

**A SURVEY OF STRATEGIC RESPONSES OF FIRMS TO  
ENVIRONMENTAL CHANGES IN KENYA: A CASE STUDY OF  
DOMINION FARM (K) LIMITED.**

**BY**

**OBONYO VITALIS. OCHIENG'**

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER  
OF BUSINESS ADMINISTRATION OF THE UNIVERSITY OF NAIROBI**

**OCTOBER 2010**

## DECLARATION

I declare that, this research project is my own original work and has not been presented for award of any university.

Signed 

Date 15<sup>th</sup> NOVEMBER 2010

Obonyo Vitalis Ochieng'

D61/70555/2008

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

Signature 

Date 22/11/2010

Mr. Alex Jaleha

Lecturer, School of Business

University of Nairobi

## **DEDICATION**

This research project is dedicated to my parents Frederick and Fillister Obonyo who inspired and educated me to this level.

To my family Lilliane and Basil Hawi.

## **ACKNOWLEDGEMENT**

I first acknowledge and thank my able supervisor Mr. Jaleha Alex for his patience, professional direction, guidance and supervision during the entire period of this study.

Many thanks to Trevolink Computers and Ojiem A. for their valuable assistance in formatting and printing the research work.

I also thank the contribution of the various respondents to my questionnaires.

Last but not least, the University of Nairobi management for the provision of library facilities for my research project.

<b>TABLE OF CONTENTS</b>	<b>Page No.</b>
Title page .....	i
Declaration.....	ii
Dedication .....	iii
Acknowledgement .....	iv
Table of contents.....	v
List of abbreviations.....	vii
List of tables and figures.....	viii
Abstract .....	.ix
<b>CHAPTER ONE INTRODUCTION.....</b>	<b>1</b>
1.1 Background to the study .....	1
1.1.1 Strategic response .....	2
1.1.2 External environment.....	4
1.1.3 Dominion farm Kenya limited. ....	5
1.2 Statement of the problem.....	8
1.3 Research objectives.....	11
1.4 Significance of the study .....	11
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>13</b>
2.1 The concept of strategy .....	13
2.2 Environmental challenges to organization .....	15
2.3 Organizational responses to environmental challenges.....	18

2.3.1 Response strategies .....	19
2.4 Restructuring strategy .....	20
2.5. Information technology factors.....	20
2.6 Organizational cultural change .....	21
2.7 Integration strategy. ....	21
2.8 Defensive strategy .....	22
<b>CHAPTER THREE: METHODOLOGY.....</b>	<b>24</b>
3.1 Research design.....	24
3.2 Data collection .....	24
3.3 Data analysis .....	25
<b>CHAPTER FOUR:</b>	
<b>DATA ANALYSIS AND PRESENTATION OF FINDINGS.....</b>	<b>26</b>
4.1 Introduction .....	26
4.2 General Information on the respondents.....	26
4.3 Factors influencing DFL’s responses to environmental changes .....	28
4.3.1 Environmental changes that have affected operations of DFL .....	28
4.3.2 Challenges posed by changes at Dominion farm .....	29
4.4 Strategic responses applied by DFL to changes in environment .....	31
4.4.1 Responses of DFL to changes in environment .....	31
4.4.2 Changes the DFL never responded to .....	33
4.4.3 Reason for non response to change .....	33

**CHAPTER FIVE:**

<b>SUMMARY, CONCLUSION AND RECOMMENDATIONS.....</b>	<b>34</b>
5.1 Summary .....	34
5.2 Conclusions .....	35
5.2.1 Factors influencing DFL’s responses to environmental changes .....	35
5.2.2 Strategic responses of DFL to changes in environment .....	35
5.3 Recommendations .....	36
5.4 Limitation of the study .....	37
5.5 Suggestions for future research .....	38
<b>References .....</b>	<b>39</b>
<b>Appendix 1.....</b>	<b>44</b>
<b>Appendix 2.....</b>	<b>45</b>

## **LIST OF ABBREVIATIONS.**

COMESA: Common Market of East and Southern Africa.

DFL: Dominion Farm Limited

EAC: East Africa Community.

LBDC: Lake Basin Development Authority

KAPP: Kenya Agricultural Productivity Project

KARI: Kenya Agricultural Research Institute.

KCB: Kenya Commercial Bank

KENGEN: Kenya electricity generating company.

KEPHIS: Kenya Plant Health Service.

NEMA: National Environmental Management Authority.

NGO: Non governmental Organization

PESTEL: Political, Environmental, Technological, Economical and Legal.

SCC: Siaya County Council



## LIST OF TABLES

Table 4.1:	Respondent's roles .....	27
------------	--------------------------	----

## LIST OF FIGURES

Fig 1.1	The management team of Dominion Farm Limited.....	7
Fig 2.1:	The link between an organization and its environment.....	18
Fig 4.1	Number of years served in position .....	27

## ABSTRACT

The objective of the study was to determine the factors that influence the Dominion farm Kenya limited to environmental changes, and to determine the strategic responses to the changes in the environment. As a way of meeting the objectives, the author used a descriptive research design comprising a case study of Dominion farm Kenya limited. The population of the study comprised of senior management staff of Dominion farm Kenya limited. The study concentrated on the senior management since strategic management is a concern of the top brass management. Primary data was collected using semi-structured questionnaires. The questionnaires were dropped and picked up later. Once the pertinent data were collected the researcher carried out analysis of the same using content analysis. Where applicable presentations were done in graph and table form.

The study established that there are environmental factors that influence the Dominion farm limited's responses to environmental changes, these factors includes but are not limited to political factors reported by 100% of the respondents, where politicians incite the locals to protest against the firm operating in the region and demanding favor from the management, economic factors that impacts on the investment in the firm, reported by 75% of respondents, sociological factors where the attitude of the community and their level of education denies the firm the much needed skilled manpower to work in the firm that has advanced machinery and technology reported by 100% of respondents. Ecological factors impacting on the firm like rains in the farm that was initially a swamp makes the field difficult to operate with machines, the region is also infested with

venomous snakes that are reported to have attacked workers and locals was reported by 50% of respondents. Other factors include legal factors like the enactment of the EAC legislation and the establishment of COMESA that has seen competition in the market widening to include other East African Countries.

The study shows that DFL has responded by 25% of respondent to the changes in the environment in a number of ways. The firm has liaised with government agencies like NEMA, KARI and KAPP to arbitrate in cases where the firm is accused of malpractice as reported by 100% of respondents. All the respondents reported that the firm has introduced training for the local community on better agricultural practice, and trying to improve their livelihood in various ways so as to create a rapport with the community. The human resource department has resorted to training of the manpower so as they can handle and operate the machinery and technology that the firm employs. The administration department has been mandated to make the firm in Kenya self reliant so as to reduce dependency on the investment of the proprietor's investments in the western economy to minimize the economic factors that affect the firm.

The study recommends that DFL should improve its publicity within and outside the country to make its products known so as to capture a bigger market and improve on its return on investment. The study further recommends that the Dominion farm limited should seek to address clearly the social concern of the community where it is located to solve the grievances of the community so as to have a peaceful coexistence. The study recommends that DFL should improve in its training of the local community so as to have them engaged in activities that will sustain their livelihood and replace their

dependency on the wetland for economic gain. Lastly the study recommends that the DFL should work to ways of opening up the firm to partnership with government agencies like LBDC and incorporate them in their activities and investment rather than working out as purely privately owned firm.

# CHAPTER 1

## INTRODUCTION

### 1.1 Background to the study.

The concept strategy has had various descriptions, however, it is a concept borrowed from the military and applied in the business world (Liddle, 1967). In military, strategy is the art of deployment of troop in a battle field before engaging the enemy. By eliminating the word military, the term strategy finds its place in business. A strategy is a pattern or plan that integrates an organization's major goal, policies, and action sequence into cohesive whole (Quinn, 1980).

