

**STRATEGIC RESPONSES ADOPTED BY TANA AND ATHI
RIVERS DEVELOPMENT AUTHORITY TO THE TURBULENT
EXTERNAL ENVIRONMENT IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for award of any degree in this or any other university

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DEDICATION

This research project is dedicated to my family, Japheth and Alice Mbuw'a, Brother Gerald, Sister Risper and Uncle A. Waki whose support, prayers and fortitude from the first day has made me complete the whole program successfully.

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ABBREVIATIONS AND ACRONYMS

CDA:	Coast Development Authority
CEO:	Chief Executing Officer
DCT:	Dynamic Capability Theory
EDT:	Environment-Dependence Theory
ENNDA:	Ewaso Nyiro North Development Authority
ENSDA:	Ewaso Nyiro South Development Authority
KTN:	Kenya Television Network
KVDA:	Kerio Valley Development Authority
LBDA:	Lake Basin Development Authority
RBV:	Resources Based View
RDA:	Regional Development Authority
TARDA:	Tana an Athi Rivers Development Authority
UoN:	University of Nairobi
Authority	Tana an Athi Rivers Development Authority
Project	Branches managed by TARDA through project managers
PPP	Public Private Partnership
Kazi Kwa vijana	Work for youth initiative
WRMA	Water Resources Management Authority

ABSTRACT

The environment under which organizations operate is constantly changing due to the turbulent external environment which directly or indirectly affect the operations and the long-term direction of the organization. The objective of this study was to establish strategic responses which Tana and Athi Rivers Development Authority had adopted to manage the turbulent external environment. Data was collected and analyzed from 4 Chief Managers, 5 Senior managers, 3 Project managers and 2 regional managers which was 88 % response rate. TARDA had not put sufficient systems in place to monitor changes in the external environment. The response to changes has remained a challenge which makes projects unsuccessful. Findings showed that Majority of the managers were between 41 and 60 years, this translated to 79% of the total respondents. Although old management meant enough experience to handle management matters, lack of young managers means there are no progressive management plan. Many of the managers had served in management positions for sufficient time to understand recurring turbulent external forces in the external environment. 64% of the management had attained at least one undergraduate degree with 35% of the entire management with a post graduate degree. The study confirmed that TARDA had a documented strategic plan. The choosiness or selectivity of the strategic plan implementation was done based on region or project diversity whether horticulture, ecotourism or ranching. The key strategies were; Strategic Alliances, Joint ventures and Partnerships. The generic strategies used were Cost Leadership, Cost focus and Diversification. The external influences facing TARDA were: - Various Acts of Parliament conflicting with the TARDA Act, Inadequate funding from the Exchequer, Encroachment on TARDA's assets by other State agencies, Devolved System (county Governments), Community (little good will), Inter-ethnic clashes and Community dynamics, Competitors (overlapping mandate), political influence, climatic change and Security threats such as terrorism among others Economic influences were the main factors influencing operations followed by Political influence with technological influence influences rated as the least influential. The financial effects were increased costs of operations in the organization and high production cost. The non-financial effects were poor customer satisfaction, Poor Public Relation and low staff morale leading to skilled staff turnover. It was recommended that the organizations management institute measures in ensuring continuity with mentorship and career development programs to train young managers. Also the top management should come up with lasting solutions for others sources of funding other than the government. Follow up programmes and feedback would make economic sense if well monitored, evaluated and controlled to achieve the intended objective. The study was to have positive implication on how the Government policy makers in the ministry of environment, water and natural resources in developing programs for RDAs. It was as well giving positive contribution to the Strategic Management literature by focusing on the relationship challenges posed by turbulent external environment and the strategies adopted to counter them. The study validates the environment-dependence theory and Resource-Based Theories of competitive advantage to explain strategic management. Management practices for organizations in Kenya were to benefit by incorporating the recommendation in this study.

