demands, difficult in displaying caskets and other furniture in the same workshop due negative public perception as well as lack of acceptance both from the government and the community. Another challenge that the company faced ensued from the landlord's, National Council of Churches of Kenya (NCCK), demand for the removal of an advertisement signboard at Buruburu shades hence constraining their outreach efforts.

The study also investigated the features of UFSL competitive environment. According interviewees, these features were; the competitors were just in the neighbourhood and so they could see what company does and imitate very easily, the competitors were offering cheap services though lower quality and further, the competitors were poaching the experienced workers from UFSL and giving them alluring work conditions and a higher pay and therefore the company incurred costs in staff replacements owing costs related to induction and training.

To the question on the effects of government policies on UFSL operations and business as a whole, the interviewees indicated that that these effects were such as high taxation, lack of subsidies for cooling equipment and legal regime to regulate the funeral services industry. The interviewees further confided that the government policies do not favour UFSL. They noted that the facility would have been opened officially by a government minister; however, so far no one has opened it officially because the government seems to lack clear policy on the funeral service industry.

4.3 Strategic Responses

To the question on whether UFSL had responded to the environmental challenges and explanations on the same, the interviewees said that the company had responded to the environmental challenges above. According to the interviewees, the company acquired two vehicles from Dubai so as to ensure that they had enough vehicles to offer hearse transport services enhancing their competitiveness. The company further enhanced its image by improving on services they offered which improved its reputation. UFSL also relocated from Buruburu to Jogoo road after fumes from metal smelters workshop incessantly stained their caskets and attacks from neighboring artisans on malicious grounds. To boost their finances, UFSL undertook lucrative renovation contract at Christian Industrial Training Centres (CITCs) and also carried-out other contract jobs in order to augment their finances.

The researcher also sought to investigate whether there were other challenges that UFSL had not responded to. From the findings, the interviewees intimated that there were other challenges that the company had not responded to. These challenges were such as acquisition of a private cemetery which is an expensive venture and requires National Environmental Management Authority's (NEMA) and the community's approval, funeral home advertising which often arouses negative perception so it tends to be ignored or blocked out by many, the public also stereotypes and are uncomfortable neighboring a funeral home and government policies have not favoured the company in terms of recognition and as a results is subjected to heavy taxation by Kenya Revenue Authority.

To the question on what the company intends to do in future about the challenges that had not been responded to, the interviewees indicated that there are plans to have funeral assurance policy in order to assure the customers of a repose and mitigate against the heavy burial related costs, increasing the number of morgues countrywide by establishing more branches, acquisition of land for the private cemetery and morgues and also improving the quality of the services through value addition.

The interviewees were also asked to give their opinions on whether UFSL strategic responses to competition were adequate and according to the findings; they felt that the responses to competition by company were adequate because, it has been able to cover regions all over Kenya and sometimes Uganda and Tanzania, which, according to them, is a clear indication that the company has been able to respond to competition adequately. UFSL also has a novel idea of a funeral assurance which will range from Kenya Shillings 1200, 2,400 and 5, 200 intended to caution their customers against the hefty burial costs.

As to what UFSL should do to stay competitive, the interviewees suggested that it should retain and improve its standards of services, diversify its range of services offered, charge their customers fairly in order to have competitive advantage over their competitors and also market themselves aggressively in order to gain more popularity in rural areas as well.

To the question on other areas that UFSL should improve in, the interviewees reported that it should increase the number of mortuaries countrywide, appropriate advertisements like e-marketing and change the negative perception by awareness creation campaigns to its neighbors and the public that owing to the inevitability of death, choosing the right funeral home for a loved one or themselves is of immense importance.

The study also sought to establish whether UFSL currently possess the necessary capability to adopt aggressive strategies to match the external environmental challenges. According to the interviewees' assessments, UFSL currently possesses the necessary capability to adopt aggressive strategies to match the external environmental challenges. They substantiated this by saying that, the company has already established itself and can now afford to advertise itself online; has invested in the most modern embalming and other relevant equipment and aligned itself to training institutions for pathologist and forensic medicine. The company also offers services in the whole of Kenya and sometimes in Uganda and Tanzania to mitigate against increased local competition and as diversification of risks.

On the strategies developed by UFSL to deal with competitors, the interviewees said that the company has good reputation from the community, better and quality services, offering a differentiated variety of caskets for sale, comprehensive service packages from embalming, chapel services, coffins and lowering gears, transport to wreaths, qualified and experienced staff and charging fair prices to their customers.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Discussions

From the findings, the following summary, conclusions and recommendations were made based on the objectives of the study. The study sought to determine the competitive environmental challenges facing the UFSL and also to identify the strategic responses adopted by the company to these challenges.

The study found that there were some changes that had taken place at UFSL in the last ten years. Initially they operated a shade at Buruburu where it specialized in making high quality furniture which sold at very high prices before diversifying into casket making, thereafter UFSL acquired land along Mbagathi road where it turned into a fully fledged funeral home offering a broad continuum of funeral related services. The change into a funeral home exposed the company to new form of competition from other funeral services providers such as Lona Funeral Services, Montenzuma and Monalisa and Lee-Funeral Home. For example, the study found that, unlike UFSL, Montenzuma had a means of hearse transport offered cheap though low quality services that customers preferred and Artisans Union accused the company of using union's image to solicit for donations unfairly.