Strategy refers to a complex web of thought, ideas, insights, experiences and expectations that provides guidance for specific action in pursuit of particular ends. It is thus a general framework that provides guidance for actions to be taken and is shaped by the action taken. Strategic fit recognizes that organizations are not independent, self-sufficient entities existing in a vacuum (Jennings, 2004). They are subsets of society, reflecting the cultural norms of the communities in which they operate.

In dynamic environment, Jennings (2004) suggests that the strategy should be novel, based upon the creativity of decision makers. Strategic adaptation is now a much more creative process recognizing that reactive flexibility is a necessary, but not sufficient condition, only those organizations with visionary leadership able to both conceive and enact strategic fit will be able to survive.

Strategy is the highest level of managerial activity, usually performed by the company's CEO and executive team. It provides overall direction to the whole enterprise. The strategy applied by an organization must be appropriate for its resources, circumstances and objective (Johnson and Scholes, 1999). The process involves matching the company's strategic advantages to the business environment the organization faces. One objectives of an overall corporate strategy is to put the organization into a position to carry out its mission effectively and efficiently. A good corporate strategy should integrate an organization's goal, policies, and action sequences (tactics) into a cohesive whole.

Management need to devise a strategy for each type of environment with a different degree of aggressiveness, where aggressiveness is defined as the degree of discontinuity between each succeeding generation of products, technologies and marketing concepts (Ansoff and McDonnell, 1990). Environments are fixed but change their position, influence, texture and so on (Jennings, 2004). Organization response can only occur when there is a shared mental model of impact of the environment upon the organization.

### **1.1.1 Strategic Response.**

The organizations seek to serve the diverse needs of a community in which they exist. The main concern of an organization is the continued existence over time. However, this continual existence is not certain, and so the organizations must work for this.

Organization environment consist of all the conditions and forces that affect its strategy options and defines its competitive situation (Pearce and Robinson, 2005). The uncertainty of the environment in which an organization operates has in no doubt impact

to the organization. This calls for the organization to respond to the environmental changes to remain stable and successful. To be able to build a competitive advantage, organization need to examine their environment both external and internal and respond accordingly (Porter, 1985). For organizations to remain truly competitive over time as environment changes, Pearce and Robinson (2005) noted that companies need to cope with competition by redefining their marketing strategies. Aosa (1982) noted that industries have to respond to customers demand by becoming more innovative in their ways of approaching changed environment. They adopt strategies such as credit facilities, post-paid card and other improved services for the customers.

For an organization to remain truly competitive over time as the environment changes, Schneider and Meyer (1991) argues that it has to learn, adapt and reorient itself to the changing environment. Schneider and Meyer (1991) argues that this process must be deliberate and coordinated, leading to gradual or radical system realignments between the environment and a firm's strategic orientation that results in improvement in performance and effectiveness. This process is referred to as integrated strategic change. Strategy helps an organization to cope with change by designing appropriate strategic responses (Pearce and Robinson, 2005). Successful organizations must continually scan their environment in order to identify future economic, competitive, technological and political discontinuities, which could affect its operations (Ansoff and McDonnell, 1990). In every industry, successful organizations continuously reassess competitive factors which will bring future success. Whenever historical strategies do not match the future success factors, the firm develops new strategies or leaves the industry.

Since the early 1990's when the government outlined policies on liberalization, the Kenyan economic environment has undergone drastic changes and which has affected most sectors of the economy. These challenges include privatization and commercialization of the public sector, increased competition, and liberalized economy, accelerated implementation of reforms by the government as well as rapid technological advancement. Faced with these challenges in the ever changing environment, organizations have to realign their activities and internal structures so as to reflect the new external realities. The choice of strategy must be right and be revised from time to time in order to ensure that the response is effective.

Strategic responses are a set of decisions and actions that results in the formulation and implementation of plans designed to achieve a firms objectives (Pearce and Robinson, 2005). Strategic response is thus a reaction that an organization applies to its environment. When an organization is faced with unfamiliar change, it should revise its strategies to match the change. The revised strategy should aim at reducing the effect the change poses or eliminating it completely.

### **1.1.2. External environment.**

External environment of a firm are the conditions and forces that define its strategic options and its competitive situation. External environment consist of three interactive segments which are remote, industry and operating environment. The remote environment consists of factors that are beyond the firm's control which includes economic, social, political, technological and ecological (Pearce and Robinson, 2007). These factors provide an organization with opportunities, threat and constraints.



Operating environment consists of factors that give an organization success through positioning, composition of its customers, its reputation and where to attract its best employees.

The environment where organization operates in is constantly changing with different factors influencing the organization. The general business environment is ever becoming more volatile, unpredictable and very competitive (Whittington, 1989). All these changes in the external environment affecting the firm are in varying degrees. Firms have however developed strategies to counter react the impact of the external environment forces. However, they are faced by even more challenges when responding to these forces. These includes high cost of maintaining quality services, cost of maintaining skilled labor, increased competition, government policies and regulation, inflation rates among others (Mwendwa, 2008).

External environment is a prime influencer of strategy change and managers must systematically analyze and diagnose it so as to have time to anticipate opportunities and to plan to take optional responses to the opportunities. It also helps strategists to develop an early warning system to prevent threats or develop strategies which can turn a threat to the firm's advantage (Jauch and Glueck, 1988).

### **1.1.3 Dominion Farm Kenya Limited.**

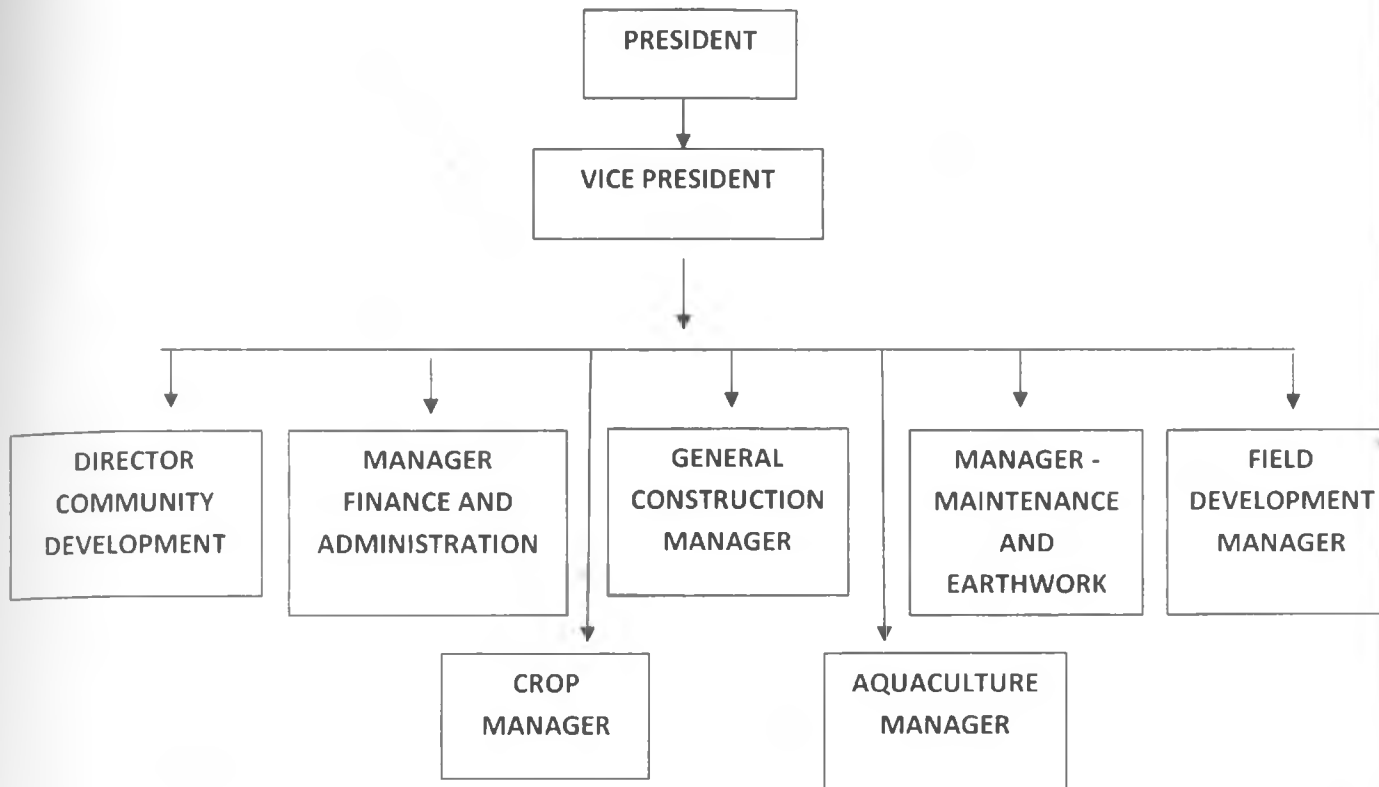
Dominion Farms Limited in Kenya is located in Nyanza province, Siaya and Bondo districts at the Delta of River Yala. This project was started by the Kenya Government some times back through the involvement of the Lake Basin Development Authority (LBDA) which undertook the building of the dykes around the swamp to control water