CHAPTER ONE

INTRODUCTION

1.1 Background

An organization exists as a subsystem in an environment, whereby the external environment affects its functions directly or indirectly. This environment is constantly changing (Ansoff, 1990) the turbulence calls for immediate response. Coping with the increasing competitive environment has called on organizations to rethink their initial strategies or rather operation strategies. According to Huczyski and Buchanan (2007), organizational change is imperative. This therefore means strategic responses have to be adopted every time there is turbulence in the environment. The firm's management style is, however, determined not only by its ability to respond to the changing environment but also by unique managerial approaches, control systems, decision making styles and communication models (Lavie, Haunschild and Khanna, 2012)

The External environment is very dynamic. It is therefore very crucial to adjust to these changes for any organization to remain successful in future. The nature of environmental changes may be global, regional or national (local). Organizations should be able to respond to the challenges brought by external environments which comprises of social, politico-legal, ecological, economic and technological developments. Managers employ management processes that they feel will position the organization in a competitive environment by maximization of the anticipation on environmental changes and unexpected internal and competitive demands (John A and Richard B, 1991)

How an organization responds to the turbulent external environment is determined by the number and nature of resources they have which may be intangible or tangible. Intangible resources are the expertise and skill held by the employees in the organization while tangible resources are the physical properties such as fixed assets owned by the organization. These resources are unique from one organization to another. A company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy which can well be explained by the Resource-Based Theory.

The Resource-Based Theory was named by Birger Wernerfelt in 1984 and put emphasis on the importance of resources and its implication on firm performance. The theory is based on the concept of economic rent and the view of the company as a collection of capabilities highlighting the need for a fit between the external market context in which a company operates and its internal capabilities. The theory suggests that firms' unique resources and capability provide the basis for strategy. The business strategy chosen should then allow the firms to best exploit core competencies relative to opportunities in the external environment.

Chaos theory was coined by Lorenz in 1963 when he was studying the dynamics of turbulent flow in fluids. This theory provides a useful theoretical framework for understanding the dynamic evolution of organizations describing the multifaceted interfaces amongst industry players. The unpredictability of organizations is described with the difficulty on which these volatile environments come with. Levy (1993) distinguished different sides that are brought out by the chaotic theory such as: - social, ecological, and economic systems. Economic environment is inclined by nonlinear relationship and complex connections that change over time. Chaotic systems are generated by deterministic rules (Levy, 1993)

Organizations have put systems in place to monitor changes in the external environment, however, their responses to changes has remained a challenge which make some fall on the way. TARDA has repeatedly reviewed its strategic plan, whether the right responses have been deployed, had not been established. Gitonga (2014) identified planning and resource allocation as challenges facing TARDA strategic plan implementation. The research sought to ascertain which response the organization has adopted when doing the reviews and how effective they had been.

Organizations are faced with several challenges among them been managing change brought by dynamic and turbulent external environment. In order for an organization to remain successful in its business, there is need to understand the challenges, opportunities and threats that are provided by the external environment, so that the organization can take advantage of the opportunities and avoid threats by applying appropriate response strategies (Xu, Lahaney, Clarke and Duan, 2003). It is, therefore, only those firms that have put in place appropriate response strategies that will survive and achieve sustainable competitive advantage. This can be achieved only if proper environment scanning is done in the turbulent external environment, and appropriate strategies devised.

TARDA operated in an external environment consisting of political, economic, social, ecological, technological and legal factors. These factors affected the day to day operations in the organization and also the future direction of the organization. Mostly affecting TARDA was political and economic factors. Since inception, there had been several elections resulting to changes in government structure, administration and strategic decisions which had immensely affected the organization. How the management responded to these changes had been key to its survival thirty years down the line.

1.1.1 The Concept of Strategic Response

Ansoff and Mc Donnell (1990) defined a strategic issue as a forthcoming development, either inside or outside of the organization, which is likely to have an important impact on the ability of the organization to meet its objectives. Further, they suggest that the issue may be an opportunity to be grasped in the environment, or an internal strength which can be exploited to advantage. It can also be an external threat or an internal weakness which may hinder success, or even survival of the organization. A strategic issue requires that the organization either takes action immediately, monitor or take action in future, depending on urgency and importance of the issue. Aguilar (1967) defines issue scanning as the activity of acquiring information about events and relationships in a company's external environment.

The concept of strategic issues first appeared during the evolution of strategic planning. A comprehensive analysis of environmental trends and prospects was crucial in identifying strategic issues. Some of the environmental issues included, trends in the global market place, changes in age distribution of customers, government controls, consumer pressures, union pressures, strategic resource shortages, technological breakthroughs and inflation. Internal trends included size, complexity, management style, workforce competence, among others. Some of the strategic issues confronting managers were depletion of natural energy resources, the relationship between corporate control and politics, distributive justice and the emergence of new forms of corporate governance.

