

**STRATEGIC RESPONSES BY THE CEMENT MANUFACTURING
COMPANIES IN KENYA**

NJERU WINSTON KINYUA

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DECLARATION

I declare that this is my original work and has not been presented for a degree in any other University.

NJERU WINSTON KINYUA

SIGNED.....DATE.....

D61/P/8991/04

The project has been submitted for examination with the authority as the university supervisor.

MR. JUSTUS M. MUNYOKI

SUPERVISOR

LECTURER

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

SIGNED.....DATE.....

DEDICATION

This project is dedicated to my wife and children and to those who believe in the future.

ACKNOWLEDGEMENT

I would like to thank all those who helped me to ensure the success of this project. This included employees of the Bamburi Cement factory, Athi River Mining cement manufacturing and East African Portland Cement Factory companies that took time out of their busy schedule to respond to my questionnaire.

I would also like to thank my supervisor Mr. Justus M. Munyoki for the useful comments that he gave to me in carrying the research.

ABBREVIATIONS

BCL	BAMBURI CEMENT LIMITED
EAPC	EAST AFRICA PORTLAND CEMENT
ARM	ATHI RIVER MINING
GDP	GROSS DOMESTIC PRODUCT
NSE	NAIROBI STOCK EXCHANGE
UK	UNITED KINGDOM
NSSF	NATIONAL SOCIAL SECURITY FUND
CBK	CENTRAL BANK OF KENYA
EACPA	EAST AFRICAN CEMENT PRODUCERS ASSOCIATION
WBCSD	WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

ABSTRACT

The cement manufacturing industry is a very vital sector in the development of the country. However the sector faces a number of challenges, principal among them include power problems, climate protection and responsible use of all fuel and raw materials. It therefore becomes important to develop strategies that will counter these challenges. This study therefore sought to find out the strategic responses by cement manufacturing companies in Kenya.

The objectives of the study were to determine strategic measures adopted by cement manufacturing firms in Kenya, to examine behavior of cement manufacturing firms in a challenging environment and to establish the constraints faced by the firms in responding to the challenges. The study adopted a descriptive design in its methodology. A census study was used since the population was small. A total of 3 companies were involved in the survey, namely; Bamburi Company, East African Portland Cement and Athi River Mining Company. Primary data was collected by questionnaire method.

The result of the study showed that there have been various changes in the industry including increase in demand and entry of other players. The strategic responses that were significant in the industry include; diversification in form of overseas investments and downstream cement production. Outsourcings of non-core services as well as marketing programs have been introduced. Controlling plant and equipment expenditure through leasing, maintenance, safety and automation have been introduced. Companies involved in the study used packaging products like dust control bags and restructuring. These companies also carried out competitive bidding by involving procurement systems and policies. The study also found out that cement manufacturing companies had achieved rationalization of staff through job realignment and job interviews. Inventory management had been achieved through policy formulation on procurement process.

The cement manufacturing companies involved in the study had instituted change in the organization in order to respond to the changing environment. The changes were occasioned by the need to remain competitive, responding to customer needs and technological changes. The implementation of change in the organization had been successful for most of these companies.

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CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 The Kenyan Cement Industry

Cement is a fine, gray powder which sets and then hardens into a solid, strong material. It is mainly used to make concrete and mortar for construction. Cement is made by heating limestone with other materials (such as clay) to get 'clinker' which is further processed to make Cement. Cement is a vital product and the key constituent of concrete.

In Kenya, cement history started in the early 1930s when in 1933, East Africa Portland Cement (EAPC) began as a trading company importing cement. Blue Circle Industries of United Kingdom formed the company. The plant's initial capacity was 60,000 tonnes a year, but presently it stands at 700,000 tonnes a year. EAPC targets 1.3 million tonnes towards end of year 2007(www.eastafricanportland.com). EAPC has a market capitalization of 10 billion (Nairobi Stock Exchange records, 2007). In 1951, Bamburi Cement Ltd was founded and Lafarge a company from France is the principal shareholder of Bamburi Cement Ltd. At inception the annual capacity was 140,000 tonnes of cement but at present it stands at 2.1 million tonnes a year and a market capitalization of 70 billion shilling (www.bamburicement.com). ARM (Kenya) was established in 1974 and its principle shareholder is the Paunrama family. Initially it was a mineral extraction and processing company and later in 1996, the cement division began operation. The company targets a capacity production of 200,000 tonnes a year by end of 2007 and has a market capitalization is 8.7 billion (www.armkenya.com).

The cement industry is capital intensive and only a few cement companies use state of the art facilities. Cement manufacturing is energy intensive and modern cement plants are highly automated. Cement firms operate in markets closely linked to the economic cycle with a back-forward linkage with many other sectors like energy and transport (WBCSD, 2002). The industry plays a significant role in the climate change debate and energy accounts for up to 45 per cent of cement production costs.

Challenges facing this industry include; climate protection, responsible use of all fuel and raw materials, enhancing employee health and safety, carbon emissions, local impacts and un- harmonized trade tariffs in the region, rising costs of inputs like energy and challenges in internal business processes like integrate sustainable development as a set of principles into management systems, relationships with business partners and civil society (WBCSD, 2002).

The industry Plans to increase capacity due to current and future high demand of cement. Firms are also seeking cost reduction option for power, raw material, and logistics. More firms are targeting regional markets like Sudan, Rwanda and Burundi. Effort is in place towards product diversification and target value added and application specific products. Firms in the industry are more conscious to quality as seen in their effort to acquire certification of manufacturing activities. Generally, there is concern over security of raw materials and other resources (WBCSD, 2002). Industry faces challenge in regard to business integration of sustainable development cooperation with cement companies and external organization to enhance sustainable development practices.

Cement, as a product is one of the indicators of the general developments in the construction industry, since it mirrors the level of activity in the sector. The industry is important as it plays a forward and backward linkage with other economic sectors hence playing a critical role as an indicator to the general economic conditions. It's a key contributor of revenue to the government and supports other key sectors like energy (CBK, 2007). It also supports the community in term of income, community programs and skills.

1.1.2 Environmental Orientation

A strategy is a long-term plan of action designed to achieve a particular goal, most often “winning”. The term strategy derives from the art of war where it was used to describe the process of planning and executing national or power block policies by using available

resources to overcome the enemy (Karlof, 1989). The concept of strategy was originally confined to military matters but it has become commonly used in many disparate fields such as: Management, economy and marketing.

Corvin (1991) describes strategy as a collection of individual business related decisions. He postulated that the identification of patterns among the collection of decisions permits a complete and adequate depiction of firm's overall strategy. The environment consists of variables that form the context within which firms exists (Hunger and Wheeler, 1995). Environmental conditions affects and influence strategies developed by an organization for its survival and success. Environmental factors affect strategic management practices (Hussey, 1990).