flow and to cultivate agricultural produce from the land. Yala swamp is the flagged plain of river Yala, it covers a total of 17,500 ha divided into three areas. The total area coverage by the swamp is approximately 21,755 ha inclusive of the free water surface of Lake Kanyaboli, Namboyo and Sare. Yala swamp, the largest fresh water wetland in Kenya supports a large biodiversity and is source of livelihoods to communities around it.

The farm has rice plantation under irrigation on a 260 acre land, and seeks to produce 90,000 tons of rice annually. The farm has been registered for rice production and processing by the Kenya Plant Health Service (KEPHIS) as a seed merchant. Dominion farm has in its list of activities introduced aquaculture this entails fish farming within the farm and has proposed an establishment of a fish processing and storage plant. The fish produced in DFL is estimated as 10 million kilograms annually and 80% of it is sold in the European market and only 20% sold locally (Dominion farm website, 2010).

The Dominion group of companies is the informal identity of a number of companies founded and owned by Calvin Burgess of Edmond, Oklahoma, USA. These companies provide a diverse range of services which include: - Construction and agricultural produce. The company has signed 45 Year contract agreements in the year 2001 with Bondo and Siaya county councils, the owners of the land. The firm has over 1000 skilled and semi-skilled workers ([www.business-humanrights.org/ToolGuidance/](http://www.business-humanrights.org/ToolGuidance/)). The management team of Dominion farm limited is outlined in figure 1.1 below.

**Figure 1.1: The management team of Dominion Farm Limited.**



Source; Dominion Farm Limited website, 2010. ([www.dominion-farms.com/principals.html](http://www.dominion-farms.com/principals.html)).

The president is the chief executive officer of the farm who oversees the day - to - day farm management and administrative activities. For effective running of the activities in the farm, there are seven managers who oversee the affairs of their respective departments.

The DFL operations have over the years been affected by a hostile environment both from the locals of Kadenge sub-location and politicians both within and outside Nyanza region. The locals complain that the land they were using for their local farming has been taken by Dominion farm after it expanded its land from what was initially allocated to

them (2,300 hectares), pollution of water they use for domestic purposes and livestock due to use of fertilizer in the farm, blocking major roads that were used in the locality and under employing or not employing them at all in the farm. Local politicians on their sides have been seeking favors from the farm in order to protect the farm management from the hostilities of the community, while other politicians and activists have been pressuring for the closure of the farm's operation on the allegation that the farm has a lot of negative effect environmentally.

The management of DFL has on several occasions threatened to close its operations and relocate to a neighboring country due to the immense pressure, threat and hostilities it has faced from the locals, activists and politicians (Daily Nation, March 13<sup>th</sup> 2008). The management still operates in the same location after various interventions made by key politicians who support the project in the region.

## **1.2 Statement of the problem.**

DFL like any other organizations work in a very dynamic environment with a lot of challenges to its operations. It has to employ strategies to match the challenges in the environment. The appropriate strategy is necessary in order to remain competitive and sustainable (Adoyo, 2005). Burnes (2000) argues that changes are an ever – present future of organizational life and its pace and magnitude has increased significantly over the recent years.

Resource based theory postulates that competitive advantage of a firm is based on its internal resources and competencies. A firm that wants to remain competitive must be able then to keep its internal strategy to be in-line with the ever-changing external

environment. It is in view of this that the study aims at exploring the strategic response undertaken by DFL to changes in environmental changes. Whereas several studies have been conducted on strategic responses to external environment, none had been carried out exclusively on DFL. Rumba (2008) found out that the mobile phone companies responded to changes in environment by lowering the rates of call in strategic call group tariffs, adding new features to their products and enhancing customer service. Mbogo (2007) revealed that the City Council of Nairobi has responded to the changes in the environment by restructuring and reorganizing its committees and departments. The council has also decentralized its services to the division of ward levels by creating management and administrative structures at these levels. Tourist hotels responded to changes in the environment by using restrictive, selective shrinking marketing and cost management (Mugambi, 2003).

Ngaluma (2008) found that Kenya electricity generating company (Kengen) responded to environmental changes by venturing into other possible economical sources of electricity. Kiptugen (2003) found out that, as a result of the economy's progressive decline and liberalization, legislative changes and technological advances, Kenya Commercial Bank (KCB) limited has responded by restructuring its operations through closure of branches, disposal of non core assets, development of new marketing strategies, acquisition of flexible information technology system to provide better quality customer service and cultural change. Mwarania (2003) established that as a result of the phasing out of the mandatory cessions which had hitherto guaranteed business, Kenya Reinsurance corporation limited responded by engaging in an aggressive local and

international marketing program, organizational restructuring, investments in real estate and information technology.

Other studies that have been done on strategic responses of organizations to environmental changes include studies by Abdullahi (2000), Warucu (2001), and Kandie (2001). These studies established that organizations have to devise means of responding to the pressure exerted by the environment. DFL become more critical for study because of its unending pressure from political, social, legal, economic, environmental and technological factors; it has still been on operation and has since expanded its investments despite being a foreign firm. The entry, expansion and development of new activities by Dominion Farms Ltd elicited mixed reactions from a number of stakeholders voicing various concerns that either support the initiatives or disagree with the entry into the area of the company. These issues include access to the swamp, wetland use and ownership amongst others.

While the government and local authorities are in approval of the Company's activities, most people in the community together with a number of environmentalists and NGOs are and have been against the new large-scale project. The ensuing conflict between the two antagonistic groups has led to protests and demonstrations for and against the project, and thus caused mistrust and suspicion amongst them thereby threatening the smooth operations of various socio-economic activities in the area (Kinaro, 2008). The firm has on several occasions threatened to close its operations in the country and relocate to a friendlier environment (Daily Nation, March 13<sup>th</sup> 2008) but has since been on operation and expanding on the number of activities it has within the location.

No one company is able to escape the wind of change. Effective strategic management appears to be the only answer to companies in coping with changing environment. This study therefore focused on strategic responses of DFL to the environmental changes. In doing so, the study addressed the following questions:

- i) What factors have influenced the DFL's responses to the environment?
- ii) How has the DFL responded to the changes in the environment?

### **1.3. Research Objective.**

To determine the strategic responses that has been applied by the DFL to the changes in their environment.

### **1.4. Significance of the study.**

It is hoped that the findings of this study will be helpful in providing information on the strategies to respond to external pressure by companies. The findings of this study will be important to various stakeholders:

The management of DFL will appreciate the challenges facing the industry and have an insight into issues relating to strategic management, how they affect the organization and how the organization can use strategic tools to create competitive advantage in a changing environment through application of strategic responses. In addition, the study will provide a justification to the responses adopted depending on the success obtained.

