

**STRATEGIC RESPONSES AND EXTERNAL ENVIRONMENTAL  
CHALLENGES BY INTERNATIONAL COMMITTEE OF THE  
RED CROSS IN NAIROBI**

**BY**

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## DECLARATION

This research project is my original work and has not been presented for a degree in any other university

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

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## . TABLE OF CONTENTS

DECLARATION .....	ii
ACKNOWLEDGEMENTS .....	iii
DEDICATION .....	iv
LIST OF TABLES .....	vii
ABBREVIATIONS AND ACRONYMS .....	viii
ABSTRACT.....	ix
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Organizations and External Environment .....	2
1.1.2 Strategic Responses.....	3
1.1.3 International Committee of the Red Cross .....	4
1.1.4 ICRC Nairobi .....	5
1.2 Research Problem .....	6
1.3 Research Objectives.....	8
1.4 Value of the Study .....	8
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>10</b>
2.1 Introduction.....	10
2.2 Theoretical Foundation .....	10
2.3 Organizations and Environmental Challenges.....	12
2.4 External Environmental Challenges .....	14
2.5 Strategic Responses to Environmental Challenges.....	16
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>20</b>
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Data Collection .....	20
3.4 Data Analysis.....	21
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....</b>	<b>22</b>
4.1 Introduction.....	22

4.2 Information on Interviewees .....	22
4.3 Environmental Challenges .....	23
4.4 Response Strategies to Environmental Challenges .....	26
4.5 Discussion .....	30
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS</b> ...	<b>33</b>
5.1 Introduction.....	33
5.2 Summary .....	33
5.3 Conclusion .....	34
5.4 Limitations of the Study.....	34
5.5 Recommendations for Further Research.....	35
5.6 Implication on Policy, Theory and Practice.....	35
<b>REFERENCES</b> .....	<b>36</b>
<b>APPENDICES</b> .....	<b>41</b>
Appendix I: Strategic Responses by ICRC in Nairobi to Challenges in its External Environment .....	41

## LIST OF TABLES

<b>Table 4.1:</b> Summary of Information on Interviewees .....	22
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## **ABBREVIATIONS AND ACRONYMS**

<b>ICRC</b>	International Committee of the Red Cross
<b>IHL</b>	International Humanitarian Law
<b>KRA</b>	Kenya Revenue Authority
<b>KRCS</b>	Kenya Red Cross Society
<b>PIN</b>	Personal Identification Number
<b>RDT</b>	Resource Dependence Theory
<b>WATHAB</b>	Water and Habitat



## **ABSTRACT**

The research objectives for this study sought to determine the environmental challenges facing ICRC in Nairobi and to establish the strategic responses adapted by ICRC in Nairobi to external environmental challenges. Organisations exist in and are surrounded by an environment – the business or organisational environment. The environments in which organisations operate have become not only increasingly uncertain in recent years but also more highly interconnected; thus changes anywhere in the system reverberate unpredictably, and often chaotically and dangerously. On this basis, organisational strategy has to continually evolve in order to fit or match the organisation's environmental condition. A case study was used to meet the objectives of this study. An interview guide was used to collect data from five senior managers. The data included the challenges in ICRC Nairobi's external environment and the response strategies adapted. The data collected was analysed using content analysis technique. The study showed that ICRC in Nairobi has experienced a number of environmental challenges emanating from changes in the external environment. Changes in the political-legal, economic, technological, ecological, socio-cultural and ethical environments pose challenges for ICRC in Nairobi. In response to this complexity and change in its external environment ICRC in Nairobi continually evolves its operational strategy in order to fit into its environmental condition. The implication of the study on policy, theory and practise is that ICRC Nairobi continually monitors its environment and swiftly modifies its strategy in response to changes in its external environment in order to ensure its survival.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

The alignment between strategy and the business environment in any organisation determines its long run success. Wheelen & Hunger (2008) define the strategy of an organization as one that forms a comprehensive master plan that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage. The external environment can be defined as all the forces and conditions outside the organization that are relevant to its operation and influence the organization. Organizations take inputs (raw materials, money, labor and energy) from the external environment, transform them into products or services, and send back as output to the external environment. The other environment is internal which can be defined as all the forces and conditions within the organization that influences its behavior.

Open systems theory refers simply to the concept that organizations are strongly influenced by their environment. The environment consists of other organizations that exert various forces of an economic, political, or social nature. The environment also provides key resources that sustain the organization and lead to change and survival (Emery, 2000). Resource dependence theory suggests that organizational behaviour is a reflection of the management of its dependence on an external resource and the ensuing demands of a donor controlling the resources. The level of resource dependence determines an organisation's response (Davis & Cobb, 2013).

Every organization needs to be perceived as operating in an environment. Organizations are neither self-sufficient nor self-contained. Rather they exchange

resources with and dependent upon external environment. The attainment of an appropriate match, or “fit” between an organization’s environment and its strategy, structure and processes has positive effects on the organization’s performance, (Wheelen & Hunger, 2008). This study focused on the societal environment of ICRC in Nairobi because it was the most relevant for this study based on the environment of this organisation.

### **1.1.1 Organizations and External Environment**

Organizations exist in and are surrounded by an “environment” – the business or organizational environment. The environment in which organizations operate have become not only increasingly uncertain in recent years but also more highly interconnected; thus changes anywhere in the system reverberate unpredictably, and often chaotically and dangerously. On this basis, organizational strategy has to continually evolve in order to fit into the organization’s environmental condition.

This implies that a company will continually monitor its environment and swiftly modify its strategy in response to changes in market conditions, advancing technology, the fresh moves of competitors, shifting buyer needs and preferences, emerging market opportunities. The external environment aims to help an organisation to obtain opportunities and threats that will affect the organisation’s competitive situation. External opportunities are characteristics of the external environment that have the potential to help the organization achieve or exceed its strategic goals. External threats are characteristics of the external environment that may prevent the organization from achieving its strategic goals. Therefore, organisations must formulate appropriate strategies to take advantage of the opportunities while overcome the threats in order to achieve their strategic goals.