Internally, an organization is viewed as a resource conversion machine that takes inputs from external environment, converts them into useful products and services and make them available to customers as outputs. External environment consists of all institutions and forces that have an actual or potential interest or impact on the organizations ability to achieve objectives. Strategic change is increasingly important in today's changing business environment. Contemporary firms operating in dynamic market contexts, often deal with these contingencies by implementing strategies that permit quick reconfiguration and redeployment of assets to deal with environmental changes. It is necessary for firms to adopt strategies which would enable them maintain competitive positions in the market place or else be eliminated.

Boynton and Victor (1991) observed that firms need to respond to changes with stable and long-term strategies, yet flexible and responsive process. Strategies should generally avoid any fundamental changes in character of a business as well as major changes of the business interface with the customers. Due to dynamic environmental variables, which affect the firm, new strategies are inevitable for survival and success, which constantly require different success factors (Pearce and Robinson, 1998). According to him, failure to develop successful strategic and overcome constraints preventing their execution can lead to collapse and death (Pearce and Robinson, 1988).

1.2 Problem Statement

The business environment within which the cement producing firms operate has been vibrant and turbulent. Several changes that have had implications on the companies have been witnessed in the past and are expected to influence company actions in the medium and long-term. The political anxieties, threats posed by new entrants, social reforms, technological advancement, legislative changes, Government policy changes, economic changes and regionalization are some of the challenges that have greatly affected strategic actions in this industry. These challenges cannot be ignored because the industry plays a significant role in our economy. The challenges posed have serious strategic implications to the industry. This directly impacts on the value addition to the stakeholders in the medium and long- term.

Thiga (2002) in his study on response of Kenya Airlines in the face of changing environment established that, airlines have been undergoing a period of considerable environmental turbulence like high operating costs. His study established that airlines responded by collaboration, expansion of network and shelving unprofitable routes. Chepkwony (2001) in his study on strategic response of petroleum firms to challenges of increased competition revealed that firms responded by making changes in their mission, technology and embraced diversification in response to changes in the environment. Bett (1995) found that firms in the dairy industry made significant adjustment in the marketing mix elements in order to remain competitive.

While these studies have addressed various aspects of responses to environmental challenges, none focused on the strategic responses to environmental changes in the cement industry in Kenya, hence this study seeks to address the issue of the strategic responses by the cement manufacturing firms in Kenya to challenges posed by changing environment in the industry.

This study aims to answer the research question:

“What are the strategic responses adopted by the cement manufacturing companies in Kenya”

1.3 Objectives of the study

This study had the following objectives:

1. To determine strategic measures adopted by cement manufacturing firms in Kenya.
2. To examine the behavior of cement manufacturing firms in a challenging environment.
3. To establish the constraints faced by the firms in responding to the challenges.

1.4 Importance of the study

The research was expected to benefit the following and others.

Managers

This study is expected to help managers in identifying factors of the environment that affect their organization and hence be able to make informed decisions.

Researchers

The research is expected to be a useful source of reference for researches and scholars who might be interested in carrying out future research based on the findings of the current study. It will also help fill the knowledge gap regarding the area of study.

Investors

Potential investors would equally be better informed on the challenges faced by the firms already operating and hence prepare accordingly.

Government

Findings of this study did highlight pertinent issues regarding the industry which could help the government in policy formulation.

1.5 Summary

In the chapter the study introduced the background of the subject and the industry itself, in introduced the statement problem. At the same time, it captures the objective of the study and the importance of the study. In chapter two, we will review the available

literature that focuses on the competitive strategies on the cement manufacturing companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter highlights the environmental changes and challenges that face companies operating in a competitive industry. The environment and how it affects an organization is also brought into light in this section. The concept of strategy and its various facets are detailed in this section.

2.2 Environmental Changes and Challenges

According to Thomson (1967) the competitive environment has been and continues to be driven by technological innovations, globalization, and competition, extreme emphasis on price, quality and customer satisfaction. As a result, organizations must continuously create and innovate in order to stay relevant and be successful. According to Miller (1998), organizations exist in a complex commercial, economic, political, technological, cultural and social environment. These environmental changes are more complex to some organizations than for others. For survival, an organization must maintain a strategic fit with the environment. The environment is important and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty.

Miller (1998) is of the view that a sustainable competitive advantage is achieved when there is a strategic fit between the external and internal environment. An organization's external environment includes economic forces, social-cultural, demographic, political and technological, while its competitive environment includes; competitors, customers and suppliers. According to Ansoff and McDonnell (1990), organizations are environment dependent and environment serving. Organizations are in constant two-way interaction with the environment. They receive inputs from the environment, transform or add value to them, and return the outputs in form of goods and services back to the environment. They therefore affect and are affected by what happens in the external environment, which is beyond the organization's control. Environmental change creates pressure for change in the organization and this means that they have to respond to relevant external change to ensure that they survive. This external component should

have a strategic fit with the internal environment, which includes the organization's systems, policies, resource and its corporate culture (Pearce and Robinson, 1997).

Sauvé (2002) notes that, the environment is a critical factor for any organization's survival and success. It should be seen as a biosphere in which individuals and organizations live over the long term and as a community project in which to be actively involved. It is a resource to be managed and to be shared, hence the need to effectively manage the value chain system and establish collaborations, partnerships and to get involved in social responsibility to enrich this resource and enhance the corporate image of the organization.

It is imperative that managers apply critical investigation into the realities of the changing environment of this millennium through enlightened diagnosis of the problems it poses. The political and economic environment for example, can influence the lifestyles and the health of the people. This same environment should also be seen as a system, which calls for profound understanding in order to improve decision-making and to recognize the links between the past, present, and the future and between local and global matters. This necessitates that strategic managers therefore, view the environment in all its context and perspective and understand the concept of strategic management.

2.3 Environment and Organization Change

Kotter (1996) lists major economic and social forces driving change as the increasing pace of technological changes that is hinged on the information technology and a more developed transport network, greater international integration through greater liberalization and reduction of trade barriers, maturity of markets in the developed countries and stagnation of growth hence the trend towards seeking international/global markets for opportunities.

The fall of communism and socialism also catalyzed more privatization and heralded increased competition. The resultant effect according to Kotter has been globalization and

increased competition. Globalization has diminished the shield or insulation that firms formerly enjoyed.

Kanter (1984) talks of the phenomenal change in the environment as originating from such sources as: labor force, patterns of world trade, technological changes and political realignment. The forces mirror those advanced by Kotter, 1995 with the only difference being that Kanter adds the people dimension (labor), this may be for good reason given that she appears focused on the response to the changes. Her solution lies in the people to make decisions in response to the changes. Interestingly even though Kanter's observations were made in 1984 at least five years before the collapse of communism and socialism that were central to the cold war, the mention of political forces by Kanter, gives concurrence to the reason advanced by Kotter (1996) on the influence of politics on business.