Organizations are social entities that are goal oriented, designed as deliberately structured and coordinated activity system, linked to the environment. Proper assessment of the opportunities and threats in the external environment, and internal strengths and weaknesses could enable an organization define distinctive competence.

To deal effectively with everything that affects the growth and profitability of a firm, executives employed management processes that they felt would position it optimally in the environment. Strategic issue management improved performance through timely anticipation of new developments, hence ensuring fast response to problems which would arise from any source, whether socio-economic, political or technological. It also enabled the development of a quick internal reaction time and compatibility of organizational structures and systems to new developments in the environment.

When an organization fails to monitor its environment, then it faces the danger of maintaining inefficient internal processes, strained internal social climate, consumer pressures, among other factors, that will promote a decline in profitability, reduced market share and possible closure of the firm. There are a number of ways in which organizations can deal with the changes in the external environment. Porter (1985) argues that these techniques are all geared towards gaining a competitive advantage for the organization.

Porter (1985) came up with three ways by which companies can gain competitive advantage. One is by becoming the lowest cost producer in a given market, secondly is by being a differentiated producer (offering something extra or special to charge a premium price), or by being a focused producer (achieving dominance in a niche market). He insists that though the “generic strategies” existed, it is up to each organization to carefully select the most appropriate for them and at which particular time. Mintzberg (1987) argued that it is simply not possible to consider future complex environments; he suggests that the strategist must wait for events to occur, or emerge, then develop strategy. Mintzberg recommends that, as discontinuous events occur, the firm should dynamically craft a strategy.

Senge (1990) suggests that the secret to surviving the changing environment is to have a learning organization. Organizations need to discover how to tap people's commitment and capacity to learn at all levels. Organizations that are continually expanding their capacity to create their future require a fundamental shift of mind among the employees. The dimension that distinguishes learning from more traditional organizations is the mastery of certain basic disciplines. Senge (1990) identified five disciplines that are said to be converging to innovate learning organizations. They are, systems thinking, personal mastery, mental models, building shared vision and team learning. Andrews (1971) found that the success of a business lay predominantly in the hands of the top management of an organization.

1.1.2 Turbulent External Environment

Organizational environment refers to all the elements existing outside the boundary of the organization that have the potential to affect all or part of the organization. It is a continuously dynamic phenomenon that creates problems for management, (Milliken, 1987). Dill (1958) speaks of the task environment and focuses on the external factors. According to him, these factors have an impact upon organizational goal settings. He further emphasizes that task is cognitive formulation, consisting of goals and usually also of constraints on behaviors appropriate for reaching the goals.

Emery & Trist (1965) held that the environment an organization faces can be categorized into four groups. Placid-randomized, placid-clustered, disturbed-reactive and turbulent-field. Placid-randomized is the least complex while turbulent-field is the most complex. They noted that as the environment becomes more volatile, increasing flexibility is needed to cope with or manage the uncertainty that increases. The work of Emery & Trist adds considerable importance to understanding the structure of organizational environment.

The environments in which organizations operate vary from time to time. Organizations therefore, have to be always on the lookout for threats and opportunities and must be ready to deal with them as they come. Dealing with threats means devising speculative structures and programs to prepare for uncertainties. The organizations should as well capitalize on opportunities by build strong pillars which competitors do not have advantage of.

1.1.3 Strategic Response and Turbulent External Environment

External environment is the set of forces surrounding an organization and have the potential to affect the way it operates and its access to scarce resources. The organization needs to properly understand the environment for effective management (Davis and Powell, 1992). Therefore, external turbulent environment is a set of influences that an organization must manage and is composed of the institutions or forces outside it that potentially affect performance such as:- suppliers, competitors, customers, government regulatory agencies and public pressures (Rao, 2008). Organizations seek to manage the uncertainty imposed by their interdependence with the environment in two ways. That is through internal strategies of adaptation and adjustment or organizational design; and by external strategies or modes of interaction (Davis and Powell, 1992).

The environmental conditions provide the management with significant acumen in effective strategic responses (Mitchell, Shepherd, and Sharfman, 2011). Turbulent environment not only moderates the relationship between decision-level factors on response strategies but it also impacts the consistency of the direction themselves (Mitchell et al., 2011). Further, the turbulent environment determines the structure of an organization adopts and the two basic factors that define an organization environment are complexity and stability (Hough and White, 2003).