Koks (2008) points out that environmental assessment is more complicated for multinationals like ICRC, compared to domestic firms because multinationals must evaluate several environments simultaneously. These companies struggle in environments that are characterized by intense global competition, economic difficulties, labour unrest, uncertainties about government policies and other factors that threaten their survival.

### **1.1.2 Strategic Responses**

Aosa (1992) noted that industries were responding to customer's demands by becoming more innovative in their ways of approaching the changed environment. The strategic response that a firm adopts is important because it deals with the fundamental issues that affect the future of the organization. Rapidly changing external business contexts are increasingly the need for disciplined and at the same time more adaptive context specific strategic management (Koks, 2008).

Pearce & Robison (1997) describe strategic response as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Strategic response thus involves change which can be gradual or evolutionary, or more dramatic, even revolutionary. Such responses may take many forms depending on the organisation's capability and the environment in which it operates. Well developed and targeted strategic responses are formidable weapons for a firm in acquiring and sustaining a competitive edge (Mutugi, 2006). These strategic responses include mergers, cost cutting, use of technology, restructuring, culture change to name but a few.

### **1.1.3 International Committee of the Red Cross**

ICRC is an impartial, neutral and independent organization whose exclusive humanitarian mission is to protect the lives and dignity of victims of war and internal violence and to provide them with assistance. It directs and coordinates the international relief activities conducted by the Movement in situations of conflict. It also endeavours to prevent suffering by promoting and strengthening humanitarian law and universal humanitarian principles.

Established in 1863, the ICRC is at the origin of the International Red Cross and Red Crescent Movement. Since its foundation, the ICRC has played a humanitarian role in most of the conflicts that have taken place around the world. It has continuously worked to persuade States to expand the legal protection of war victims, to limit suffering. The ICRC, the national societies and the International Federation form the International Red Cross and Red Crescent Movement. In situations of armed conflict the ICRC coordinates the response by its Movement partners.

The ICRC's annual budget in recent years has been in the region of one billion Swiss francs (USD, EUR). Its principal donors are governments, regional organisations, national Red Cross and Red Crescent societies, municipal authorities, the private sector and members of the public. National societies also make an important contribution in terms of specialized personnel. ICRC accounts are explained every year in the annual report. More than 1,400 specialized staff and generalists are currently on field missions for the ICRC across the globe. They work with some 11,000 local employees, supported and coordinated by around 800 staff at its Geneva headquarters.

Expatriate staff members can be from countries anywhere in world; the ICRC is an equal opportunities employer. The ICRC administers various special funds and awards for national societies, to help their work, or to Red Cross workers, either in recognition of their service or to provide practical assistance in case of hardship (International Committee of the Red Cross, 2010).

#### **1.1.4 ICRC Nairobi**

The ICRC regional delegation in Nairobi promotes international humanitarian law (IHL) and carries out humanitarian activities in Kenya, Djibouti and Tanzania. It is an important logistical centre for ICRC operations in Somalia and in the Great Lakes region. From there, the ICRC protects and assists people displaced or affected by armed conflicts. The ICRC Nairobi delegation was set up in Kenya in 1973. It monitors the humanitarian situation in Kenya, Tanzania and Djibouti. Kenya's geographical position makes it an ideal base for the ICRC's activities in East Africa and the surrounding regions, the regional delegation is therefore home of the second-largest ICRC logistics facility in the world.

Through annual events, the delegation provides training on IHL to the armed forces in the region. In order to increase the study of IHL and to encourage research within academic circles, the delegation conducts an annual essay competition and a national moot court competition. Detention visits are conducted for prisoners of war and civil detainees in Djibouti to ensure that their rights are respected. The ICRC jointly with the National Societies facilitates the restoration of family links through Red Cross messages and initial phone contacts for refugees and immigrants in Kenya, Tanzania and Djibouti. Additionally, unaccompanied minors and children are reunited with their families. National Societies in the region receive a mix of ICRC funds, goods,

expertise and logistics back-up to build their capacities in relief assistance, restoration of family links, water and habitat, economic security and communication programmes. The ICRC funds and implements water projects jointly with the Kenyan Red Cross Society (KRCS) thus improving access to clean and safe drinking water. The ICRC also works with the Gabode Prison in Djibouti to ensure access to clean and safe water. In order to enable communities whose livelihoods are affected by situations of violence in Kenya, the ICRC, working jointly with KRCS, assists them through various activities such as cash for work, provision of seeds and tools, destocking in times of drought and animal health services, (ICRC Regional Delegation in Nairobi, 2014).

## **1.2 Research Problem**

The business environment is continually changing and challenging organizations in multiple dimensions. The external environment consists of variables (opportunities and threats) that are outside the organization and not typically within the short-run control of top management. These variables form the context within which the corporation exists (Wheelen & Hunger, (2008). These variables include political-legal, economic, socio-cultural, technological and ecological issues. There are various challenges which an organization faces from its external environment. The major challenge is the continuous change in the external environment and an organization has to adjust its internal environment according to this change (Daft & Weick, 1984).

ICRC in Nairobi operates in a very dynamic environment. These changes that keep happening in the environment whether anticipated or not determine the strategic objectives that ICRC in Nairobi adopts in order to remain relevant in relation to its mission of ensuring humanitarian protection, and assistance for victims of armed

conflict, and other situations of violence. By virtue of its international and humanitarian nature, ICRC in Nairobi has unique challenges in its environment. The horn of Africa and Great lakes region is ICRC Nairobi's environment. Sadly this has been one of the most turbulent and unstable regions in our continent Africa. The humanitarian crisis in this region has at some point escalated to worrying levels coupled with the challenges of under-developed and developing economies. From the unending civil wars in Somalia, Sudan and South Sudan, Uganda, DRC and most recently the post-election violence in our country Kenya; to inadequate infrastructure (roads, electricity, telecommunications), political changes, technological changes , limited donor funding and acts of God, that is famine, floods and earthquakes. These unique set of challenges require that ICRC in Nairobi adopts strategic objectives that fit into its unique environment to ensure its sustainability in the long run.