Kazmi (2002) sums up the business environment as being; complex, dynamic, and multi-faceted with far reaching impact. Kazmi adds that the traditional approach to strategic management has had its emphasis on control, order and predictability. But the environment is proving to be more unpredictable uncertain and non-linear. The environment can be summarized as characterized with ever recurring changes and herein lies the challenge for business managers.

Burnes (1996) says the magnitude, speed, unpredictability and impacts of change has become greater than ever before. New products and processes are appearing in the market at an ever-increasing rate. Boundaries are shrinking as globalization takes center stage. The source of the next competition may not even be within imagination. Burnes says that protected markets are opening up while public bureaucracies and monopolies are changing hands to the private sector or having the competitive market cultures transferred into them.

The external environment faced by the firm and its business units affects the strategy of the firm, the value of the strategy, and thus the firm's performance. Environmental

analysis is therefore not a passive exercise, but rather an active and essential input to strategy development, helping the firm and its business units identify attractive opportunities and make decisions on where and how to compete. The drivers of change are for the most part external to the firm. As the global economy entered the new century, changes were taking place on multiple fronts at a very fast pace. Some of these changes made traditional business models and tools outdated, changing the rules for existing competitors and challenging the assumptions of others, both new and old. In this chapter we review some approaches that can guide us as we wrestle with the challenges of developing strategy in this fast-changing environment. Strategy development requires the firm to understand what critical variables are changing, the pace at which these changes are occurring, and their likely impact on the firm.

2.4 Strategy

Strategies, in the field of business management are plans that integrate organizations major goals, policies and action sequence into a cohesive whole (Mintzberg et al 1995). They spell out purpose policies, detail actions sequence to accomplish defined objectives within the limits of organizational resources. They also define range of business, organizational structure, economic and non-economic contributions to make to stakeholders, employees customers and communities (Mintzberg et al 1995). Mintzberg et al (1995) noted that strategy evolves over time and is a blend between planned activities and unplanned reactions to new developments. Where business plans are prepared and strategies formulated and these are altered frequently to conform with the dynamism and partly unpredictability of competition and the surrounding environment and to the forever-changing trends in consumer needs and expectations. Porter (1991) portrays the firm as a set of discrete but interrelated economic activities, with the interrelationships among these activities defined by its strategy. He argued that the discrete activities are part of an interdependent system in which the cost and effectiveness of an activity is affected by the way other activities are performed.

Porter (1985) is of the view that as the operating environment changes a more pronounced transformation of business environment lies ahead. Therefore, strategy is vital to the adaptation to the business environment. Environmental factors exert pressure on firms to be proactive and formulate proactive responses to anticipated and actual changes in the environment. Firms respond to environmental challenges in different ways that include; product improvement, venturing in new markets, adapting new technology and capacity enhancement. Realization of these challenges has greatly influenced cement firms to adopt on going strategic measures in order to continuously and effectively meet their objectives.

According to Porter (1991), an organization needs to know the underlying sources of competitive pressure to develop an actionable strategic agenda when firms face unfamiliar discontinuities in the environment. Strategy helps firms to cope with changes by designing appropriate strategic responses (Pearce and Robinson, 1988). Successful firms continually scan their environment to identify economic, competitive, Political and social changes which would affect its operations (Ansoff and Mc. Donnell, 1990).

Strategy helps an organization cope with changes in the environment (Pearce and Robinson, 1988). Scheleider and Meyer (1991) stated that the assessment of environmental threats and opportunities and organizational strength and weakness are core to developing strategic responses. Diagnosis helps the organization in determining changes to be made to its strategies and internal capabilities. A firm need to understand the decisions which are strategic that are facing the firm i.e. ones that need strategic management attention (Pearce and Robinson,1988).Such strategic issues have the following dimensions; they require top management decision, require large resources, have long term effect on firm, they are future oriented and involve consideration of firms external environment.

Three strategy levels identified are corporate business and functional levels (Pearce and Robinson 1985). Corporate strategies are formulated by board of directors, chief executive officer. They identify the mission of the organization, scope of business and

structure of management Thompson (1993). Business strategies provide functional objectives and strategies for individual divisions. Functional strategies are at the operational level. Miller and Friesen (1982) define proactiveness as the extent to which firms attempt to lead rather than follow competitions in key business areas like in new products. A proactive strategy requires continuous evaluation of the firms' position vis-à-vis changes in environmental variables. It also involves redefining objectives and performance targets and re-thinking the firms strategic orientation.

Reactive strategies are generally characterized by reactions to events in the environment. Reactive strategists prefer stable and predictable environments where industry norms induce conformity in strategy and structure or firms adopt mechanistic structures with emphases on rules, policies, scheduling and other such means of promoting internal efficiency. The activities that comprise a reactive strategy are often not well integrated and are mismatched with demands of the environment (Hambrick, 1983). In reality though, all activities that comprise a firm's strategy are not completely proactive or completely reactive. Firms adopt varying combinations of the two strategy type. Firms pursuing proactive strategies may sometimes have to conform to industry norms and adopt standardized strategies in certain areas because they are the best strategies at the point in time.

2.5 Evolving a change Strategy

Hamel and Prahalad (1989) say that companies that have risen to leadership invariably began with ambitions that were out of proportion to their resources and capabilities. But they created an obsession with winning at all levels. Hamel and Prahalad term this obsession "strategic intent". The concept of strategic intent encourages an active management process that includes, focusing the organization's attention on the essence of winning, motivating people by communicating the value of the target, leaving room for individual and team contributions, sustaining enthusiasm by providing new operational definitions as circumstances change; and using intent consistently to guide resource