The stakeholders of the farm mainly composed of the residents of Kadenge sub location and local politicians will benefit from the strategic responses adopted by DFL thereby improving on the peaceful coexistence in the area.

The County council of Siaya will benefit from better utilization of the area by the management of the firm for realization of more returns and other economic gains in the county.

The academicians and researchers on the field of strategic management may find this research useful and form a basis for further research.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 The concept of strategy.

Organizations do not operate as islands. They rather operate in an environment from where they draw inputs and transform them into useful output for the benefit of the stakeholders in the environment. Organizations draw their raw materials, human resources and finance from the external environment. These organizations then use their internal capacity to tap the opportunities and tackle the threats in the external environment. The organizations that fail to adapt their internal strategies to match the external changes will surely loose the battle (Ansoff, 1988).

The concept of strategy was first used in the military. In military, it refers to the maneuvering troops into position before the enemy is actually engaged; it is therefore the deployment of troops. Liddle (1967) defines strategy as the art of distributing and applying military means to fulfill the ends of policy. Deleting the word military in the definition makes it easy to apply the concept of strategy to the business world. Steiner (1997) argues that strategy entered management literature as a way of referring to what one did to counter a move by a competitor which could be actual move or an intended move. He points out some of the definition to strengthen his argument that there is a scant agreement to the meaning of strategy in business. These includes, seeing it as that which top management does that is of great importance to the organization, as basic directional decision, that is, to purpose and mission strategy as consisting of the important actions

necessary to realize these directions and strategy as the answer to what an organization should be doing.

Mintzberg (1994) in his argument sees strategy used in different ways, the most common being strategy as a plan, how, a means of getting from where to there, strategy as pattern, position a perspective. He argues that strategy emerges over time as intentions collide and accommodate a changing reality.

An organization's strategic options as well as its decision must therefore form the strategic intent of the firm so as to develop its mission and undertake strategic action that results in strategic competitiveness (Porter, 1985). The external environment is rapidly ever changing, it is surpriseful and unpredictable. This is environmental turbulence. Environmental turbulence is therefore informed by the operating factors which influence a firm's directions and actions and its organizational structures and internal process. These factors include economic, political, societal, legal and technological.

Equally, the external environment is punctuated with the industry environment that is punctuated with the nature and degree of competition in industry. This is based on Porter's five forces of industry competition: the threat of new entrants, bargaining power of customers and suppliers, the threat substitutes among current competitors (Porter, 1985). Pearce and Robinson (1997) states that remote environment comprises of factors that originate beyond and usually irrespective of any firm operating situation. These are the PESTEL factors. Forces at work in the external environment are dynamic and include economic, political, technological and social factors (Kotler and Armstrong, 1990).

Looking beyond the organization immediate operating environment to the industry in which it competes has long been advocated. Porter (1980) points out the essence of formulating a competitive strategy in relating the company to its environment and the key aspects of the firms environment is in the industry in which it competes.

Strategy responses imply that the entity has the ability to change according to its needs (Nilson and Nordahl, 1995). 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 condition 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 is crucial in hyper competition environment because, the established paradigms of sustainability of competitive advantage and stability of organizational form have limited applicability (Gupta and Goyal, 1989).

In order to develop strong strategic response capabilities, a firm needs to have the three types of flexibilities (a) market flexibility, (b) production flexibility and (c) competitive flexibility (Yip, 1989) this is termed as the 'Flexibility triad model'.

## **2.2 Environmental Challenges to Organizations.**

Environmental turbulence that is characterized by complexity, novelty, rapidity of change and visibility continues to pose challenge to organizations. In effect, it is a combined

measure of changeability and predictability of the organization's environment. As this environmental turbulence mounts competition becomes hyper competition.

There are few social and political certainties that will shape business: the collapsing birth rates, shifts in the distribution of income, global competitiveness, growing incongruence between political and economic realities (Drucker, 2002). The environmental factors define the future of an organization's internal structures. These factors are the political/legal, economic, social-cultural, technological and ecological.

Political/legal segment defines the legal and regulatory parameters within which firms must operate. Political constraints are placed on firm with an aim of protecting employees, customers, the general public and the environment. These regulations are restrictive and tend to reduce the potential profit of firms. Currently, organizations are faced with the challenge of developing and using a political strategy to meet the effect of global governmental policies.

Some of the trends in economics that affects industry include the general availability of credit, level of disposable income and the propentisity to spend. Since nations are interconnected as a result of global economy, firms face yet a stiffer challenge of having to scan, monitor, forecast and assess the health of the economies. Integrations such as East Africa Community (EAC) and Common Market of East and Southern Africa trade (COMESA) offer varied challenges to regional organizations. Frequently they concern different values such as consumer protection, and other legal measures in their policies.

The segment concerned with a society's attitude and values. Since attitude and values is the cornerstone of a given society, they often drive demographic, economic,

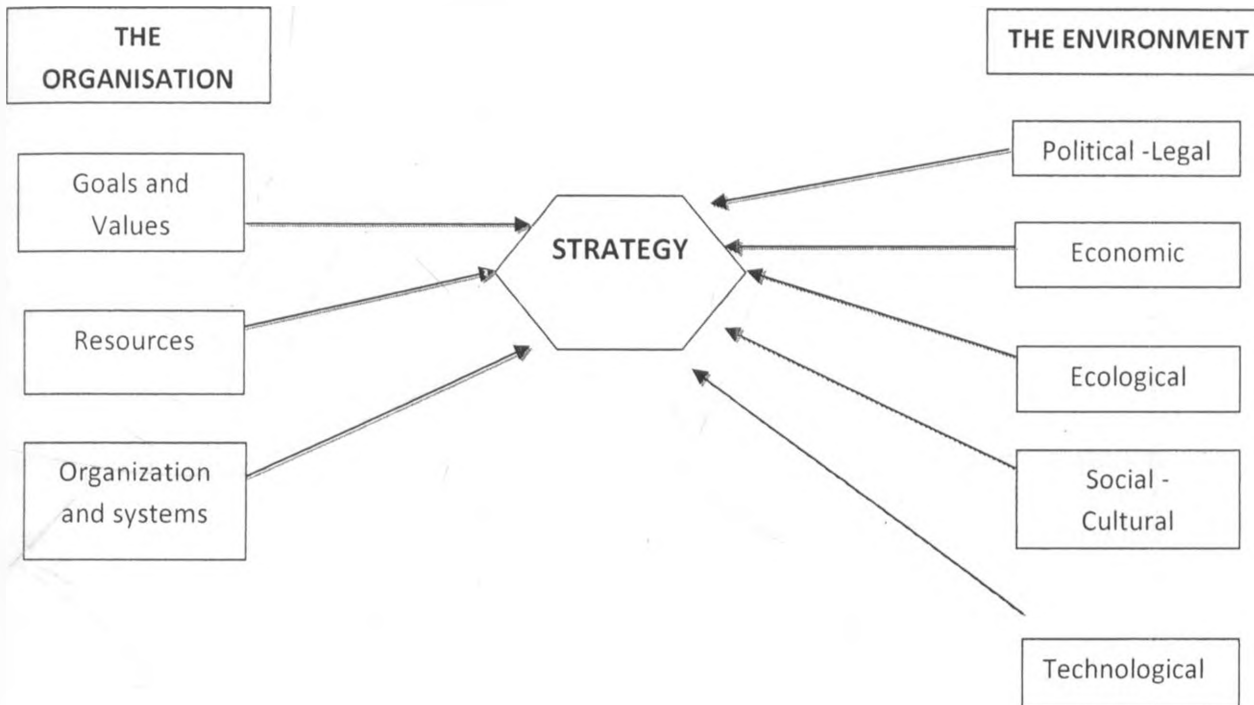
political/legal and technological conditions and changes. It is noteworthy that the implication of a society's attitude and its cultural value should be understood by an organization before it expect to offer goods and services that will meet customer's needs and interest. In addition, there is the growing gender, ethnic and cultural diversity in the work force creating both challenges and opportunity. A profound social change in recent years has been the entry of large number of women into the labor market. This has not only posed the challenge of hiring and compensation policies but also the resource capabilities of their employers; it has also raised the challenge of having to create or expand the product and services necessitated by their absence from their homes (Ngaluma, 2008). Firms that anticipated or reacted quickly to this challenge offered products/services such as convenience food, microwave ovens and day care centers (ibid). It is worth noting that translating social change into forecast of business effects is a difficult process.