Koks (2008) observed that BBK has addressed its changing competitive situation through restructuring, marketing, information technology, culture change, recapitalization, service delivery systems and product development. From his study, Rumba (2008) noted that mobile phone companies in Kenya needed to aggressively market in order to survive. Wanjagua (2008) observed that Kenya Pipeline Company (KPC) had adopted several strategies to counter environmental challenges. Some of these include strategic planning, capital injection, capacity building and adopting technological changes. Kinyua (2007) conducted a study on the cement manufacturing companies in Kenya. In his study, he noted that there have been various changes in the industry including increasing demand and entry of new players. The strategic responses adopted include outsourcing of non-core services, diversification in the overseas investments and downstream cement production, controlling plant and equipment expenditure through leasing, maintenance and



automation. Mwangi (2008) conducted a study on the strategic management process at Kenya Red Cross. Mwangi (2005) studied factors influencing the adoption process in an employer driven HIV/AIDS social marketing campaign: a case study of ICRC.

From the above studies, it is evident that most researchers have focused on profit making organizations, and the few who have focused on non-profit making organisations have not researched on the strategic responses to the environmental challenges in the external environment of these non-profit organisations. It is on this basis that this study has been conducted to answer the question, what are the strategic responses by ICRC in Nairobi to external environmental challenges?

### **1.3 Research Objectives**

This study was guided by the following specific objectives;

- i. To determine the external environmental challenges facing ICRC in Nairobi.
- ii. To establish the strategic responses adapted by ICRC in Nairobi to external environmental challenges.

### **1.4 Value of the Study**

The findings of this study have benefited various persons. The management of ICRC Nairobi have found this study helpful in identifying the challenges happening in their environment and the effectiveness of the strategic responses adopted in relation to the organisation's humanitarian mandate.

Secondly, humanitarian organizations and non-profit organizations have also gained insight from this study by learning how to strategically match their objectives with their business environments. Thirdly, researchers and scholars have benefited from this study, as it has added to the body of knowledge in strategic management and

specifically on how humanitarian organizations strategically respond to challenges in their environment. This study has also been applied to policy, theory and practise by emphasizing that organisations employ corporate, business and functional level strategies in response to environmental challenges.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter deals with the literature review of the study. It covers the theoretical background, organisations and environmental change, the external environment and the strategic responses.

#### **2.2 Theoretical Foundation**

In the theoretical foundation, this research looked into the resource dependence theory and the open systems theory. Resource dependence theory (RDT) maintains that organizations are resource-insufficient; they strive to acquire and sustain resources from their external environment. Resources are controlled by external actors who exert demands on the organization. These actors perceive certain advantages in their relationship with the organization and exercise power through control over resources (Hillman, Withers & Collins, 2009).

Resource dependence theory is underpinned by the idea that resources are key to organisational success and that access and control over resources is a basis of power. Resources are often controlled by organizations not in the control of the organisation needing them, meaning that strategies must be carefully considered in order to maintain open access to resources. The challenge is for the organization to proactively and effectively manage incompatible and competing demands (Davis & Cobb, 2010). There are several options that firms can enact to minimize environmental dependencies, these include: mergers, joint ventures and other inter-organizational relationships, boards of directors, political action, and executive succession. Open systems theory refers simply to the concept that organizations are strongly influenced

by their environment. Cole & Kelly (2011) point out that open systems consider the organisation's structures, systems, processes and external environment to be interrelated and able to affect one another. The open systems model recognises that organisations exist in the context of a larger environment that affects how the organisation performs and in turn is affected by how the organisation interacts with it. The model suggests that organisations operate within an external environment, takes specific inputs using social and technical processes. The outputs of the transformation processes are returned to the environment and can be used as feedback to the organisation's functioning (Cummings & Worley, 2009).

As organizations and communities conduct their business they influence and change their external environments, while at the same time being influenced by external changes in local and global environments. This two-way influential change is known as active adaptive change. To ensure viability an open system must have an open and active adaptive relationship with its external environment. In other words, a healthy viable open system has a direct correlation with respect to changing values and expectations over time with its external environment. The corollary therefore is that if the values and expectations of a certain organization or community are out of sync with those that exist in the external environment then that particular organization or community will eventually become unhealthy and unviable (Emery, 2000). Organisations can manage the change in their environment through internal or external strategies. Internal strategies are basically structural changes which include formalization, decision making centralization or decentralization, vertical differentiation. External strategies include strategic alliances, joint ventures, take-overs and mergers.

## **2.3 Organizations and Environmental Challenges**

Organisations are social entities that are goal oriented, designed as deliberately structured and coordinated activity systems, and are linked to the external environment (Daft, 2010).

Organisational survival requires that the methods leaders use to learn and to impart operational knowledge must change as fast or faster than the environmental changes that threaten viability. The new strategy for leaders has to be about constantly adapting to change in an ever changing landscape. In order to achieve this, the focus must be to look beyond competition and market share to more fundamental questions of survival and sustainability in a turbulent and continuously changing environment. Ansoff & McDonnell (1990) point out that the bulk of managerial time in business firms is devoted to coping with uncertainties induced by the environment; economic fluctuations, technology changes and availability of raw materials. An increasing number of such changes pose major threats or opportunities to the firm; obsolescence of the firm's technology, drastic increase in the cost of doing business or a ground floor entry into a new industry.

