

ABSTRACT

Organizations are today operating in a rapidly unpredictable external environment. The changes in the external environment have a significant impact on the survival and success of the organization. Firms need to have contingencies to this change by implementing strategies that permit quick alignment and redeployment of assets to deal with environmental changes. The cosmetic industry in Kenya has faced a lot of change and growth in recent years. Kenyan consumers have faced a challenging economic landscape with inflation rising sharply. The objective of this study was to establish the strategic responses adopted by multinational companies in the cosmetics industry in Kenya to the changes in the environment. The study adopted a descriptive research design. The population of study comprised of Multinational companies in the cosmetics industry, operating in Kenya. The multinational companies were five. All the multinational companies were included in the study hence a census. The study relied on primary data collected using a structure questionnaire to standardize the responses. Data collected was analyzed using descriptive analysis. Measures of central tendency like the mean, mode, median and standard deviation were used. The study established there is high level of rivalry among cosmetic companies as each company struggles to outperform its competitors. The study also concludes that internal factors like management style and level of capital affected changes that took place in the companies. The study further concludes that cosmetic firms were affected by social factors. Cosmetic companies adopted different strategies in response to changes in their operating environment. These strategies ranged from outsourcing, retrenchment, product diversification, innovation, cost leadership, target marketing and enhanced customer care. The study recommends that cosmetic companies greatly differentiate their products through innovation so as to improve customer loyalty to limit chances of switching among customers. This study further recommends that cosmetic companies assess their operating environment carefully and anticipate likely changes so as to develop strategies that would enable them deal with the changes in a better and cost effective way.