This segment is concerned with the organizational adaptation to the natural or developed environment. An organization has little or no control over the ecological factors and hence the way it attempts to adapt tot these changes will determine how competitive it can be in the market over other competing firms.

Technological changes affect many parts of the society due to its diverseness in scope. This segment includes the institution and activities involved with creating new knowledge and translating that knowledge into new outputs, products, processes and raw materials. This is possible with firms that adapt early to the rapid changes in technology and hence achieving higher market share that result in higher returns. Firms therefore should ensure continuous scanning of the external environment to identify potential

substitutes for technology that are currently being used, as well as to spot newly emerging technologies from which they can derive competitive advantages (Zijun and Ziyuan, 2009).

**Figure 2.1 The link between an organization and its environment.**



Source: Ansoff H, and McDonnell E. (1999)

### **2.3 Organizational Response to Environmental Challenges.**

Organizational response to environmental challenges refers to the way a firm handles change. Organizations do not exist as an island. They depend on the environment and serve the same environment; that is, they draw from the environment various resources and add value to them, and deliver them back to the environment as finished goods and/or services.

Organizations need to have an internal structure which is dynamic and capable of the continued changing external environment. The internal structures should be capable of guiding strategic response, and logistics to conceive, develop, taste and introduce new products and services. Organizations can respond to change strategically or operationally. The two responses are strongly related but largely strategic responses influence the operational aspects of the organization. Success will not be attained if the operational aspect of an organization is not aligned with strategy.

### **2.3.1 Response Strategies.**

Organizations have different ways of responding to complexities in the environment. When there is a change in the external environment, organizations may apply any of the strategies in responding to them. These include opposition strategy where an organization can try means of stopping the impact. This is only successful where the organization has some control of the environmental variables in question. Another strategy is adaptation strategy, where an organization adapts to the new environmental conditions. Others include offensive strategy, where an organization tries to turn the environmental influence into an advantage, redeployment strategy in which firm redeploy assets into another industry, contingency strategy allows firms to determine a broad range of possible reactions – find substitutes and lastly, - passive strategy, here, no response is given but the organization studies the situation further.

Strategic adaptation is the change that takes place over firm to the strategies and objectives of an organization (Thompson and Strickland, 1999). Such change can be gradual or evolutionary dramatic or even revolutionary. Well developed strategic

responses are essential for a firm in acquiring and sustaining competitive advantage. These responses include among others; restructuring, marketing, information technology and culture change.

When the impact of a change has become known to an organization, response is triggered. Operating countermeasure is tried first, but in a planned systematic manner. Once the firm has exhausted operating measures, attention is turned to strategic responses. Hofer and Schendel (1978) observed that for organizations to be effective and hence successful they should respond appropriately to changes that occur in their environment.

## **2.4 Restructuring Strategy.**

This is a strategy used to respond to changes in both internal and external environment of an organization. This can happen when an organization realizes an opportunity in the external environment that is attractive to it in the light of the core competencies that have been developed in its internal environment. In such cases, restructuring may be applied to position the firm so that it can create more value for the stakeholders (Hammer, 1996)

## **2.5 Information Technology factors.**

Dramatic changes have been witnessed in the recent years in the area of information technology. Both the rate of change of technology and the speed at which new technology become available and are used have increased substantially over the past few years. Technological development has seen the rise of personal computers, cellular phones and main databases. Electronic mail (e-mail) system is a manifestation of the



revolution in the flow and management information in organizations throughout the world.

## **2.6 Organizational cultural changes.**

Every organization has its own unique ways of approaching problems and conducting its activities, that is, its own climate and organization personality. Appropriate and cohesive culture that has been developed and entrenched in the organization's history may not be a source of competitive advantage. This is true as it can lead to a situation where the staff is victim of routine and therefore resist accommodating change. It is here that the strategic leadership is required to initiate and influence the desired change in belief, value and attitude (Strickland, 1997).

## **2.7 Integration strategy.**

Integration strategy involves expanding a firm's range of activities backward into sources of supply and or forward toward end-user of the final product. Integration allows firms to use their skills and capabilities in different stages of the value chain to create value (Zijun and Ziyuan, 2009). Integration allows organizations to reduce the uncertainty of resource availability by purchasing and developing control over the resources. Equally the organizations are able to strengthen their position and/or secure competitive advantage (Harrigan, 1983).

Horizontal integration is utilized by organizations to reduce competitive risks by buying the competition. The internal expansion is more desirable in markets with many competitors. In intensely competitive markets, where saturation is a threat or reality,

horizontal integration may be the only for a company to increase and maintain market share (Stoffels, 1994).

## **2.8 Defensive strategy.**

Rival companies launch actions to attack their competitors who in turn put up a competitive response to counter the attacks. Responses such as strategic alliances can be used to respond competitors attack and to hedge against risks and uncertainty. This is common in the current period as banking and other services sectors form multiple strategic alliances to increase their strategic competitiveness. For example, Equity bank and Safaricom's mobile banking system M-Pesa formed an alliance in the financial system to form the M-Kesho system to set the industry standard for convenience banking. Other defensive strategies include joint ventures, retrenchment, mergers, acquisition, divestiture and liquidation.

Among the strategic alternatives, liquidation is the most unpleasant and painful and especially for a single-business enterprise where it means termination of the organization's existence. Retrenchment serves well in the face of adverse condition. It should be used as a temporary short-run defensive strategy measure and it enables organization to respond to conditions of general economic recession, internal financial crisis, periods of economic uncertainty, a storm of public criticism and or harsh regulations.

All in all business environments are becoming more and more turbulent. The turbulence is in such a manner that only those organizations with the capacity to aggressively and strategically tackle the challenges of environmental change would survive. This calls for

realignment of internal structures so as to match the external environment. This will help in creating a sustainable competitive edge and also a sustainable leadership capable of defying the passage of time and fetching in desired returns on investments.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Research design.

This was a case study. This method was suitable for the study because it aims at giving in-depth account of how the Dominion Farm Limited (DFL) is responding to the challenges that it is facing in its operations. Kothari (1990) states that a case study involves complete observation of a social unit; a person or institution. Kothari (1990) acknowledges that a case study is a powerful form of qualitative analysis that involves a careful and complete observation irrespective of what type of unit is under study.

#### 3.2 Data collection.

The study used primary data to carry out the study. The primary data was collected using semi-structured questionnaire. The questionnaires had both open-ended and close ended questions focusing on the changes in the external environment and strategies responses. They were administered using a drop and pick method.

The questionnaires were administered to the head of departments in the firm. The heads of departments were picked given the role they play in the organization. They included the farm manager, human resource manager, marketing manager and head of engineering department. The focus was on heads of department since strategic responses is a high level concern.

### **3.3 Data analysis.**

Considering the qualitative nature of the study and the envisaged responses as per the questionnaire, a conceptual and qualitative content analysis was used. It involved observation and detailed description of objects, items or things that comprise the study (Mugenda and Mugenda, 1996). This method made it possible to analyze and logically group large data and compile the study. Figures were however presented in tabular form or graphically and a percentage or mean obtained quantitatively where applicable.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION OF FINDINGS**

#### **4.1 Introduction.**

In this chapter, data pertaining to the factors that influence DFL's responses to the environmental changes and the strategic responses that have been applied by the DFL to the changes in the environment is analyzed and interpreted.