According to Cole (2004), organizations are open systems. He refers to an open system as one which interacts with its environment and relies on it to obtain essential outputs and for the discharge of their system outputs. Organisations change or adapt what they want to achieve and how. Some organizations change mainly in response to external circumstances (reactive change); others change principally because they have decided to change (proactive change). Some organizations are conservative in outlook, seeking little in the way of change, others are entrepreneurial in outlook, ever seeking new opportunities and challenges. Some organizations are so constructed

(even constricted!), that change is a slow difficult process; others are designed with an in-built flexibility, enabling adaptation to take place regularly and relatively easy (Cole, 2004). Many different forces outside and inside an organization influence manager's performance. The managerial functions of planning, organizing and controlling must be accomplished under constantly changing conditions (Donnelly, Gibson & Ivancevich, 1992).

Current predictions are that the environment for all organizations will become even more uncertain with every passing year. What is environmental uncertainty? It is the degree of complexity plus the degree of change existing in an organisation's external environment. As more and more markets become global, the number of factors a company must consider in any decision become huge and much more complex, (Wheelen & Hunger, 2008). Insightful diagnosis of a company's external and internal environments is a prerequisite for managers to succeed in crafting strategy that is an excellent fit with the company's situation, is capable of building competitive advantage and holds good prospects for boosting company performance – the three criteria for a winning strategy (Thompson et al., 2007).

To be successful a business needs to adapt to changes in its business environment and whenever possible take advantage of the changes. Ultimately the better business managers understand the environment in which they operate, the more likely they are to be successful, either in exploiting ever-changing opportunities or in avoiding potential disasters (Sloman, 2008).

## **2.4 External Environmental Challenges**

The external environment consists of the societal and the task or industry environments of the business organisation. The external environment affects the decisions and performance of the firm. The societal environment, also referred to as the remote environment includes general forces that do not directly touch on the short-run activities of the organisation, but that can, and often do influence its long-run decisions (Wheelen & Hunger, 2008).

These factors include; economic factors; these concern the nature and direction of the economy in which a firm operates (Pearce & Robinson, 1997). Factors that should be considered in the economic environment both national and internationally include; GDP trends, interest rates, money supply, inflation rates, unemployment levels, wage price controls, devaluation/revaluation, energy availability and cost, disposable and discretionary income and currency markets.

Secondly, technology forces. These generate problem solving inventions. Technology is the major external force which calls for change. To avoid obsolescence and promote innovation a firm must be aware of technological changes that might influence its industry. Thirdly, political-legal forces. These forces allocate power, provide constraining and protecting laws and regulations for organisations (Wheelen & Hunger, 2008). Political environment within and outside the country have an important impact on business especially the transnational corporations. Political constraints are placed on firms through fair-trade decisions, anti-trust laws, environmental protections laws, tax laws, foreign trade regulations, laws on hiring and promotion, stability of government, outsourcing regulation. Since such laws and regulations are most commonly restrictive, they tend to reduce the potential profits of

firms. However, some political actions are designed to benefit and protect firms, such actions include patent laws, government subsidies, and product research grants. Political factors may either limit or benefit the firms they influence (Pearce & Robinson, 1997).

Fourthly, socio-cultural forces. These regulate the values, mores/norms and customs of society (Wheelen & Hunger, 2008). The social factors that affect a firm involve the beliefs, values, attitudes, opinions and lifestyles of persons in the firm's external environment, as developed from cultural, ecological, demographic, religious educational and ethnic conditioning (Pearce & Robinson, 1997). The management has to follow certain social norms in shaping its employment, marketing and other policies.

Fifth, ecological forces. Increasingly firms are taking a greener approach to their activities and trying to find ways of minimising adverse effects on the environments, whether through cleaner technologies, or better waste management, and recycling, or through greener products. This might create extra costs for firms, but a greener image can also help to drive sales as consumers become more environmentally aware (Sloman, 2008).

Sixth, ethical forces. Firms are increasingly under pressure to adopt a more socially responsible attitude towards business. Corporate responsibility is a major concern of many firms, whether in terms of working conditions, the safety and quality of their products, truthful advertising, their attitudes towards the environment, concern for local residents and the general avoidance of what might be seen as 'suspect' business practises (Wheelen & Hunger, 2008).



## **2.5 Strategic Responses to Environmental Challenges**

Strategic responses are the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a firms' objectives. As environments become ever more complex and unpredictable, the progressive firms develop more subtle, complex and rapid systems (Ansoff & McDonell, 1990). If an organisation is to manage its environment, it will seek to be proactive rather than reactive. An organisation will never be able to predict everything that might happen and avoid ever having to react to unexpected events, but some will be more in control of the situation than their rivals, who might find themselves always responding to changes instituted by others (Thompson et al., 1997). For a successful response to the environment, the complexity and speed of the firm's response must match the complexity and speed of the environmental challenges (Ansoff & McDonell, 1990). Business managers evaluate and choose strategies they think will make their business successful (Pearce & Robison, 1997).

In extremely turbulent environments two response types are employed today; Positioning response is the first and it entails the use of strategic planning to select the portfolio of business areas in which the firm will participate and developing the competitive strategies it will pursue in each area. Real time response on the other hand uses a technique called strategic issue management, to identify potentially unforeseen strategic threats and opportunities to estimate their impact on the firm and to develop and execute timely responses (Ansoff & McDonell, 1990).

Strategic planning is addressed in the positioning response. According to Lussier (2009), strategic planning is done at three levels; corporate, business and functional

levels. In this research looked into the corporate and business strategies as they were most relevant for this study.

*Corporate strategies*, these include grand strategies and growth strategies. A *grand strategy* is an overall corporate strategy for growth, stability or turnaround and retrenchment, or for some a combination of these. It is based on analysis of the internal and external environment. Growth strategy are means by which an organization plans to achieve the increased level of objective that is much higher than its past achievement level. Stability strategy implies continuing the current activities of the firm without any significant change in direction. Turnaround and retrenchment strategies. The retrenchment strategy is a defensive strategy in which a firm having declining performance decides to improve its performance through contraction in these activities. The turnaround strategy on the other hand is an attempt to reverse a declining business as quickly as possible. *Combination*, This is not an independent classification but is a combination of different strategies – stability, growth, turnaround and retrenchment in various forms (Scott & Bruce, 1987).