Depending on the mix of complexity and stability, an organization may develop specific roles and departments to manage the environment turbulence. The degree of instability in an environment is captured in the volatility dimension. When there is a high degree of unpredictable change, the environment is dynamic whereas when the degree of unpredictability is low less roles and actions are required.

Organizations which operate in environments characterized as scarce, dynamic and complex face the greatest degree of uncertainty. This is because they have little room for error, high unpredictability and diverse set of elements in the environment to monitor constantly (Rao, 2008). As the environment changes, organizations are caught in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt for survival and growth. They respond to turbulence in the environment by formulating new strategies (Pearce and Robinson, 2011).

1.1.4 Regional Development Authorities in Kenya

Kenya has six Regional Development Authorities established under specific Acts of parliament. They were established to create desired regional balance in development through complementing multi-sectoral programs and projects (Arumonyang, 2009). RDAs plan, implement and coordinate development programmes in regions under their jurisdiction, ensure development through integrated planning and management.

The six RDAs are; Kerio Valley Development Authority (KVDA) Cap 441 of the laws of Kenya, The Lake Basin Development Authority (LBDA) Cap 442, Tana and Athi Rivers Development Authority (TARDA), Cap 443; Ewaso Nyiro South River Development Authority (ENSDA), Cap 447; Ewaso North River Development Authority (ENNDA), Cap 448; and Coast Development Authority (CDA), cap449 of the laws of Kenya.

1.1.5 Tana and Athi Rivers Development Authority

Tana and Athi Rivers Development Authority (TARDA) is under the ministry of environment, water and natural resources (MEW&NR). Established in 1974 through an act of parliament CAP 443, TARDA undertakes integrated planning, development coordination and management of the resources within the Tana and Athi River basins. Tana and Athi River Basin covers an area of 138,000 Km² or 24% Kenya's land mass. It is an area that abounds in diverse natural resources including the two biggest rivers in the country and Mt. Kenya, The second highest mountain in Africa apart from other unique features and resource.

TARDA's projects are vast in the country which includes the areas that were until August 2010, when the new Constitution came into place, known as Nairobi, Central, Eastern, Coast, North Eastern and Rift Valley provinces. The 2009 KNBS census reported a population of 14.3 million people living in the region, which is about 37% of Kenya's Population. It traverses 19 Counties of Nyeri, Kirinyaga, Nyandarua, Murang'a, Embu, Tharaka Nithi, Meru, Isiolo, Kiambu, Nairobi, Machakos, Kajiado, Makueni, Kitui, Garissa, Taita Taveta, Tana River, Lamu and Kilifi.

1.2 Research Problem

The external environment within which organizations operate is very unpredictable. The volatility is on matters of Political apprehension, government changing regulations, climatic changes, technological advancement and changes of cultures. The most significant influence on organizational policy and strategy is the environment outside and inside the organization (Duncan, 1972 and Grant, 1999). Organizations are therefore consciously designed to undertake and accomplish important specific goals. Functions in the organization are affected by both the

situations internally and also, the situations within the larger society which we refer to as the external environment, in which the organization operate. Presently, business environment is perceived to have been seldom exceeded in complexity, turbulence and rapid in change. All Kenyan organizations whether big or small, private or public owned, must pay better attention than before to these environments when formulating and implementing policies and strategies in order to survive and grow.

Forty years since inception population served by TARDA has grown massively. Government policies have changed as much as governments have come and gone. The organization has lost its rich asset base to other Government corporations prompting for changes on the operations. Conflicting Acts of Parliament such as the Water Act of 2000 have been enacted with little reference to TARDA's interest and mandate. Although TARDA's strategic plan was meant to undertake drastic and surgical measures to resuscitate the Authority, carrying out that mandate has been face by many uphill tasks which the organization has had to respond to immediately.