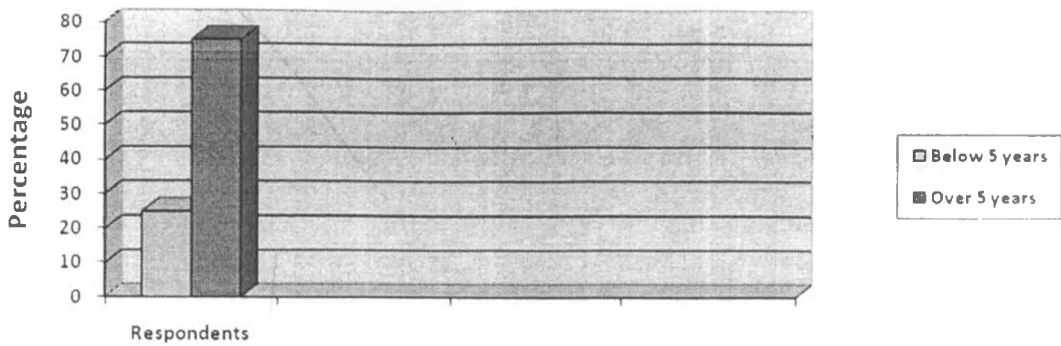
A total of 4 respondents out of the 9 were interviewed. A total of 4 out of 6 responded giving a response rate of 67 per cent. The data collected were edited and coded and then analyzed using content analysis. As was found appropriate, the presentations of the results of data analysis were done in form of graph and tables.

#### **4.2 General Information on the Respondents.**

The respondents were to provide information on; position in the organization, how long they have served in their positions and the roles they play in the organization, (Appendix 2). The target group was the top management who include the Managing director, Deputy managing director, and other heads of departments in the organization.

The study further sought to determine how long the respondents have served in their positions, the result of this analysis shows that 75 per cent of the respondents have served in these positions for over 5 years. The findings represented in figure 4.1.

**Figure 4.1: Number of years served in position.**



The table 4.1 below shows the summary of roles of each and every respondent classified as per their departments.

**Table 4.1: Respondents' roles.**

<b>Farm manager.</b>	<ul style="list-style-type: none"> <li>• Reclaim waste land.</li> <li>• Develop land for farming.</li> <li>• Manage daily farm practice.</li> </ul>
<b>Human resource manager.</b>	<ul style="list-style-type: none"> <li>• Recruit personnel.</li> <li>• Training of personnel.</li> <li>• Remuneration and motivation of personnel.</li> </ul>
<b>Marketing manager.</b>	<ul style="list-style-type: none"> <li>• Promotion of farm products.</li> <li>• Searching for new market.</li> <li>• Member of board of directors.</li> </ul>
<b>Head Engineering department.</b>	<ul style="list-style-type: none"> <li>• General management of the workshop.</li> <li>• Supervision and maintenance of the farm automobiles and other machinery.</li> <li>• Member of Board of directors.</li> </ul>

### **4.3 Factors influencing DFL's responses to environmental changes.**

The study established the factors that influenced DFL's responses to the environmental changes. The subsequent section contains the findings of the analysis.

#### **4.3.1 Environmental changes that have affected operations of DFL.**

Respondents were asked to list the major environmental changes that have affected the operations of the DFL within the last five years. The responses as collected using the questionnaire were analyzed as below.

The political challenge was viewed by 100% of the respondents as the major factor that has affected the operations of the firm for the last five years. The politicians both local and from other regions have been putting much pressure to the firm's management in the guise of working for the common good of the local community in Kadenge. The politicians have been soliciting for bribes from the firm's management and also trying to get the land that has already been reclaimed by DFL.

The community around DFL has not adapted to the advanced technology employed by the firm, partly due to the education level and their attitude towards change. The community has also been reported to be staging demonstration against the firm management for depriving them of the use of the wetland, under paying them for the land they took for expansion and also pollution of water due to the use of fertilizers pesticides and herbicides. The community around DFL supposedly expects more from the firm as they view the firm to have taken what is rightfully theirs and benefits from it with little benefit to them.

The administration and finance department faced the economic challenge following the down slam of the year 2009 whose major effect was felt in the Western economy. This is due to the fact that DFL is an international firm and the owner has some of his



investments in the USA. Any effect that befell other investments in the western economy will affect the investments in the DFL in Kenya.

Human resource department faced challenge of lack of skilled labor from the locality. The department has been targeting the local labor so as to improve the living standard of the region as well as creating a good relation with its people. However, most of the residents of Kadenge and its environs are not highly educated with some having completed only secondary education and yet some dropped out at primary level. The firm's location is highly infested with snakes and they have been reported to attack the employees and the residents of Kadenge area. This ecological challenge has also affected the human resource department of DFL.

The farm department faced ecological challenges due to the varied changes in weather patterns of the region. During long and short rains, the land becomes very boggy making it difficult for the machinery to operate in the farms. During long dry spell, there is a lot of dust from the farm making it a health challenge to operate during these seasons.

Marketing department has faced legal challenge due to the integration of East African Community (EAC) and COMESA and has since been forced to widen its market so as to reduce the competition that might loom as other firms producing rice will take the advantage of these integrations.

#### **4.3.2 Challenges posed by changes at Dominion Farm.**

The respondents were asked to state the challenges that the changes in environment posed to the DFL. The analysis shows that the first challenge that DFL faced was dampening

the enthusiasm to operate. This was reported by 75% of the respondent. The ever unending demands from the political wing caused division of attention in the firm. The politicians also incite the locals who stage demonstration against the firm management creating a need to address the issue at the cost of management of farm's operations. The study established that the community has a problem in adapting to the advanced technology used in the farm; this is due to their level of education and their attitude towards technology and the firm as a whole.

The respondents also cited the challenge posed by the economic melt down that was highly felt in the western economy, this was reported by 50% of the respondent. DFL in Kenya is yet to realize financial independence hence a self sustainable project. The economic melt down largely downsized the financial investment in the farm for the period when its effect was felt and especially in the western economy.

The farm land is a reclaimed land from a formerly swampy region, the mechanization of the farm is therefore hindered mainly by rains in the area especially during long rains. Heavy duty machinery finds it difficult to wade through the boggy area during rainy season. On dry seasons, the operations in the farm are affected by dust which posed health problems to the employees of the firm. Snakes have been reported to attack the employees and the population around the firm as the region is highly infested with snakes.

Poor road network to the firm was also reported to be a challenge as the firm is served by rough road from Siaya town. The tarmac road from Kisumu city to Siaya is also in a poor

state making transportation and travelling to and fro the firm a challenge and the cost of repair and maintenance of the firm's vehicles shoots up due to this.

#### **4.4 Strategic responses applied by DFL to changes in environment.**

The objective of the study sought to establish the strategic responses that Dominion farm limited has applied to the changes in environment. The findings of the analysis are presented in the following paragraphs.

##### **4.4.1 Responses of DFL to changes in environment.**

Respondents were asked to explain how Dominion farm Limited has responded to each of the changes. 100 % of the respondent indicated that the administration of DFL has made links with government agencies to be their arbitrators whenever there were allegations of the firm contravening rules that guide its operations. The firm has worked with the NEMA on issues of violation of environmental management practices, the Kenya police to gather evidence of allegation of violation against human rights. The management has also liaised with Kenya Agricultural Productivity Project (KAPP) and Kenya Agricultural Research Institute (KARI) in research of best agricultural practices.

Respondents indicated that DFL has worked to support the community where it is based at so as to form a good rapport with them. These includes, educating the community on the best agricultural practice so as to improve their livelihoods, making roads that will serve both the firm and the community, making boreholes and bathroom for the community since they were earlier depending on the swamp water. The firm is on its last

stage of its massive water project that will see the community and the firm having reliable water for farming and household use.

Respondents also indicated that the firm has renovated the area chief's camp, schools, paid bills for the clinic and assisted the residents with venom cure. The firm has 17 students it is sponsoring for secondary education and others being sponsored in primary level.