A *growth strategy* means increasing the level of the organization's operations. This includes such popular measures as more revenues, more employees, and more of the market share. A company that wants to grow has four major strategies; concentration, integration, and diversification and growth through cooperation. Concentration strategy involves converging resources in one or more of a firms businesses in terms of their respective customer needs, customer functions, or alternative technologies either singly or jointly, in such a manner that it results in expansions.

With an integration strategy, the organization enters a new line of lines of business related to its existing one(s). With a diversification strategy, the organization goes into

a related or unrelated line of products. Cooperation, the term cooperation expresses the idea of simultaneous competition and cooperation among rival firms for mutual benefits. Cooperative strategies could be of the following types: Mergers, takeovers, joint ventures and strategic alliances. A merger is a combination of two or more organizations in which one acquires the assets and liabilities of the other in exchange for shares or cash or both, the organization is dissolved and the assets and liabilities are combined and new stock is issued. For the organization which acquires another, it is an acquisition. For the organization which is acquired, it is a merger. Takeover strategies: Takeover or acquisitions are usually based on the strong motivation of the buyer firm to acquire. Joint ventures are a special case of consolidation where two or more companies form a temporary partnership (also called a consortium) for a specified purpose. They occur when an independent firm is created by at least two other firms. Strategic alliances are partnerships between firms whereby their resources, capabilities and core competencies are combined to pursue mutual interest to develop, manufacture, or distribute goods or services (Scott & Bruce, 1987).

*Business strategies.* Each line of business must develop its own mission, analyse its own environment, set its own objectives and develop its own strategies. In this section, I will discuss adaptive and competitive strategies. The overall strategy for a line of business, which corresponds to the grand strategy for a corporation is called the *adaptive strategy*. It emphasizes adapting to changes in the external environment and entering new markets as a means of increasing sales. The adaptive strategies are prospecting, defending and analysing; these correspond to the corporate grand strategies of growth, stability and combination, respectively. The prospective strategy calls for aggressively offering new products and or entering new markets. The defending strategy calls for staying with the present product line and markets and

maintaining or increasing customers. Analysing strategy calls for a midrange approach between prospecting and defending. Analysing involves moving into a new market are at a cautious, deliberate pace and or offering a core product group and seeking new opportunities (Lussier, 2009). Michael Porter identified three effective business *competitive strategies*; differentiation, cost leadership and focus. With a differentiation strategy a company stresses its advantage over competitors. In a cost leadership strategy the company emphasizes lower prices to attract customers. To keep its prices down, it must have tight cost control and an efficient systems process. With a focus strategy, the company focuses on a specific regional market, product line, or buyer group. Within a particular target segment or market niche the firm may use a differentiation or cost leadership strategy (Lussier, 2009).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter deals with the research methodology of the study. It covers the research design, data collection and analysis.

#### **3.2 Research Design**

Research design constitutes the blue print for the collection, measurement, and analysis of data. This research study employed the case study design in seeking to answer the "how" question. The case study, also referred to as the case history, is a powerful research methodology that combines individual and (sometimes) group interviews with record analysis and observation (Donald & Pamela, 2011).

The study gave insight into ICRC Nairobi's challenges in its external environment and how it had strategically adapted to these changes. Using a case study was therefore useful for investigating how a program changes over time, perhaps as a result of certain circumstances or interventions.

#### **3.3 Data Collection**

The research employed an interview guide to collect data. The interview guide on ICRC Nairobi heads of departments used semi structured open ended questions to give the research a qualitative approach.

The interviewees consisted of five management staff. These are the head of Logistics Nairobi, regional head of ICT, head of Finance, regional head of Water and habitat and senior logistician. These heads of departments were selected because they are

responsible for strategy formulation and implementation. The selection of participants for the sample was non-random in order to ensure that those selected yield the most relevant information about the topic under investigation. The researcher interviewed the interviewees personally.

### **3.4 Data Analysis**

The collected data was analysed using the content analysis technique. Donald & Pamela (2011), note that content analysis measures the semantic content or the *what* aspect of a message. Its breadth makes it a flexible and wide-ranging tool that may be used as a stand-alone methodology or as a problem-specific technique.

Content analysis may be used to analyse written, audio or video data from experiments, observations, and secondary data studies. The obvious data to be content analysed include transcripts of focus groups, transcripts of interviews, and open-ended survey responses (Donald & Pamela, 2011).

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter presents a summary of the background on interviewees, the findings of the study and a discussion of the findings.

#### 4.2 Information on Interviewees

The study established that three of the interviewees were holders of a postgraduate degree while the other two interviewees had an undergraduate degree. This is important as it indicates that the interviewees understood the objectives of this study.

**Table 4.1: Summary of Information on Interviewees**

<b>Academic qualification</b>	<b>(F)</b>	<b>Number of years in ICRC Nairobi</b>	<b>(f)</b>	<b>Designation</b>	<b>(F)</b>
Masters	3	1-5 years	3	Head of Delegation	1
Undergraduate	2	5-10 years	1	Head of Region	2
Diploma	-	Over 10 years	1	Head of Department	2

**Source: Research Data**

This researcher also sought to find out how long the interviewees had worked in ICRC in Nairobi. Three of the interviewees had worked for less than 5 years because they hold expatriate positions that are mostly held for 2 years. One of the interviewees who had worked for over five years in Nairobi because he had been posted to the same position more than once since 2000. The other interviewee is a national staff and has worked for eighteen years in her current position. This implies that the

interviewees had worked in ICRC in Nairobi for a long enough period and therefore understand the operations and mandate of the organisation well enough.