A number of studies have been conducted previously on strategic responses to external environment. Ndirangu (2014) conducted a study investigating the strategic responses adopted by Kenya Television Network due to changes in external environment. The findings showed that the organization had not responded well to changes in the environment which explained its rating among broadcasters in Kenya. It had been unable to respond strategically to technological advances, and changes in the society which were affecting its operations. Ngige (2009) conducted a study on the Strategic responses adopted by pioneer assurance company limited to the turbulent external environment in Kenya. He revealed that for the company to remain competitive in the market, it had adopted strategies which include; offering a wide range of products and services, engaging skilled staff, automation of business

processes, organized distribution network countrywide and intensive marketing. Simon (2014) conducted a research on Strategic responses adopted by Kenya commercial bank ltd to digitize customers' service and operation. He found out that the strategic responses adopted included online goods or service trading, E-inventory management and E-manufacturing management. Although the study was aimed at bringing out the effects of adoption of the strategic responses by Kenya Commercial Bank, it brought out the general performance of the commercial banks in the country.

George and Kenneth (2009) studied environmental turbulence, Organizational stability, and public service performance in public organizations in the United Kingdom. They found out that turbulent environment faced unpredictable shifts in resources and service required. Revenue available was likely to change unexpectedly from one year to the next; the numbers and characteristics of clients would also be volatile. Although problems of turbulence had received some attention in the generic management literature, their impact on performance of public organizations had not been analyzed rigorously or comprehensively (George and Kenneth, 2009).

Justin, Shaomin and Weian (2006) did an Exploratory Study of Firm Resources and Capabilities in Chinese Transitional economy on Building Core Competencies in a Turbulent Environment. Findings indicated that firm's specific resources and capabilities had positive impact on performance. In a turbulent environment, slack helped buffer the firm from the assault of unpredicted directions ensuring certain level of performance. Possessions of slack enabled managers take on more risky and innovative projects that would pay off in the long run. In that sense, slack resources were sources of competitive advantage in a turbulent external environment.

Although the turbulence in external environment affects all organizations, previous studies did not bring out RDAs context well. Simon (2014), Ngige (2009) and Ndirangu (2014) based their studies on customer satisfaction and profitability. George and Kenneth (2009) based their studies on resources and service requirements turbulent environment. The response strategies were consequently different.

New projects in TARDA had to struggle in creating a culture enabling integration with the immediate society. TARDA has implemented two five-year strategic plans, 2004 to 2009, 2008 to 2012 and was planning to launch a third one. These strategic plans were overlapping, which meant none had been implemented fully. Gitonga (2014) did not highlight strategic responses to the challenges faced. Despite the magnitude of coverage and the lives of people TARDA affects, comprehensive research on how they have responded to strategic issues had never been undertaken.

Many organizations in Kenya had failed to meet challenges because of continued traditional strategic planning processes. Those designed to optimize strategic decision-making in relatively predictable environments as opposed to today's uncertain and unpredictable environment (Richards et al., 2004). The response strategies that organizations adopt in order to cope with the turbulent environment had been of academic interest for several years, especially in the commercial world more so in the private sector and on profit making governmental organizations, but little attention had been given to regional development authorities. TARDA just like other RDAs had limited mandate on desired regional balance in development by planning, implementing and coordinating development programs in regions under her jurisdiction. That limited them on which strategies to adopt. Therefore there existed knowledge gap on which response strategies had TARDA adopted in responding to the turbulent external environment in Kenya?

1.3 The Research Objective

The research objective was to establish strategic responses to the turbulent external environment by Tana and Athi rivers development authority

1.4 Value of the Study

Government policy makers can get perceptions or insights on areas that need more devotion when strategically responding to turbulent external environment. It enables the expansion on consistent strategies for organizations under the government's jurisdiction

The study was giving useful insights to the management of regional development authorities and other government institutions on the strategic responses to turbulent external environment. The knowledge gained goes far in improving performance and future preparedness to turbulent environment.

The study contributed new knowledge to the existing body of knowledge on strategic responses in strategic management. Future scholars can use this research as a foundation for further research in the area of strategic responses by organizations due to the turbulent external environment.

The study was significant to the Dynamic Capabilities Theory which focuses on the firm's ability to quickly orchestrate and reconfigure externally sourced competences while leveraging internal resources. Since DCT provides top management with options on how they can change their existing mental models, the findings have changed paradigms on how to adapt to radical discontinuous change and how to maintain threshold capability standards ensuring competitive survival.