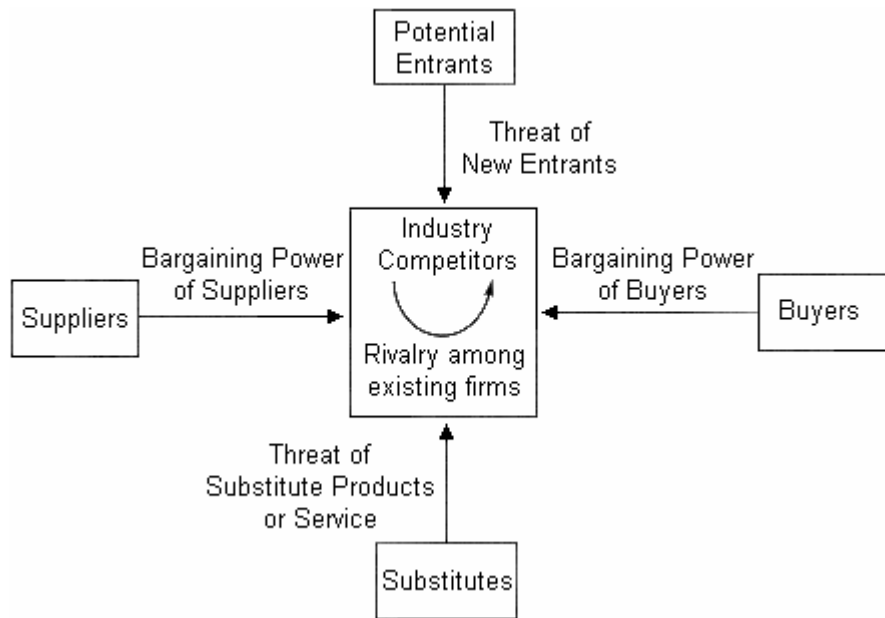
allocations. They sum up strategic intent as capturing the essence of winning. It provides consistency to short-term action while leaving room for reinterpretation as new opportunities emerges.

According to Hamel and Prahad (1989), many companies are more familiar with strategic planning than they are with strategic intent. They say that planning typically acts as a feasibility sieve". Strategies are accepted or rejected on the basis of whether managers can be precise about "how" as well as "what" of their plans. Are the milestones clear? Do we have the necessary skills and resources? How will competitors react? Has the market been thoroughly researched? They see inflexibility in management's thought pattern as a drag to strategy, they say; "In one form or another, the admonition "Be realistic!" is given to line managers almost every turn. While strategic intent is clear about ends, it is flexible as to means strategic intent implies sizable stretch for an organization. Current capabilities and resources will not suffice. This forces the organization to be more inventive, to make the most limited resources.

2.6 Organization Responses to Environmental Changes

Porter (1980) the corporate strategist's goal is to find a position in the industry where his company can best defend itself against these forces or an influence them in his favour. Knowledge of the underlying five competitive Forces provides the groundwork for a strategic agenda of action. They highlight the critical strengths and weaknesses of the company, animate the positioning of the company in its industry, clarify the areas where strategic change may yield the greatest payoff and highlight the places where industry trends promise to hold the greatest significance as either opportunities or threats (Porter 1980). The contending forces during industry competition are illustrated in figure 1.

Figure 1: Competitive Forces



Competitive Forces (Porter, 1980 Pg229) Competitive Strategy: Techniques for Analyzing Industries and Competitors. Free Press, New York.

The five forces illustrated in figure 1 are, threat of potential entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products of services and intensity of rivalry among firms in industry. The seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entrant can expect. If barriers to entry are high and a newcomer can expect sharp retaliation from the entrenched competitors, obviously he will not pose a serious threat of entering.

In his definitive work of competitive strategy Porter (1985), propelled the concept of strategy and competitiveness into the foreground of strategic thought and business planning. The nature and degree of competition in an industry hinge on five forces the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products or services and the jockeying among annual contestant. The essences of strategy is coping with competition and appreciate how Porter's Five Forces competitive model-shape a firm's business strategy. The purpose of

competitive strategy is to establish a profitable and sustainable position against the forces that determine industry competition. Rivalry among existing competitors takes the familiar form of jockeying for position using tactics like price competition, product introduction and advertising slug tests. Intense rivalry is related to the presence of a number of factors. If competitors are numerous or are roughly equal in size then industry growth is slow, precipitating fights for market share that involve expansion-minded members. If fixed costs are high or the product is perishable, then there is a strong temptation to cut prices (Porter, 1985).

Harvey (1988) stipulates that suppliers can exert pressure on participants in an industry by raising prices or reducing the quality of purchased goods and services. Bargaining power of suppliers refers to the ability of suppliers to raise input prices, or to raise the cost of the industry in other ways. Harvey (1988) also states that customers can likewise force down prices, demand higher quality or more service and play competitors off against each other, all at the expense of industry profits.

A company's choice of suppliers to buy from or buyer groups to sell should be viewed as a crucial strategic decision. A company can improve its strategic posture by finding suppliers or buyers who possess the least power to influence it adversely. By placing a ceiling on prices it can change, substitute i.e. products or services limit the potential of an industry (Harvey, 1988)

Ansoff and McDonnell (1990) notes that strategic responses involve changes to the organizations' strategic behavior. Such responses may take many forms depending on the organizations' capability and environment in which it operates. Well-developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge.

When firms are faced with unfamiliar changes, they should revise their strategies to match the turbulence level (Ansoff and MacDonnell, 1990). The strategic responses include new products, new markets, new processes, new services and new strategies for

attacking the markets. Pearce and Robinson (1991) define strategic response as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firm's objectives.

Pearce and Robinson (1991) have outlined three generic strategies that firms usually employ in order to compete effectively in the market. These are over all cost leadership, differentiation and focus. Over all cost leadership aims at achieving over all cost leadership in an industry through a set of functional policies aimed at this basic objective. It requires aggressive construction of efficient scale facilities, vigorous pursuit of cost control, avoidance of marginal customer accounts and cost minimization in areas like research and development, service, sales force, advertising and so on. Differentiation involves differentiating the product or service offering of the firm, creating something that is perceived industry wide as being unique. Focus, on the other hand, involves focusing on a particular buyer group, segment of the product line, or geographic market. Focus strategy is build around serving a particular target very well and each functional policy is developed with this in mind.

A firm that fails to develop its strategy in at least one of the three directions mentioned above is said to be 'stuck in the middle'. According to Porter, such a firm will be in an extremely poor strategic position in that it lacks the market share, capital investment and resolve to play the low cost game, the industry wide differentiation necessary to obviate the need for leadership cost position or the focus to create differentiation or a low cost position in a more limited sphere.

Kombo (1997) in his study on strategic response by Motor Vehicle franchise Holder in Kenya facing changed environmental conditions found that for firms to be effective and hence successful, they should adapt appropriately to changes that occur in their respective environments, such adaptation may be referred to as strategic responses. . Aosa (1992) asserts that modern approach to strategic planning has developed as a response to increasing challenges caused by high levels of environmental turbulence. Mpungu (2005) sees it as a reaction to what is happening to the environment of the organization

2.7 Strategic Choices

A strategic choice is a decision both at the corporate and business levels that determines the future strategy of the firm. After alternative strategies have been examined, a strategic choice, that is, decision to adopt one of those strategies is made. If the identified strategy is clearly superior in terms of meeting future company objectives, the decision will be relatively simple but if after a comprehensive strategy examination there emerges several viable alternatives, the decision will often be judgmental and difficult. Pearce and Robinson (1994) give the more important factors that influence strategic choice in such circumstances as role of past strategy, degree of the firm's external dependence, attitudes toward risk, internal political consideration, timing and competitive reaction.