The researcher also sought to find out the designation of the interviewees, in order to ascertain their competence and conversancy with ICRC in Nairobi. According to the data findings all the interviewees were senior managers; one was the head of logistics office in Nairobi, regional head of ICT, regional head of WATHAB, Senior logistician, and the head of finance.

### **4.3 Environmental Challenges**

The interviewees were asked to describe the external environment in which ICRC in Nairobi operates. Their responses indicated that they were in agreement that the environment was mostly predictable and stable with a few uncertainties and challenges in Kenya, Tanzania and Djibouti. This can be attributed to the stable political legal, economic and technological environment, especially in Kenya.

#### **4.3.1 Political-legal Challenges**

The interviewees pointed out that elections in Kenya bring about uncertainty in the business environment. This uncertainty poses a challenge for ICRC in Nairobi because it slows down operations of the delegation. Because of this uncertainty a contingency fund is set aside every election year to take care of the unexpected. Emergency stock for response is also procured which remains unused when there is no instability, and has to be redistributed to other needful operations.

The political instability in Kenya after the post elections violence in 2007-2008 posed a high challenge for ICRC in Nairobi operations. It was challenging transporting food and supplies to the affected regions in the country due to the insecurity. The study



also revealed the challenge of delays in dealing with government offices due to the bureaucratic work processes. ICRC does not pay VAT, hence when applying for VAT exemption for different purchases there is often delay in receiving the VAT exemption certificate from the relevant government office which frustrates both the suppliers and the finance department.

#### **4.3.2 Economic Challenges**

The study indicated that an increase in inflation in Kenya, Tanzania or Djibouti consequently results in an increase in the cost of goods and services, salaries and wages, office and residential premises rent, and utility bills. Generally these changes increase the expenditure budget of ICRC in Nairobi especially when these changes are not anticipated during budget preparation. Changes on bank interest rates also increase the bank charges charged to ICRC in Nairobi. The study also revealed infrastructural challenges mainly because of poorly maintained roads. This causes challenges for ICRC operations due to traffic jams, high maintenance cost for vehicles and trucks and road accidents.

#### **4.3.3 Information Technology Challenges**

Fibre cuts in 2012 in the region heavily impact ICRC Nairobi operations as pointed out in the study. The lack of adequate redundancy resulted in heavy outages in the provision of connectivity. The risk factor associated with telecom infrastructure therefore remains at a medium level in Nairobi in comparison to other countries in the region. The study also revealed that Tanzania and Djibouti struggle with efficient internet service provision, because these countries are not as developed in ICT infrastructure in comparison to Kenya. Hence ICRC operations in these countries is affected by the frequent and long internet outages.

#### **4.3.4 Socio Cultural Challenges**

The study revealed that it is challenging for ICRC staff to adapt to the cultural differences of the communities they interact with in the field, mostly country side. In the field or country side, the environment is not as business oriented as compared to the cities, in Kenya, Tanzania and Djibouti. The communities here uphold tradition and customs, the challenge for ICRC Nairobi staff is to understand those traditions and be able to conduct ICRC operations effectively, without any barriers.

It was also evident from the study that the work culture in the three countries is different. Tanzania and Djibouti are a bit slow in their work processes in comparison with Kenya. For instance, Djibouti business hours are 7:00am to 1:00pm whereas in Tanzania and Kenya the business hours are 8:00am to 5:00pm. The official business language also differs in the three countries in Djibouti French and Arabic are the official business languages, whereas in Kenya and Tanzania, English and Swahili are the languages of conducting business. The challenge is for Kenyan colleagues to understand the different languages sufficient for effective business communication.

Another cultural difference that was raised in the research is the difference in the procedure for conducting business between Kenya and Djibouti. Because of the trust upheld in the Islam religion, Djibouti businessmen omit crucial documentation and procedures that cannot be omitted in Kenya. For example, a cash receipt in Djibouti can be hand-written on a piece of paper and simply stamped. The challenge is for our Kenyan finance colleagues to prove the credibility of the financial documentation. Ethnic diversity in Kenya is also evident in the workforce in ICRC Nairobi. The challenge is for management to enhance harmony in the organisation regardless of the ethnic differences.

#### **4.3.5 Ecological Challenges**

The lack of e-waste recycling infrastructure in Kenya makes it hard for ICRC in Nairobi to dispose of its electronic waste, which includes obsolete computers, printers and cartridges, UPS's, Servers, mobile phones, laptops, monitors and radio equipment. Other waste includes energy (electricity, gas, fuel, oil and water), paper, plastic, glass, used oil and maintenance waste. A recent study on sustainable development at ICRC Nairobi revealed that 1200kg of paper are used per month, 400 litres of waste oil per month, 1500 kg of used batteries per month and 120 kg of plastics per month. This is a real challenge as ICRC is focused on acting in an environmentally friendly way.

#### **4.3.6 Ethical Environmental Challenges**

The study revealed that theft in the offices is at low levels. The main challenge is to tackle fraud both internally and with external parties like suppliers. This can at times prolong work processes, for example, authorisation procedures, requiring more time to negotiate.

### **4.4 Response Strategies to Environmental Challenges**

The study revealed that ICRC in Nairobi responds to the challenges in its environment by continually reviewing its operational strategies in order to match its environmental condition. The respondents observed that ICRC in Nairobi has a very good capacity to adapt to challenges in its environment. The organisation has flexibility in adapting to a new situation and in continuously reviewing its operational strategy. The following are the strategies adopted by ICRC in Nairobi in response to the challenges in its external environment.

#### **4.4.1 Response to Political-legal Challenges**

The interviewees indicated that ICRC in Nairobi responds to political-legal challenges by adapting to the changes proposed by each new government in Kenya, Djibouti and Tanzania. These changes include tax laws, laws on hiring, foreign trade regulations and environmental protection laws. The study revealed that ICRC Nairobi works closely with Kenya Revenue Authority and Ministry of Foreign Affairs for VAT exemptions. It was also pointed out that ICRC complies with customs regulations relating to import and export of goods into the country.