1.5 Chapter Summary

This chapter dealt with the concept of strategy, strategic responses in the turbulent external environment as depicted by several authors in the strategic management field. It also investigated into the relationship between turbulent external environment and strategic responses and how organizations respond to different environments. The chapter then gave an overview of Tana and Athi Rivers Development Authority.

It further discussed in detail the research problem and probed into what other researchers both locally and internationally had come up with in their various research studies. The research objective was also discussed in detail. The study further looked at the value of the study to the strategic management literature, policy makers, academicians as well as the management of TARDA

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical discussion and the work of other researchers who have done research on strategic responses due to turbulent environment. The areas covered here are theoretical framework and strategic responses organizations have previously used to deal with the turbulent external environment.

2.2 Theoretical Foundations

The theories that explain the Strategic responses by an organization in turbulent external environment in this study are the Dynamic Capabilities Theory/View, Environment-Dependence Theory of Organizations and Chaos Theory

2.2.1 Dynamic Capability Theory

According to Teece et al., (1997) dynamic capabilities articulates what matters for business to incorporate alertness and the capacity to sense and shape opportunities and threats, seize opportunities, and maintain competitiveness through enhancing, combining, protecting and, when necessary, reconfiguring the business enterprise's intangible and tangible assets. Teece et al., (1997) defines capability as a set of learnt processes and activities that enable a company to produce a particular outcome, ordinary capabilities are the best practices whereas dynamic capabilities are unique to the company and rooted in company's history.

DCT, unlike RBV, focuses more on the issue of competitive survival rather than achievement of sustainable competitive advantage of the organization, which is closer to contemporary business realities of being more high-velocity than it was previously. In many industries, changing the entire resource base in response to external changes is simply unrealistic. Also, ignoring external change altogether is not an alternative.

Senior managers are therefore forced to engage with the complex task of dynamic capability building in order to facilitate competitive survival in the light of depreciating value of resource bases available within the firm. DCT provides top management with options on how they can change their existing mental models and paradigms to adapt radical discontinuous change and how to maintain threshold capability standards hence ensuring competitive survival.

2.2.2 Resource Based Theory

Although early contributions to resource-based theory and dynamic capabilities came from the discipline of economics such as Demsetz, 1973; Gort, 1962; Marris, 1964; Penrose, 1959; Richardson, 1960, 1972; Rubin, 1973 and Slater, 1980, lately the business field of strategic management has made significant contributions to resource-based theory and dynamic capabilities. Penrose (1959), provided a general theory of the growth of the firm, a theory of entrepreneurship based on the subjective opportunity set of the firm, expansion based on indivisibility and the balance of processes, a resource-based theory of diversification, and a theory of expansion through acquisition and merger. In addition, Penrose provides a theory of the limits to the rate of the growth of the firm, in particular, arguing that the binding constraint on the firm's rate of the growth is provided by the capacities of its existing management—the so-called Penrose effect.

Penrose (1959) was concerned with the growth of firms and only incidentally with the size of the firm. Penrose argues that firm size is only a by-product of the process of growth and that there is no optimum, or even most profitable, size of the firm. Penrose is primarily concerned with a theoretical analysis of the growth process of the firm.

The services that resources yield depend on the capacities of the people using them, but the development of the capacities of people is partly shaped by the resources they deal with. The two together create the distinctive, subjective, productive opportunity set of a particular firm.

2.2.3 Environment-Dependence Theory of Organizations

Organizations are environment-serving, such that they cannot completely control their own behavior and are influenced in part by external forces (Ansoff and McDonnell, 1990). The organizational environment is the set of forces surrounding an organization that have the potential to affect the way it operates (Davis and Powell, 1992). Organizations are ecological entities that have mutual relations with other entities in their environment where they operate as open systems and rely on their environment for their input and market for their end products. Indeed, organizations operate in an environment that is dynamic and turbulent with constant and fast-paced changes that make yester-years strategies irrelevant (Johnson and Scholes, 2002). There are various types of perceived uncertainty about environments, including technological uncertainty, consumer uncertainty, competitive uncertainty and resource uncertainty (Beugre, Acar and Braun, 2006).