Role of past strategy Mintzberg (1972) suggests that past strategy strongly influences current strategic choice. Thus, the older and more successful a strategy has been, the harder it is to replace. Similarly, once a strategy has been initiated, it is very difficult to change because organizational momentum keeps it going. Mintzberg's work and research by Staw (1976) found that, even as a strategy begins to fail due to changing conditions, strategists often increase their commitment to it. This is often the reason why firms replace top executives, when performance has been unsatisfactory for an extended period, because this lessens the influence of unsuccessful past strategy on future strategic choice.

Degree of the firm's external dependence A comprehensive strategy is meant to effectively guide a firm's performance in its external environment, whose elements include shareholders, suppliers, customers, government, competitors and even workers unions. A major constraint on strategic choice is the power of environmental elements over this decision. If a firm is highly dependent on one or more environmental elements, its strategic alternatives and ultimate strategic choice must accommodate that dependence (Pearce & Robinson, 1994).

Attitudes toward risk These play a considerable influence on strategic choice in that where attitudes favor risk, the range of strategic choices expands and high-risk strategies are acceptable but if management is risk averse the range of strategic choices is limited because high-risk alternatives are eliminated before strategic choices are made. Past strategy exerts far more influence on the strategic choices of risk-averse managers. Risk oriented managers lean toward opportunistic strategies with higher pay offs. They are drawn to strategies based on innovation, company strengths and operating potential. On the other hand risk averse managers lean towards safe, conservative strategies with reasonable, highly probable returns. They are drawn to defensive strategies that minimize a firm's weaknesses, external threats and the uncertainty associated with innovation based strategies (Pearce & Robinson, 1994).

Internal political considerations Power and political factors influence strategic choice in that the use of power to further individual or group interest is common in organizational life. Chief Executive Officers, for example are a considerably dominant force in strategic choice, especially in small firms. The coalition phenomenon, particularly in large firms is another source of influence in strategic choice. This is the case where sub units and key managers have reason to support some strategic alternatives over others. Mutual interests will then draw certain groups together in coalitions to enhance their position on major strategic issues, which will in turn influence the eventual strategic choices made for the firm. Timing; Timing is a major influence on strategic decision in that a good strategy may be disastrous if it is undertaken at the wrong time.

Competitive reaction Top management frequently incorporates perceptions of likely competitor reactions to strategic choices when weighing alternatives. If for example, an organization chooses an aggressive strategy directly challenging a key competitor, that competitor can be expected to mount an aggressive counter strategy. Thus top management has to consider the probable impact of competitor reactions on the success of their chosen strategy before making the choice.

2.8 Strategic Behaviour of Firms

An economic downturn normally motivates private corporations to undertake unusual steps to protect their assets from continued decline (King, 1997). Strategies should, at least until the crisis is over, generally avoid any fundamental change in character of a business as well as major changes in the business interface with customers which are likely to confuse them for example, changes in sales personnel and distribution channels (Prescott, 1982). The following broad strategies should be considered to better understand how firms behave in a challenging environment include; restructuring, shrink selectively, marketing, cost cutting and long-term strategies.

2.8.1 Restructuring

Restructuring is the process of transferring production from an expensive site to a cheaper one. It may involve the transfer of activities from a developed to developing country or from high to low wage countries (Cordova and Dror, 1984) as in the case of Japanese firms moving their operations overseas (King, 1997). Townsend (1983) observed that in the 1980's recession in the United Kingdom, virtually all major corporations at some point in time restructured their activities in the face of over-capacity and high costs.

Process restructuring covers marketing, product development, production purchasing, finance and services (Kozminski, 1997). Its main objective is to bring the company to an acceptable minimum level of performance. Production restructuring, for example, leads to improvement in quality, elimination of waste and reduction of the production cycle. Cost improvement can be achieved through out-sourcing and buying directly from the producer. There is evidence to suggest that the larger firms are out-sourcing some of their activities to specialist forms (Tingle, 1994). The selection of local talents, with some background in management and providing them with training, forms part of functional restructuring. Laying off redundant staff and intensive training in functional skills can help to enable successful functional restructuring only if coupled with basic structural

design to provide for the elimination of most of the hierarchical layers of the old structure. Staff is encouraged to acquire new skills and to further develop skills and capabilities that they already possessed (Kozminski, 1997). Workers who are affected by technological training should be entitled to full retraining during hours at the employer's expense (Cordova and Dror, 1984).

Down-sizing may occur by reducing workload as well as eliminating functions, hierarchical layers or units and by streamlining activities. Down-sizing has helped companies in Japan and the United States to lower overheads, speeds up response time, eliminate red tape/bottlenecks and increase productivity (King, 1997). The shedding of staff associated with restructuring may happen together with redundancies caused by divestment. Consequentially, some form of reorganization of industrial practices, the introduction of new methods of managerial control and the substitution of labour by more up-to-date equipment may need to be instituted (Danson, 1986). Many companies in the United States are now lean and mean as a result of the restructuring exercise undertaken in the 1980s. Measures such as huge layoffs, reduced executive travel and lower entertainment budget are, however, less likely to provide room for manoeuvre (Palmer, 1991). The following components should be considered in restructuring: Changing top management when passing from one restructuring phase to another (Kozminski, 1997; Whiltington, 1989), Adding new people (with new skills) to manage teams filled by individuals outside the organization, particularly if it has been growing rapidly (Kozminski, 1997; Slatter, 1992), constant head-hunting, training and investment in human capital remain the essence of building up managerial competence (Kozminski, 1997) and educate management and labour about the new reality brought about by the crisis.

2.8.2 Marketing

An economic downturn, in which there is a decline in consumer spending power, offers opportunities for profitable sales in so far as improved products are concerned (Committee for Economic Development, 1954). Marketing is therefore a more desirable alternative to increase volume instead of cutting profit margins or continually discounting

prices (Morine, 1980). Palmer (1991) argued that companies wishing to thrive in an economic downturn should not be cutting back on marketing and product development but should instead increase the budget for marketing activities. In this context, market improvement activities have actually helped firms to survive in post-communist Central and Eastern European countries during their recession (Kozminski, 1997).

As part of its marketing function, the firm will need to keep in constant touch with its existing client base, introduce quick adjustments to its portfolio, and re-focus on client's needs for financing, promotion, quality and design (Palmer, 1991). Attention should also be paid to delivery, time-saving product features, reliable after-sales service and back-up, aesthetic features of the product, a unique, functional and convenient feature of the product (Palmer, 1991; Morine 1980). Marketing policies will need to be redefined in line with customer shifts for more value-adding products/services at lower prices (Slatter, 1992).