The respondents also pointed out that expatriates working in Kenya normally comply with Ministry of Foreign Affairs rules on employment for foreigners, they do this by obtaining a work permit at the beginning of their mission in the country. It was also evident from the interviewees that ICRC holds meetings with partners (government, suppliers and Red Cross partners) to help enhance work relations and processes. ICRC in Nairobi has also made a structural change by creating a position to deal with the bureaucratic challenges encountered in dealing with government offices.

#### **4.4.2 Response to Economic Challenges**

The interviewees indicated that ICRC in Nairobi implements a cost cutting strategy when there is a budget cut from the headquarters in Geneva. Some of the actions taken include reduced air travel expenditure, reduced training cost, post-poning of projects that are not urgent to the next financial year. Outsourcing of non-core services was also pointed out as a strategic response. Some of the services outsourced include, cafeteria, office cleaning and gardening, security, transport. Leasing of copier equipment is also implemented as a strategic response. ICRC Nairobi also represents

the retrenchment strategy, webinars and video conferences for seminars as cost cutting measures.

The study revealed that ICRC responds to challenges by continually reviewing its operational strategies. To achieve this ICRC in Nairobi has field projects only in viable and relevant field sites. For example during the post-election violence in Kenya, ICRC Nairobi opened new offices in the clash hit areas of Kisumu, Nakuru and Eldoret. After the post-election operations ended the offices were also closed.

#### **4.4.3 Response to Technological Challenges**

It was evident from the study that ICRC in Nairobi has embraced e-government work procedures. PIN & VISA applications for expatriates are applied and submitted online in Kenya. This has helped enhance efficiency in work procedures between ICRC Nairobi and Kenya Revenue Authority and the Ministry of Foreign Affairs. The interviewees pointed out that a structural change was implemented by creating and ICT monitoring position in ICRC in Nairobi to address the lack of monitoring of the regional ICT network. This position covers Kenya plus eleven other countries in Africa. The study also revealed that ICRC has formed a strategic alliance with Orange Business Systems as a global partner to enable provision of reliable internet services in all sites.

#### **4.4.4 Responses to Socio-Cultural Challenges**

The study revealed that ICRC in Nairobi has responded strategically to its socio-cultural environment by adapting to and understanding the culture of the communities where it operates. To achieve this field officers working in Djibouti and northern Kenya understand the language of the communities here. The study also pointed out

that management is keen on enhancing harmony amongst staff regardless of tribal differences.

#### **4.4.5 Response to Ecological Challenges**

ICRC in Nairobi has adopted an environmental policy to respond to the environmental challenges. By putting in place environmental measures, due to the large number of employees working for the delegation, the impact on the consumption of water, electricity and reduction of solid waste can have an impact on the global environment.

The actions taken are reduction of waste – For example, print only when necessary, energy conservation – for example, switching off unnecessary lights, segregation of waste at source, more efficient collection of waste – for example, reuse of carton boxes for packing of waste, more environmentally sound disposal – for example, use of durable and reusable mineral water and soda bottles, recycling and re-using – for example, recycling of waste in partnership with licensed recyclers and transporters – paper is given to Chandaria industries for recycling.

Plastics are taken to Premier Industries Nairobi for recycling, tyres are taken to Lafarge Bamburi Cement for energy production in cement manufacturing, lead acid batteries are taken to ABM limited for recycling, used oil is taken to Saimbot Oil recyclers for energy, diesel oil and road construction, bitumen. In 2011, three tons of electronic waste was given to HP East Africa for recycling at their recycling plant in Mombasa, this plant has since closed its operations.

#### **4.4.6 Response to Ethical Challenges**

The interviewees pointed out that ICRC in Nairobi has come up with clear and transparent financial rules for Kenya, Tanzania and Djibouti. These financial rules stipulate the rules to be observed during purchasing and payment. The study also revealed that ICRC in Nairobi has implemented a fraud policy that all staff members have to comply with. The interviewees also indicated that management has to counter check every transaction and claim to counter any fraudulent dealings.

#### **4.4.7 Other Responses**

The study revealed that ICRC Nairobi has adopted strategic alliances with various organisations to enhance efficiency in its operations. ICRC Nairobi has frame or working agreements with medical suppliers, airline and transport companies. ICRC Nairobi has a strategic partnership with Kenya Red Cross Society. This partnership entails joint ventures on project assessments and implementation. ICRC Nairobi supports KRCS logistically during situations such as the post elections violence in Kenya and the Westgate mall attack.

### **4.5 Discussion**

Data analysis and interpretation of the responses from ICRC Nairobi employees revealed that ICRC in Nairobi faced a number of challenges emanating from environmental changes and has adopted responses to deal with these challenges. The findings are in agreement with the views of various scholars, Pearce & Robison (1997), Aosa (1992), and Ansoff & McDonell (1990), who point out that organisations need to adapt to changes in their business environment and whenever possible take advantage of the changes in order to survive. The study revealed that

ICRC in Nairobi has experienced a host of challenges in the economic, political-legal, ethical, ecological, socio-cultural and technological environments.

These include inflation, tax and employment rules, budgets cuts, fraud, government bureaucratic work procedures, poor road infrastructure, absence of e-waste recycling infrastructure, cultural barriers, fibre optic cable cuts and political uncertainty in election periods. These findings are in agreement with Wheelen & Hunger (2008) and Pearce & Robinson (1997) who describe the external environment as consisting of economic, technological, political, socio-cultural, ecological and ethical forces. They further indicate that this external environment forces affect the decisions and performance of the firm.

