RESPONSE STRATEGIES USED BY CEMENT PROCESSING COMPANIES IN KENYA TO CHANGES IN THEIR COMPETITIVE ENVIRONMENT

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ABSTRACT

The survival of organizations is determined by its responsiveness to the environment. To be competitive, organizations need to examine their environment both internally and externally. Unfavourable changes in the competitive environment affect the whole industry to a large extent. However, if recent events are anything to go by the cement sub sector of the Kenyan economy, apparently is facing a portfolio of competitors, which in addition to stringent government intervention in the management of this sector, is making the way of doing business relatively unfavourable. The purpose of this study was to establish the response strategies adopted by Cement companies in Kenya to address changes in their competitive environment. A descriptive cross-sectional design method was preferred for this study. The target population was the 18 senior management of the six cement companies. The researcher used a semi structured questionnaire to collect primary data. The researcher analysed the quantitative data using descriptive statistics and present it through percentages, means, standard deviations and frequencies. The qualitative data was coded thematically and then analyzed using conceptual content analysis. It was found that cost leadership strategy affected survival in the changing competitive environment to a great extent. The study concludes that market focus affected survival in the changing competitive environment the organization to a great extent. The company practices segmentation based on physiological aspects of the customers, income level of the customers and benefit sought by the customers. It was also found that differentiation strategy affected survival in the changing competitive environment in cement companies to a very great extent. It is recommended that the cement companies adopt cost leadership strategy as it will enable survival in the changing competitive environment. The managers should ensure their firms are able to explore opportunities and new asset sets, and to respond swiftly to environmental changes so as to curtail eroded value that arises from competitor activities. Managers should ensure that the messages of differentiation reach the clients, as the customer’s perceptions of the institution are significant. The firms should deal with five fundamental competitive forces that drive industry competition, which include threat of new entrants; threat of substitute products; bargaining power of suppliers; bargaining power of buyers and rivalry among current competitors.