2.8.3 Cost Cutting

In most businesses, cost reduction is a faster method to achieve greater profits than increasing sales volume. In addition, cost reduction measures do not usually invoke a response from competitors (Morine, 1980). Cost cutting also helps to tackle a cash-flow crisis within a business (Slatter, 1992). Hence, the adoption of typical cost cutting measures to minimize wastage and unnecessary expenditure constitutes an important survival tactic for a business in a downturn (Low, 1992; Shilling, 1988; Whiltington, 1989). The typical cost cutting measures include; bigger orders, competitive bidding, overhead cost reduction and stock control.

2.8.4 Summary

In this chapter an introduction of the literature review was given. The chapter has the following subtopics; Environmental changes and challenges Environmental and organizational changes, strategy, evolving a change strategy, organization response to environmental changes strategic choices and strategic behaviors of firms

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the overall methodology that was used in the study. This includes the research design, population of the study, sample size, sample frame, data collection methods, research procedures and data analysis and presentation

3.2 Research Design

The research used a descriptive survey method to assist the researcher to get the general and specific objective of the study. This was meant to establish the responses by cement manufacturing firms in Kenya to changes in their environment.

Both Day (1990) and Churchill (1991) agree that this is an appropriate form of study, especially when the objective of the research is to gain insights into ideas, which was applicable in this case. The descriptive survey method helps the researcher to get the data about existing phenomena by asking individuals about their perceptions, attitudes, behaviour or values.

3.3 Population of the Study

The population of interest in this study was all the three cement manufacturing firms in Kenya that is the East African Portland Cement Ltd (EAPC), Bamburi cement limited (BCL) and Athi River Mining (ARM). The research was a census survey of the Cement manufacturing firms in Kenya. A census study is taken to be the most appropriate whenever the population is small.

3.4 Data Collection Method

The study used primary data, which was collected using a questionnaire containing both structured and unstructured questions. Three questionnaires were sent out to Top managers of the three cement manufacturing companies in Kenya. The data collection method was through personal interviews. This approach has been successively used by Gekonge (1999), Abdullahi (2000) and Chepkwony (2000). Responses were sought from senior managers who have been in the industry for at least five years. These included senior managers or heads of departments. The length of time was important in that it ensured that the respondents were well versed with their organizations and the changes in the industry.

The questionnaire was divided into three parts. Part one captured information about general characteristics of the firm. Part two addressed the critical changes that have taken place in Cement Manufacturing Companies in Kenya while part three dealt with the strategic responses of the organization in dealing with the changes.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATIONS

4.1 Introduction

This chapter presents analysis and findings of the research. Findings in this chapter have tried to fulfill the objectives of this study. A total of 3 respondents were involved in the study out of the target 3, therefore generating 100% response rate. Data obtained in the study was analyzed using descriptive statistics. These included proportions/percentages; mean scores and standard deviations where appropriate. The analyzed data was presented in tables, bar-charts, line graphs and pie charts, if and when applicable. Gekonge (1999), Abdullahi (2000) and Chepkwony (2000) have successively used these techniques in past studies.

4.2 Position and Department of the Respondent in the Organization

This section sought to find out the position and department of the respondents in the organization. The respondents were procurement manager, assistant human resource manager and marketing manager, they were from the procurement department, human resource department and marketing department respectively. All the three companies have 200-499 employees.

4.3 Major Competitors

The essences of strategy is coping with competition and appreciate how Porter's Five Forces competitive model-shape a firm's business strategy and in this section the research sought to find the major competitors of the firms involved in the study. Table 1 shows the major competitors of these companies.

Table 1: Major Competitors

Major competitors	Frequency	Percentage
Bamburi	2	33.3
East African Portland	2	33.3
Athi River Mining	2	33.3
Total	6	100.0

It can be seen from the above table, all the companies involved in the survey were major competitors of each other.

4.4 Changes in the Cement Manufacturing Sector

The respondents were asked to identify the changes that had taken place in the cement manufacturing from mid 1990s. The respondents mentioned that there had been changes in packaging of cement, distribution network, pricing, product demand, price decontrol, entry of other competitors, modernization and improvements in equipments.

4.5 Change Factors

In this category, the interest of the researcher was on determine the extent of the following factors in the change process. Table 2 below shows the factors that necessitated change in the cement manufacturing industry.

Table 2: Change Factors

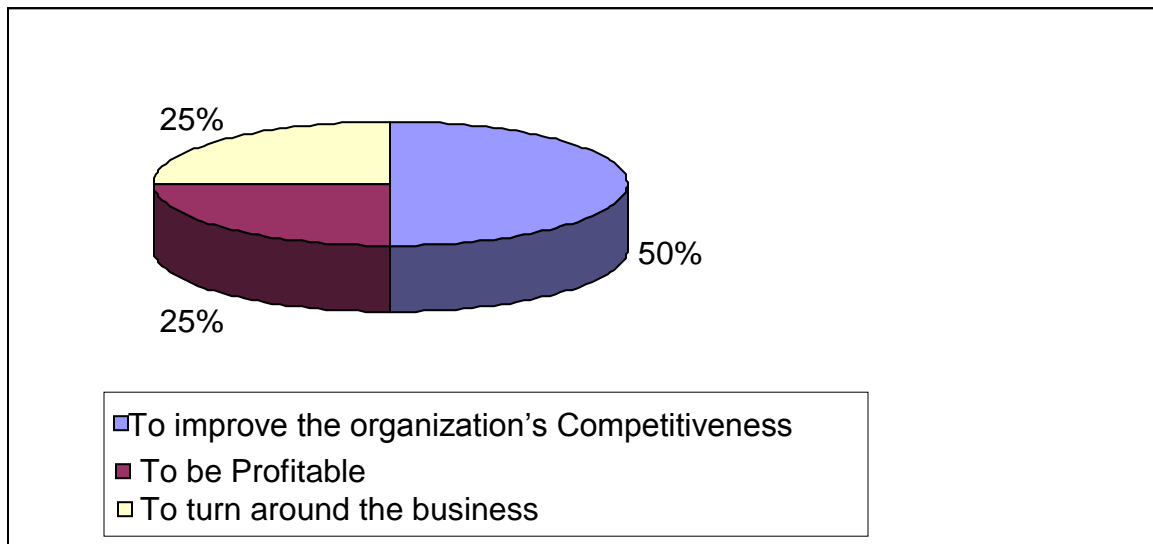
Change factors	Very great extent	Great extent	Moderate extent	Less extent	No extent
	%	%	%	%	%
Need to remain competitive	100.0	0	0	0	0
Threat from competitors	33.3	33.3	0	33.3	0
Responding to customer needs	100.0	0	0	0	0
Government Directives	33.3	0	66.7	0	0
Technological changes	33.3	33.3	33.3	0	0
Social Cultural factors	0	33.3	33.3	0	0
Economic changes	0	33.3	66.7	0	0

It can be seen from table 2 that all the firms involved in the survey indicated that need to remain competitive for very great extent necessitated the need to change, threat from competitors necessitated change to very great extent, great extent and less extent in equal margins. All the companies involved in the survey indicated that response to customers needs occasioned change to a very great extent, 66.7% of the total population indicated that government directives occasioned change to a moderate extent. On the other hand technological changes necessitated change to a very great extent, great extent and moderate extent in the same proportion. Social cultural factors necessitated change to great extent, moderate extent and less extent in equal proportions and economic changes necessitated change to a moderate extent to 66.7% of the population.