From the findings of the study it was also revealed that ICRC in Nairobi responds to the complexity and change in its external environment by adopting corporate and functional level strategies. The study revealed that for political-legal challenges ICRC Nairobi responds by adapting to the changes introduced by each new government. For economic challenges the response is cost-cutting measures, out sourcing of non-core services, retrenchment. The response to technological challenges was identified as embracing the e-government work procedures. Adapting to and understanding the culture of the communities where it operates is the strategic response for socio-cultural challenges. In response ecological challenges, ICRC Nairobi has adapted an environmental policy. The strategic response to ethical challenges has been adapting a fraud policy and transparent financial rules.

These strategic responses are in agreement with scholars like Lussier (2009), Pearce & Robinson (1997), and Ansoff & McDonell (1990) who mention that strategic response involves change which may take many forms depending on the



organisation's capability and the environment in which it operates. According to Lussier (2009), strategic responses can be done at three levels; corporate, business and functional levels.

The findings of this study are aligned with previous studies done on the organisation and their environment. Mwai (2012), Noor (2012), and Njoroge (2012) all observed that the attainment of an appropriate match or fit between an organisation and its environment is crucial for organisational survival. However, Wambua (2012) points out that organisations are resource insufficient; they strive to acquire and sustain resources from their external environment, this is the resource dependence theory. Similarly, the findings in this study show that resources are often controlled by organisations not in the control of the organisation needing them, meaning that strategies must be carefully considered in order to maintain open access to resources.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes and discusses the findings in relation to the research problem and research objectives. It also gives recommendations based on the study, highlights limitations of the study as well as suggestions for further research.

#### **5.2 Summary**

This study showed that ICRC in Nairobi has experienced a number of environmental challenges in the political legal, economic, ethical, ecological, technological and socio-cultural external environment. Some of the challenges reported by the respondents include uncertainty politically during elections, inflation, changes in tax and employment laws, bureaucratic government work procedures, fibre optic cable cuts, lack of recycling infrastructure for e-waste, cultural difference between different cities in the region and fraud.

The study revealed that ICRC in Nairobi has been proactive in responding to its environment. To address the challenges in its external environment ICRC Nairobi has made functional and corporate strategic changes like creating positions that address the challenge, introduction of a fraud policy, financial rules, meetings with partners and suppliers, outsourcing of non-core functions, cost-cutting measures, adoption of an environment policy and strategic alliances. These strategic responses have improved the efficiency of ICRC operations in line with the organisation's strategy.

### **5.3 Conclusion**

From the results of the study it is evident that organisations exist and are surrounded by an environment – the business or organisational environment. The environment in which organisations operate has become not only increasingly uncertain in recent years but also more interconnected; thus changes anywhere in the system reverberate unpredictably and often chaotically.

The research sought to answer the question of strategic response adopted by ICRC in Nairobi to external environmental challenges. It can be concluded from the study that there have been a number of environmental challenges in ICRC Nairobi's external environment. The study revealed that ICRC Nairobi has responded to these challenges in the environment by adopting both corporate and functional strategies. Hence the research question was answered and the objectives achieved.

The study concludes that the challenges in the external environment that affect the operations of the organisation include inflation, political uncertainty during elections, fraud, absence of e-waste recycling infrastructure, government bureaucracy, cultural differences between cities and the remote field sites. The study further concludes that ICRC Nairobi has adopted both corporate and functional strategies such as creation of new positions, fraud policy and financial rules implementation, working agreements with partners, out sourcing of non core services, cost cutting measures, retrenchment and strategic alliances.

### **5.4 Limitations of the Study**

The study failed to look at the challenges faced during implementation of the strategic responses to challenges in the external environment. This would help avoid such pitfalls in future during strategy implementation.

It was challenging for the respondents who are senior managers to make time for the interview appointment. This is because of their busy schedule. The researcher was however diligent in following up the interviewees and rescheduled their appointments in line with the busy schedule, hence the interviews were covered comprehensively.

## **5.5 Recommendations for Further Research**

The results of this study point to a number of opportunities for further research in response strategies to environmental challenges. The discussions in this study indicate that organisations respond differently to environmental challenges based on their operating environment. This study focused on one organisation, ICRC in Nairobi; further studies can be carried out on the non-profit organisations sector to establish the correlation. This study focused on the challenges in ICRC Nairobi's external environment and the strategic responses adapted, more research can be carried out challenges faced during implementation of the strategic responses.

## **5.6 Implication on Policy, Theory and Practice**

From the conclusions and discussions of this study the researcher recommends that ICRC Nairobi continually monitors its environment and swiftly modifies its strategy in response to changes in its external environment. This will ensure that it realises its strategic objectives and survives the environmental uncertainty. In response to environmental challenges organisations should employ corporate, business and functional level strategies.

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## APPENDICES

### **APPENDIX I: Strategic Responses by ICRC in Nairobi to Challenges in its External Environment**

#### **Interview Guide:**

##### **Section A: Interviewee's Profile.**

1. Your designation in ICRC Nairobi Delegation ?
2. What department/unit do you work in?
3. How long have you worked for ICRC Nairobi in your current position?

##### **Section B: Environmental Challenges Facing ICRC in Nairobi.**

4. How would you describe the external environment in which ICRC Nairobi operates?
5. Please describe the challenges that have happened in ICRC Nairobi's external environment in the last five years in the following categories;
  - a. Political-legal environment
  - b. Economic environment
  - c. Technological environment
  - d. Socio-cultural environment
  - e. Ecological environment
  - f. Ethical environment

##### **Section C: Strategic Responses by ICRC Nairobi to the Changes in its External Environment.**

6. How would you rate ICRC Nairobi's Strategic flexibility – the ability to shift from one dominant strategy to another in response to a dynamic environment.
7. Please describe the functional level strategic responses that ICRC in Nairobi has adopted in response to the challenges in its external environment

8. Describe the corporate level strategic responses that ICRC in Nairobi has adopted in response to the challenges in its external environment

**I thank you very much for taking your time to answer this interview guide.**