Volatility and complexity make external environment less predictable and influences the organization and its management. An environmental context that is dynamic is one with a highly unpredictable and unstable rate of change and high levels of uncertainty about the state of the context, the means-ends relationships and the outcome of actions (Baum and Wally, 2003). Dynamic environmental contexts lead to increased competitive aggressiveness, require more efforts on the part of the managers necessitate the strategic reorientation of the firm. These contexts can result in diminished performance if the organization is unable or slow to respond to the changed environment (Baum and Wally, 2003).The operating environment is the

competitive environment of the organization. This kind of environment has a greater ramification on firm's supplier profiles, customer profiles, the labor market, the competitive situation and its competitive positioning among others (Thompson et al., 2008).

2.2.4 Chaos Theory

Chaos theory is the study of complex, nonlinear, dynamic systems (Lorenz, 1963). The field was pioneered by Lorenz (1963), who was studying the dynamics of turbulent flow in fluids. Chaos theory provides a useful theoretical framework for understanding the dynamic evolution of organizations and the complex interactions among industry stakeholders. Radzicki (1990) argues that industries can be conceptualized and modeled as complex, dynamic systems, which exhibit both unpredictability and underlying order.

Chaos theory provides capacities to be a useful conceptual framework that reconciles the essential unpredictability of organizations with the emergence of distinctive patterns. Levy (1993) noted that social, ecological, and economic systems also tend to be characterized by nonlinear relationship and complex interactions that evolve dynamically over time. This recognition led to surge of interest in applying chaos theory to a number of fields, including ecology (Kauffman, 1991), medicine (Goldberger, Rigney and West, 1990) international relations (Mayer-Kress and Grossman, 1989), and economics (Baumol and Benhabib, 1989; Kelsey, 1988). Chaotic systems are very random and have changed the conception of predictability and the universal validity of natural laws. Although the output of chaotic systems may appear Irregular it is generated by deterministic rules (Levy, 1993).

Organizations interact with each other and their external environment such as consumers, suppliers, the government, and financial institutions. These interactions

are strategic in the sense that decisions by one stakeholder consider the anticipated reactions by the others; there is therefore interdependence of one another. Although inter firm behavior has been modeled formally in economics and business strategy using game theory, these models tend to presume the emergence of equilibrium and do not adequately reflect industry dynamics. As Porter (1990) emphasized, the evolution of industries was dynamic and path dependent. The organizational capabilities acquired during previous competitive operations shape the context for future competitive business ventures.

2.3 Strategic Response Studies

Glueck (1984) defined strategy as a unified, comprehensive and integrated plan that relates the strategic advantage of a firm to the challenges of the environment and is designed to ensure that basic objectives of the enterprise are achieved through proper implementation process. Chandler (1962) considered strategy as the means of establishing the purpose of a company by specifying its long term goals and objectives, action plans and resources allocation to achieve set goals and objectives. Therefore strategies are the means by which long-term objectives will be achieved. A strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization. The role of strategy is to identify the general approaches that the organization utilize to achieve its organizational objectives.

Strategic issue is a forthcoming development, either inside or outside of the organization, which is likely to have an important impact on the ability of the organization to meet its objectives (Ansoff and Mc Donnell, 1990). It may be an

opportunity to be grasped in the environment, or an internal strength which can be exploited to advantage. It can also be an external threat or an internal weakness which may hinder success, or even survival of the organization. A strategic response is therefore the chosen strategy on how the organization responds to strategic issues, it requires that the management either takes action immediately, monitor or take action in future, depending on urgency and importance of the issue. Issue scanning should be done before the right response is adopted.

Aguilar (1967) defines issue scanning as the activity of acquiring information about events and relationships in a company's external environment. Some of the environmental issues include- trends in the global market place, changes in age distribution of customers, government controls, strategic resource shortages, technological breakthroughs and inflation. Some of the strategic issues confronting managers today are depletion of natural energy resources, the relationship between corporate control and politics, distributive justice and the emergence of new forms of corporate governance.

Strategic Response is management of strategic issue because it improves performance through timely anticipation of new developments, ensuring fast response to problems arising from any source (Dean and Sharfman, 1996). It may be socio-economic, political or technological. When an organization fails to monitor its environment, then it faces the danger of maintaining inefficient internal processes, strained internal social climate, consumer pressures, among other factors, that will promote a decline in profitability, reduced market share and possible closure of the firm.