4.6 Objectives of the change in organization

The researcher's aim in this part was to find out from the respondents the objectives of change in the organization. Figure 2 below shows the objective of each company involved in the study.

Figure 2: Objective of the Organization



The objective that was adopted by 50% of the firms involved in the survey was to improve organization's competitiveness; the aim of being profitable was adopted by 25% of the companies. On the other hand, the objective of business turnaround was adopted by 25% of the companies involved in the survey.

4.7: Support from Staff

The involvement of employees in any change process is very crucial. Their support goes along way in achieving organizational goals. This part asked the respondents the level of support they had received from their staff. Table 3 shows the extent of support the companies involved in the study received from their staff.

Table 3: Support from Staff

Support	Frequency	Percentage
Most supportive	1	33.3
Very supportive	1	33.3
Supportive	1	33.3
Total	3	100.0

The respondents indicated that employees were generally supportive of the company in the change process, even though the extent of support varied from company to company. Such high level of support would be important for these companies as they try to cope with the changing environment.

4.8 Current external environment

The external environment consists of all institutions and forces that have an actual or potential interest or impact on the organizations ability to achieve objectives. Since the external environment affects an organization in a significant way, it needs to be monitored on a regular basis. The respondents were each asked to state the current situation of the external environment. Table 4 below shows the current external environment of the cement industry as viewed by the respondents.

Table 4: Current External Environment

Nature of the environment	Frequency	Percentage
Stable	1	33.3
Moderately changing	1	33.3
Unstable and unpredictable	1	33.3
Total	3	100.0

The companies involved in the study had different perspectives of the environment in the industry. While some players considered the environment to be stable, others considered

it to be moderately changing. On the further end, other players considered it unstable and unpredictable. This finding fails to be conclusive enough for one to draw a conclusion on it.

4.9 Areas of Improvement in the Cement Industry

An open question was asked to the respondents to identify the task that needed to be addressed in the industry and the response was diverse. The responses included: improvement of packaging, installation of modern machinery, reduction of high power and fuel costs as well as improvement of transportation infrastructure.

4.10 Strategic Responses

Strategy helps firms to cope with changes by designing appropriate strategic responses. Successful firms continually scan their environment to identify economic, competitive, political and social changes, which would affect its operations (Ansoff and Mc. Donnell, 1990). Strategic responses involve changes to the organizations' strategic behavior. Such responses may take many forms depending on the organizations' capability and environment in which it operates. Well-developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge. The strategic responses include new products, new markets, new processes, new services and new strategies for attacking the markets. The researcher sought to find out the strategic responses in the cement industry and these are listed below. Table 5 below shows the strategic responses adopted by companies involved in the study.

Table 5: Strategic Responses

Strategic responses	Very important	Moderately important	Important	Less important	Not important
	%	%	%	%	%
Diversification	66.7	0	0	0	33.3
Improve customer service	33.3	33.3	33.3	0	0
Community involvement	0	33.3	66.7	0	0
Research and development	33.3	66.7	0	0	0
Training staff	0	0	100.0	0	0
Outsourcing	66.7	33.3	0	0	0
Marketing	66.7	33.3	0	0	0
Improve inventory policy	0	33.3	66.7	0	0
Plant and equipment expenditure	66.7	33.3	0	0	0
Packaging of products	66.7	0	33.3	0	0
Relationship with suppliers	33.3	33.3	33.3	0	0
Improve employee morale	0	33.3	66.7	0	0
Restructuring	0	66.7	33.3	0	0
Credibility with customers	33.3	0	66.7	0	0
Bigger orders and lower bids	0	33.3	66.7	0	0
Competitive bidding	66.7	0	0	33.3	0
Time	33.3	0	33.3	33.3	0
Image improvement	0	0	100.0	0	0
Overheads	66.7	0	0	0	33.3
Stock control	0	33.3	66.7	0	0
Rely on inexperienced staff	0	0	100.0	0	0
Rationalizing personnel	66.7	0	33.3	0	0

There various strategic responses that were adopted in the industry and these were important to the companies concerned in different degrees. On the part of diversification, 66.7% of the respondents considered to be highly important; improving customer service

was considered moderately important by 33.3% of the respondents, community involvement was considered important by 66.7% of the respondents and on research and development majority of the respondents considered it moderately important to the company. All the respondents considered training of staff to be important, majority considered outsourcing and marketing to be highly important and improving inventory policy to be important to the company.

Controlling plant and equipment expenditure and packaging products were considered highly important by majority of the respondents. One third of the respondents considered relationship with suppliers to be moderately important. On the other hand improving employee was considered important, credibility with customers, bigger and lower bids, image improvement, stock control and reliance on inexperienced staff were considered important by majority of the respondents. Restructuring was considered moderately important by majority of the respondents while competitive bidding, overheads and rationalizing were considered highly significant to the company by majority of the respondents.

4.11 Success of Responses to Change

Achieving success in the implementation of change is the ultimate goal in an organization. This means achievement of set objectives and the improvement of operations of the company. In this part, the researcher sought to find out the extent of success by companies involved in the survey in implementation of change.

Table 6: Success of Responses to Change

Rate of success	Frequency	Percentage
Very successful	1	33.3
Moderately successful	2	66.7
Total	3	33.3

Table 6 shows that all the companies involved in the survey had been successful in responding to change. Those that had been very successful comprised of 33.3% while those that were moderately successful comprised of 66.7% of the total population. This means that these companies had been in position to implement change in their operating activities and thus achieve the desired results from the change.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

There are only three cement manufacturing companies in the country and all these were involved in the study. The report by African Alliance Securities Research (2007) indicates that the Kenyan Bamburi Cement is leader in the Kenyan market constituting 60% of the total market, EAPC has 31% of the total market while Athi River Mining controls 9% of the total market.

There are a number of changes that were reported to have taken place in the cement industry since mid 1990s. These changes according to this study include changes in packaging of cement, distribution network, pricing, product demand, price decontrol, entry of other competitors, modernization and improvements in equipments.