The firm has also opened up a rice processing mill and has also opened up other departments like aquaculture so as to reduce the cost of operations and increase the revenue of the firm. This is a strategy to minimize dependency of the firm for financial support from other investments of the proprietor in other countries and have the firm self sustaining in the country.

In the marketing department, respondents indicated that expansion of the market was being undertaken to increase the competitiveness of the firm. The farm produce has also been sold at a low market price with the quality of rice maintained at high standards of cleanliness. The firm has marketed its products in over half of the country and marketing in Kampala-Uganda.

The firm has invested in expensive and advanced farm equipments, improved communication channels and internet networking system. The firm has also trained its staff on the use of advanced farm equipments and technology it applies in the farm so as to acclimatize them on their used to improve quality of work. The firm introduced four wheelers vehicle to facilitate the movement of staff in the boggy grounds where the normal vehicle might find it difficult to move in.

The study established that the firm on few occasion issued quit threats to raise alarm for the political pressures it witnessed in the firm. The firm has also most of its casual employees from the local as a way of improving the living standards of the locals. The firm has also taken up selling its rice branded 'Prime Harvest' at low prices as a way of living by its vision of helping the country with food security.

#### **4.4.2 Changes the DFL never responded to.**

The study sought to establish if there were any changes that the DFL did not respond to. The result of the analysis indicates that the DFL has not responded to some changes.

#### **4.4.3 Reason for non response to change.**

Respondents were asked to explain why there was no response to these changes. Among the changes that DFL as not responded to is the cultural thinking of the community around it. Despite the attempts to make them receptive to the modern agricultural practice, the community has not adapted to the ideas given to them by the DFL trainers. 75% respondents indicated that despite the efforts by the firm to sponsor students from the region from primary schools through secondary schools, the education level of the community is still in a sorry state with very few students going for higher levels of education. This has effect in the human resource department as they are forced to seek skilled manpower from other regions in the country.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary.

The overall purpose of the study was to determine the strategic responses of firms to the environmental changes in Kenya. First, the study sought to find the specific factors that influence Dominion farm Limited's response to the environmental changes. The specific objective of the study was to determine the strategic responses that have been applied by the DFL to the changes in their environment.

The study managed to get responses from 4 out of the 9 managers in the firm where only one of the respondents has served in the capacity for less than five years while the other three have served in their respective capacities for more than 5 years.

The analysis shows that the main challenges facing the firm are political pressures, societal demonstration against the firm, lack of skilled labor from the community, failure of the community to be adaptive to the advanced technology applied in the firm, and economic fluctuations both locally and internationally. Other challenges that faces the firm includes the ecological factors such as snakes attack to employees, rains that make the farm boggy affecting operations of the machines and dust during long dry spells.

The finding of the analysis shows that DFL has done a number of things in response to environmental changes. These include liaising with government agents to be arbitrators from political pressures. Working with the locals to raise their standards of living to create a good rapport with them, sponsoring students in the area to pursue education, providing services like water, roads, employing them, renovation of schools and chief's

camp, and paying some of the bills like electricity and medical bills which includes supplying the local clinics with venom drugs. Investing in expensive farm equipment and opening of the rice milling plant so as to reduce the dependency of the firm in Kenya from funding from other investments of the proprietor in the western economy, lowering the price of the farm's produce, maintaining high standards of rice and expanding its market area so as to improve its competitiveness from other firms in the country and in the EAC.

## **5.2 Conclusions.**

### **5.2.1 Factors influencing DFL's responses to environmental changes.**

The study established that there are many factors that influence the Dominion farm limited's responses to environmental changes, these factors includes but are not limited to political factors where politicians incite the locals to protest against the firm operating in the region, economic factors that impacts on the investment in the firm, sociological factors where the attitude of the community and their level of education denies the firm much needed skilled manpower to work in the firm that has advanced machinery and technology. Ecological factors impacting on the firm like rains in the farm that was initially a swamp makes the field difficult to operate with machines, the region is also infested with venomous snakes that are reported to have attacked workers and locals. Other factors include legal factors like the enactment of the EAC legislation that has seen competition in the market widening to include other East African Countries.

### **5.2.2 Strategic responses of DFL to changes in environment.**

The study shows that DFL has responded to the changes in the environment in a number of ways. The firm has liaised with government agencies to arbitrate in cases where

politicians who disguise as NGO's fighting for human right incite locals to demonstrate against the firm. The firm management has also introduced training for the local community on better agricultural practice, sponsoring students from the region among other assistance like repairing roads in the region, renovation of schools, clinics and chief camp, and providing drugs for venom. All these are to create a good rapport with the community at Kadenge and minimize the grievances they place against the firm. The human resource department has resorted to training of the manpower so as they can handle and operate the machinery and technology that the firm employs. The administration department has been mandated to make the firm in Kenya self reliant so as to reduce dependency on the investment of the proprietor's investments in the western economy to minimize the economic factors that affect the firm. This, the department does by increasing the number of activities in the firm by introducing aquaculture and expanding its market. The marketing department has also taken up the marketing of the farm produce - rice, lowering the price of their products and maintaining the quality and cleanliness of the rice.

The study also established that the marketing department has taken up the marketing of the firm's produce – rice to other regions in the country like Karatina and currently they have covered more than half of the country. The department has also spread out its wing to Kampala -Uganda in a bid to make the firm self-reliant and independent from other investments of Dominion group in other parts of the world.

### **5.3 Recommendations.**

The study recommends that DFL should improve its publicity within and outside the country to make its products known so as to capture a bigger market and improve on its



return on investment. The study further recommends that the Dominion farm limited should address clearly the social concern of the community where it is located to solve the grievances of the community so as to have a peaceful coexistence. In response to the political influence, the study recommends that the firm should seek legal redress to the matter and create a policy on environmental management that will be agreeable with the national and international NGO's on environment.

The study recommends that DFL should improve in its training of the local community so as to have them engaged in activities that will sustain their livelihood and replace their dependency on the wetland for economic gain. The firm should also have a program that will allow the locals to still tap the natural resources of the wetland without completely cutting them off from gaining from this natural resource that they relied on for sustainability.

Lastly the study recommends that the DFL should work to ways of opening up the firm to partnership with government agencies like LBDC and incorporate them in their activities and investment rather than working out as purely privately owned firm.

#### **5.4 Limitation of the study.**

The study was done in the Dominion farm Kenya limited and thus may not reflect the true situation in other firms in Kenya. The second limitation of the study was the fact it was a sample study. Samples do not completely represent the characteristics of the population due to errors. Thirdly the response rate 67% might have reduced the accuracy of research finding to some extent. Lastly, some respondents did not provide all the information thus depriving some data required for the study.

## **5.5 Suggestions for Future Research.**

This study was done on the Dominion farm Kenya limited only. A similar study should be replicated in other firms in the country as a whole. Similar studies can also be done on other firms in Kenya and other countries to determine their strategic responses to the changes in the environment.

## REFERENCES.

- Abdullah, S. O. (2000). A Study of the Strategic Responses by Kenya Insurance Companies Following Liberalization. Unpublished MBA project of the University of Nairobi.*
- Adoyo, M. (2005). Responses to Changes in The External Environment: A Case Study of Post Bank. Unpublished MBA Project of the University of Nairobi.*
- Ansoff, H., and McDonnell, E., (1999). Implementing Strategic Management 2<sup>nd</sup> ed; Prentice Hall.*
- Aosa, E. (1992). An Empirical Investigation of Aspects of Strategy Formulation and Implementation With Large Manufacturing Companies in Kenya. Unpublished PhD thesis of The University of Stratchlyde, UK.*
- Aosa, E. (1998). The Leadership Challenge Facing Kenyan Organizations, The Accounting Journal of Institute of Certified Public Accountant of Kenya.*
- Drucker, P. (2007). The Rise and Fall of Strategic Planning: Internet Review.*
- Gupta, Y.P., and Goyal, S. (1989). Flexibility of Manufacturing Systems: Concept and Measurements. European Journal of Operational Research, pp 43, 119-35.*
- Hammer, M. (1996). Beyond Re-engineering: How the Process – Centered Organization is Changing Our Work and Lives. Harper Collins Publishing.*

Harrigan, K. (1983). **A Framework for Looking at Vertical Integration.** *Journal of Business Strategy* no. 3 pp 30-7.