The researcher also found that UFSL faced environmental challenges such as rivalry and competition from other players in the industry such as Lona Funeral Services, Montenzuma and Monalisa and Lee-Funeral Home, expensive and unreliable transport, lack of finance, lack of experience and qualified assistants which mismatched demands, difficult in displaying caskets and other furniture in the same workshop and lack of acceptance both from the government and the community. Other challenges were such as funeral home advertising which often evoked unpleasant thoughts and feelings so it tends to be ignored or blocked out by many, neighbors who felt uncomfortable neighboring a funeral home, poaching of experienced workers by competitors, high taxation, lack of subsidies for cooling equipment and lack recognition and support for private funeral homes by the government.

The study also revealed that there were strategic responses adopted by UFSL to these challenges. These strategic responses were enhancing better services to promote the company's image, undertaking CITC's renovation contract and also other contracts in order to generate more funds. Other strategic responses to environmental challenges were diversification to other regions all over Kenya and sometimes Uganda and Tanzania, which is a clear indication that the company has been able to respond to competition substantially and coming up with a noble idea of providing funeral assurance ranging from Kenya Shillings 1200, 2,400 and 5,200 which is on the roll-out to caution hefty and abrupt funeral related costs.

The study further found that UFSL has further strategically responded to environmental challenges by turning to offering differentiated variety of caskets for sale, comprehensive service packages ranging from embalming, chapel services, coffins and lowering gears, transport to wreaths and charging fair prices to their customers. The company has also engaged in a massive advertisement in print, electronic and online media, invested in the most modern embalming and other relevant equipment and engaged in staff development by aligning itself to training institutions for pathologist and forensic medicine.

5.2 Conclusions

From the study, the researcher concludes that UFSL faced some challenges from external environment and the major challenges included; rivalry and competition from other funeral services providers such as Lona Funeral Services, Montenzuma and Monalisa and Lee-Funeral Home, expensive and unreliable transport, lack of finance, lack of experience and qualified assistants which mismatched demands, poaching of experienced workers by competitors, high taxation, lack of subsidies for cooling equipment and lack of recognition of private funeral service providers by the government which is evidenced by lack of legal framework and regulatory authority on the same.

The study also concludes that UFSL adopted various strategic responses such as enhancing better services which made a good reputation for the company and improved its image, the company also diversified into other regions all over Kenya and at times Uganda and Tanzania, which is a clear indication that the company has been able to respond to competition substantially.

The study further concludes that UFSL, as a strategic response has also turned to offering differentiated variety of caskets for sale, comprehensive service packages ranging from embalming, chapel services, coffins and lowering gears, transport to wreaths and charging fair prices to their customers. The company has engaged in a massive advertisement in print, electronic and online media, invested in the most modern embalming and other relevant equipment and engaged in staff development by aligning itself to training institutions for pathologist and forensic medicine.

5.3 Recommendations

From the research findings, the researcher recommends that in order to remain competitive in the market, UFSL should undertake appropriate, persuasive and sustained advertisement, marketing and campaigns on products and services so as to change the negative perception on industry, increase its market share and customer preference.

The study also recommends that UFSL should further charge their customers fairly in order to gain from repeat business and boost its competitive advantage over their competitors like public morgues that charge low fees. The study also recommends that the company should recruit workers who have the necessary knowledge and competencies in the business to minimize on the induction and training costs. The staff should also be remunerated fairly and have better work condition and terms to ward-off staff poaching by competitors.

The study finally recommends that the company should seek for government support in land acquisition and NEMA's approval for initiation of a private cemetery. This would enable the company to offer a holistic or wrapped-in-one funeral service; from body preservation, embalming, chapel service, coffin, hearse services to interment. With this the UFSL will become a one-stop shop in the funeral service industry.

5.4 Limitations of the Study

Being that this was a case study on one company the data gathered might differ from strategic responses that other companies in the funeral service industry have adopted to match the competitive environment. This is because different companies adopt different strategies that differentiate them from their competitors. The study however, constructed an effective research instrument that sought to elicit general and specific information on the strategic responses that companies adopt to match the competitive environment.

The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on strategic responses to competitive environment. Due to limited finances the study could not be carried out on the other branches of UFSL. The study, however, minimized these by conducting the interview at the company's headquarter since it is where strategies are made and rolled out to other branches that operate on the blue print.

5.5 Recommendations for Further Research

The study recommends that further research should be done on the other companies in the funeral service industry so as to get comprehensive information on how the other players in the industry have responded to the challenges posed by competitive environment.

The study further recommends that further research should be done to evaluate how the indigenous companies have responded to the competitive environment based on what acclaimed scholars have postulated as the best strategic responses framework.

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APPENDIX 1: INTERVIEW GUIDE FOR HEAD OF STRATEGY

Environmental Challenges Facing Umash Funeral Service Limited

1. Please describe the changes that have taken place in the last ten years in the business environment which have affected Umash Funeral Service Limited.

2. What challenges have these changes posed to Umash Funeral Service Limited?

3 What are the features of Umash Funeral Service Limited competitive environment?

4. What are the effects of government policies on Umash Funeral Service Limited operations and business as a whole?

5. Do government policies favour Umash Funeral Service Limited (explain)?

6. Has Umash Funeral Service Limited responded to the above environmental challenges?

5. Explain in details how Umash Funeral Service Limited has responded to the challenges you have mentioned.

7. Are there any other challenges Umash Funeral Service Limited has not responded to and why.

8. What are you intending to do in the future about the challenges that you have not responded to.

9. Do you consider the Umash's strategic responses to competition adequate?

10. What else do you think Umash Funeral Service Limited should do to stay competitive?

11. What areas does Umash Funeral Service Limited need to improve in?

12. In your assessment, does Umash Funeral Service Limited currently possess the necessary capability to adopt aggressive strategies to match the external environmental challenges?

13. Has Umash Funeral Service Limited developed any strategies to deal with competitors?