The factors that necessitated change in the cement industry include; need to remain competitive, threat from competitors, response to customers' needs and technological changes. The change process had been smooth for most companies since they reported support from staff. Most of the companies involved in the survey indicated that the main objective was to improve the companies' competitiveness.

The nature of external environment faced by firms involved in this study was diverse. While some stated that it was stable, others considered to be moderately changing, while on the extreme end some considered it to be unstable and unpredictable. The respondents mentioned tasks that needed to be addressed in the industry as; improvement of packaging, installation of modern machinery, reduction of high power and fuel costs as well as improvement of transportation infrastructure. This is consistent with the finds of African Alliance Securities Research (2007) who found out that power supply was inconsistent and the companies had to rely on privately run, stand alone generators which further increase fuel cost exposure.

Strategic responses adopted in the industry were diverse and their importance to the company varied from one company to another. Those that were considered to be highly significant by majority of the players in the industry include; diversification, outsourcing of non core services, marketing, controlling plant and equipment expenditure, packaging products, restructuring and competitive bidding. Other strategic responses considered important by most of the respondents in the industry include; improving customer service, research and development, training of staff and maintaining rapport with developers and suppliers.

5.2 Conclusion

The growth of the economy has enabled growth in other sectors too and this includes the cement manufacturing industry. Central Bank of Kenya publications (2006) reports growth in the cement manufacturing industry in year 2005 as 10.9%. Other players in the industry report that demand for cement is expected to maintain a steady growth in the next 4 years (EACPA, 2007). This is because the construction sector is cited as one of the key economy drivers

There are three major players in the cement manufacturing industry and these are Bamburi, East African Portland and Athi River Mining. Of these Bamburi leads the pack in terms of market share and capacity, followed by East African Portland and Athi River Mining. With the formation of the East African Community, other players are set to start productions in the country. African Alliance Securities (2007) reports that Tororo Cement, a dominant player in Uganda, has been setting a grinding plant in Athi River since 2006 and production is expected soon. This is expected to intensify the competition in the industry.

The findings on the strategic responses that were highly significant for industry players include diversification, outsourcing of non core services, marketing, controlling plant and equipment expenditure and restructuring. These were aimed at addressing the challenges facing these firms.

The growth of the cement industry in the country is set to grow. This is because for all the Kenyan companies involved in the survey indicated that their response to change was successful. Other factors that favour the growth of the sector include the general developments in the construction industry and the improved economy. This is also heightened by the fact that the industry plays a forward and backward linkage with other economic sectors hence playing a critical role as an indicator to the general economic conditions. The fact that the industry is a key contributor of revenue to the government means that it will enjoy support from the government in its ambitions, (CBK, 2007). However competition is set to intensify as the market opens itself up with players in the East African region. This will see companies merge as others who will not emerge as low cost leaders will be forced out of the industry.

5.3 Policy Recommendations

The companies involved in the study succeed in respondents to change in their organizations. This is achieved by taking various measures. One of the important steps is the involvement of all the stakeholders of the company especially employees. The support from employees goes along way in reducing the resistance to change. The company also needs to have strategic plan that has been well formulated. This plan should show the present position of the company and the expected future position of the company. This way the company would clearly know where it is going. Objectives should be set at every level of the organization to ensure achievement.

5.5 Recommendations for Further Research

This study focused on strategic responses by the cement manufacturing companies. This research undertook a census study since the population in the cement manufacturing industry is small. Future studies should therefore focus on other industries that have a large population.

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APPENDIX 1: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

To be completed a by senior manager

Please answer the following questions.

1. What position do you hold in the organization?.....
2. What is your current department? (Please specify).....
3. How Many Employees do you have in the firm?
 - 1-199 ☐
 - 200-499 ☐
 - 500- 799 ☐
 - 800 and above ☐
4. Who are the company's major competitors (Please list them)

.....

.....

.....

SECTION B

5. Please State any changes that may have happened in Cement Manufacturing Sector from mid 1990's.

.....

.....

.....

6. Please rate the extent to which the following factors occasioned the change.

	5	4	3	2	1
Need to remain competitive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Threat from competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responding to customer needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government Directives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Technological changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social Cultural factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. What are the objectives of change in the organization?

- To turn around the business ☐
- To reduce staff ☐
- To improve organization's competitiveness ☐

8. Are your organization's staff supportive in organizational change?

- Most supportive ☐
- Very Supportive ☐
- Supportive ☐
- Less supportive ☐
- Not supportive at all ☐

9. How would you describe the current external environment for the Cement Manufacturing industry?

- Stable ☐
- Moderately changing ☐
- Unstable and unpredictable ☐

10. Which critical areas still need to be addressed? Please specify.

.....

.....

.....

Strategic Responses

11. How important has each of the following strategic responses been to your firm in responding to the threat of the environment (Please rank them in order of importance: 5 being the most important and 1 being the least important)

Strategic responses	5	4	3	2	1
<i>Diversification</i> – overseas investments as well as upstream/downstream diversification help to spread risks					
Improve customer service					
Community involvement					
<i>Research and development</i>					
Training staff					
Outsourcing of non core services					
	5	4	3	2	1
Marketing – constantly improve marketing methods, so customers are well informed and efficiently served					
Improve inventory policy – adoption of a more stable inventory policy. Speculation on inventories should be avoided.					
<i>Plant and equipment expenditure</i> – leasing rather than purchasing assets offers the potential for maintaining flexibility in a business' cash-flow					
Packaging of products					
Maintain rapport with developers and suppliers					
Improve employee morale					
<i>Restructuring</i> – review organization structure to remove inefficient layers which contribute to unnecessary costs					
Regain credibility with customers and suppliers					
Bigger orders and lower bids – rewarding suppliers who meet quality standards with bigger orders help to achieve lower bids					
Competitive bidding – where subcontractors are selected through competitive bidding rather than through negotiation					
Time – management of time to include the handling of paperwork only once, cutting back on report writing, holding fewer meetings to save time					
Image improvement					

Outsourcing of non core services					
Overheads – immediate and drastic overhead cost reduction forms part of the turn-around strategy, including turning off unnecessary lights, making telephone calls at off-peak hours, reducing unnecessary travel					
Stock control – minimize the level of unproductive stocks that are held as this lowers interest charges as well as costs warehousing and materials handling					
Rely on inexperienced staff – where young and inexperienced staff are employed to take on a larger scope of work, including that of older employees who have been made redundant					
Rationalizing personnel – the reduction of employment involves the rationalization of productive capacity and product lines					

12. Are the responses to change successful?

- Very successful []
- Moderately successful []
- Not Successful []
- Failure []

Thank you for your Time