Hofer, C., and Schendel, D., (1978). **Strategy Formulation: Analytical Concepts,** St. Paul, West Publishing.

Jennings, P. (2004). **Strategic Adaptation: A Uni or Multi Dimensional Concept;** *Strategic Change Journal*, vol. 13, issue 1.

Johnson, G. and Scholes, K. (1999). **Exploring Corporate Strategy.** London, Prentice Hall.

Kandie, P.Y (2001). **A Study of the Strategic Responses by Telkom Kenya Limited in a Competitive Environment.** *Unpublished MBA Project of the University of Nairobi.*

Kinaro, Z.O. (2008). **Wetland Conversion to large-scale agricultural production; implications on the livelihoods of rural communities, Yala Swamp, Lake Victoria basin, Kenya.** Unpublished M.Sc. Project of Linköping University, Sweden.

Kiptugen E.J. (2003). **The Strategic Responses to Changing Competitive Environment: A Case study of KCB.** *Unpublished MBA Project of the University of Nairobi.*

Kothari C. R. (1990). **Research Methodology and Techniques 2<sup>nd</sup> ed.** Kвашira Prakshan.

- Kotler, P., and Armstrong. (1990). **Customer Relationship Management Tools.** Prentice Hall Inc. USA.
- Liddle, H. (1967). **Strategy.** New York, Free Press.
- Mbogo, P. K. (2007). **A Survey of Strategic Responses of Firms to Environmental Changes in Kenya: A Case of the City Council of Kenya.** Unpublished MBA Project of the University of Nairobi.
- Mintzberg, H. (1991). **The Strategy Process, Concept, Context and Cases.** Prentice Hall Inc. USA 2<sup>nd</sup> ed.
- Mintzberg, H. (1994). **The Rise and fall of Strategic Planning.** New York. Free Press.
- Mugambi, M.G. (2003). **The Strategic Responses of Tourist Hotels to Changes in the Environment. A Case of Tourist Hotels in Nairobi.** Unpublished MBA thesis of the University of Nairobi.
- Mugenda, M. O., and Mugenda, A. (1999). **Research Methods: Quantitative and Qualitative Approaches.** African Centre of Technology Studies, Nairobi, Kenya.
- Mwarania, J. M. (2003). **Responses by Reinsurance Companies in Kenya to changes in the Environment: The Case of Kenya reinsurance Corporation Limited.** Unpublished MBA Project of the University of Nairobi.
- Ngaluma, L.S. (2008). **Strategic responses of the Kenya Electricity Generating Company (Kengen) to the Changes in External Environment.** Unpublished MBA Project of The University of Nairobi.

*Nilson C and Nordahl, H. (1995). Making Manufacturing Flexibility Operational – Part 1: A Framework, Intergrated Manufacturing. St. Paul; West Publishing.*

*Oyoo, M.O, (2002). Evaluation of Financing Performance of SACCO, Before and After Deregulation: A Case Study of SACCO's in Nairobi. Unpublished MBA Project of the University of Nairobi.*

*Pearce and Robinson (1997) Strategic Management: Formulation and Management. Irwin, Homewood, Illinois .*

*Pearce, J.A., and Robinson R.B. (2005). Strategic Management: Strategy Formulation, Implementation and Control. Irwin, Homewood, Illinois.*

*Poster, M (1986) Competitive Strategy. Harvard Business School Press.*

*Poster, M. (1998). Competitive Advantage. New York Press: Free Press.*

*Prahalad, C. K., and Hamel, G. (1990). Core Competency Concept. Harvard Business Review.*

*Rumba, C.K. (2008). Strategic Responses by Mobile Phone Companies in Kenya to Environmental Changes. Unpublished MBA Project of the University of Nairobi.*

*Steiner, G. (1997). Government by the Market. MacMillan, London.*

*Stoffels, D (1994) Strategic Issues Management: A Comprehensive Guide to Environmental Scanning 1<sup>st</sup> ed. The Planning Forum.*

*Thompson, and Strickland. (1985). Strategic Management: Concepts and Cases. 4<sup>th</sup> ed. Irwin, Illinois.*

*Warucu, G. (2001). Competitive Strategies Applied by Commercial Banks. Unpublished MBA Project of the University of Nairobi.*

*www.dominion-farms.com/*

*www.dominionfarmskenya.blogspot.com/*

*Yip, G. (1989). Global Strategy in a World of Nations. Sloan Management Review, 31 (1), pp29-41.*

*Zijun, L., and Ziyuan, C. (2009). The Connection Between External Environment and Internal Strategy – A Case Study of Scandinavian Airlines System. Unpublished PhD Project of the University of Gavle, Sweden.*

## APPENDICES

### Appendix 1: Letter of Introduction.

Date.....

Respondent's Name.....

Dear Sir/Madam,

I am a postgraduate student at the University of Nairobi, pursuing a course leading to a master's degree in Business Administration (MBA). In partial fulfillment of the requirements of the stated course, I am conducting a management Research Project entitled, "A survey of strategic responses of firms to environmental changes in Kenya: A case of Dominion farm limited". To achieve this, you are one of those selected for the study. I kindly request you to fill the attached questionnaire to generate data required for this study. This information will be used purely for academic purpose and your name will not be mentioned in the report. Findings of the study, shall upon request, be availed to you.

Your assistance and cooperation will be highly appreciated.

Yours truly.

**Obonyo V. O.**

Student

University of Nairobi

**Mr. Jaleha A.**

Supervisor

University of Nairobi



## Appendix 2

### Research Questionnaire.

#### SECTION A: RESPONDENTS PROFILE

18. Please state your position in the organization.....  
.....

18. Please indicate the working experience you have at Dominion Farm Limited. By ticking the appropriate box below.

a) 0-5 year [ ]

b) Over 6 years [ ]

18. What are your three major roles in your position? Please indicate below.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

**SECTION B: CHALLENGES FACING DOMINION FARM LIMITED.**

18. Please list down the major environmental changes that you have witnessed affect the operations of Dominion Farm Limited within the last five years.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

18. What challenges have the changes posed to Dominion Farm Limited?

.....

.....

.....

.....

.....

.....

## SECTION C: RESPONSES

18. Does your institution have a vision statement?

Yes [ ]

No [ ]

18. If yes, please write it down.

.....

.....

.....

.....

18. Does your institution have a mission statement?

Yes [ ]

No [ ]

18. If yes, please write it down.

.....

.....

.....

18. Does your institution have a documented strategic plan?

Yes [ ]

No [ ]

18. Has Dominion Farm Limited responded to environmental changes?

Yes [ ]

No [ ]

18. Please explain in details how Dominion Farm has responded if at all, to each of the changes.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

18. Are there some changes that Dominion farm has not responded to?

Yes [ ]

No [ ]

18. If question 13 above is yes, please explain why.

.....

.....

.....

.....

.....

.....

.....

.....

.....

18. Is there anything special that Dominion Farm limited has done to improve its competitiveness? Please explain.

.....

.....

.....

.....

.....

.....

.....

16. Which other areas in your opinion have improved in the organization during the last five years...

.....  
.....  
.....  
.....  
.....  
.....

17. In your assessment, does Dominion Farm Limited possess the necessary capability to adopt aggressive strategies to match the environmental changes?

Yes [ ]

No [ ]

18. Assuming that you were today an exclusive power as an individual to steer Dominion Farm Limited to a point where it can be able to cope with the environmental changes, please list the specific activities you would undertake as a matter of priority.

.....  
.....  
.....  
.....

**THANK YOU FOR YOUR RESPONSE**