Response strategies are the choices made by managers that commit important resources, set important precedents and/or direct important firm-level actions. They are processes that shape a

firm's direction (Dean and Sharfman, 1996). Executives of the firms employ the response strategies in order to deal effectively with everything that affects the growth and profitability of the firm so that it can position itself optimally in its competitive environment by maximizing the anticipation of environmental change (Pearce and Robinson, 2011). Two main perspectives shape our understanding of strategy and strategic choices: the industrial organization perspective and the resources-based view (Bordean, Borza, Nistor and Mitra, 2010). Organizations adopt response strategies in adapting to changing environment.

The processes that underlie effective strategic decision-making, matter for organizational outcome, leading to both organizational effectiveness and efficiency (Mitchell et al., 2011). These processes are influenced by manager's prior knowledge and experiences, the organizational context in which they are embedded and the nature of the environment (Kaplan, 2008). There are two main strategies; Grand and Operational strategies (Ross, 2011). According to Ross (2011) strategic responses usually have longer-term implications; operational responses ordinarily have immediate (less than one year) implications.

One of the key strategic responses employed by organizations is strategic change. Strategic change is the actions, processes and decisions that are expected by an organization's members to realize their strategic intentions (Handy, 1989). It involves managing the unfolding non-linear dynamic processes during strategic implementation and in addition to being long term in nature; it is aimed at achieving efficiency (Handy, 1989).

Effective strategic responses require an understanding of the possible effects of competitive change upon people and how to respond to potential sources of resistance to that change and involve changes to the organization behavior. These changes may take many forms depending on the organization's capability and the environment in which it operates (Ross, 2011). The responses to the operating environment can be categorized according to the strategic orientation

of each firm (O'Regan et al., 2012). It, therefore, follows that the alignment of an organization's strategic orientation to its environment is of paramount importance for success. The strategic responses that have been adopted by organizations to counter macro-environment challenges can be classified as generic strategies and grand strategies

2.3.1 Generic Strategies

These are usually referred to as Porter's generic strategies. Porter's generic strategy matrix highlights cost leadership, differentiation and cost as the three basic choices and has been applied by firms seeking competitive advantage. Indeed, Porter's generic topology has provided strategic response platform for organizations (Porter, 1980; 1985). These strategies are applied at the business unit level and are called generic strategies because they are not firm or industry specific.

Bordean (2010) described cost leadership as a strategy based upon business organizing and managing its value adding activities so as to be the lowest cost producer of a product, whether a good or service, within an industry and for a given level of quality. The firm sells its goods and/or services either at average industry prices to earn a profit higher than that of rivals or below the average industry prices to gain market share. This can be achieved through improving process and efficiency, gaining unique access to a large lower cost materials, optimal outsourcing, and vertical integration decisions or avoiding some costs altogether (Porter, 1980; 1985). To successfully achieve cost leadership a company needs to optimize its value chain. One way to stay ahead of the competition in a relatively leveled playing field is to introduce continuous optimization of the production and value chain by introducing lean manufacturing techniques like Six-Sigma or Kaizen. Therefore, attainment of cost leadership depends on the arrangement of the value chain activities (Bordean et al., 2010).

Differentiation strategy calls for the development of goods or services that offer unique attributes valued by customers and that customers perceive to be better than or different from the products of competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. For a firm to achieve this, it must have access to leading scientific research, highly skilled and creative product development team and a strong sales team (Porter, 1980, 1985). There should be creative advertising, better supplier relationships leading to better service and through service innovation (Bordean et al., 2010). It is appropriate where the target customer segment is not price-sensitive, the market is competitive or saturated or customers have very specific needs which are possibly underserved. The key success factor in a differentiation strategy is to make it either very difficult or very expensive for rivals to replicate the good or service (Porter, 1985).

Focus strategy concentrates on a narrower segment so as to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it (Porter, 1980, 1985). Firms pursuing focus strategies have to identify their target market, assess and meet the needs and desires of buyers in that segment better than any competitor (Bordean et al., 2010).

A firm often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Some types of strategic responses which companies look at when pursuing a cost focus strategy include, reducing cost across the value-chain by engaging with specialist suppliers, making smart investments in specialized technology to increase production efficiency and eliminating activities in the value-chain that are superfluous in the target segment and adopting just-in-time production (Porter, 1980; 1985).

2.3.2 Grand Strategies

A grand strategy is a comprehensive general plan of major actions through which a firm intends to achieve its long term objectives supported by a coordinated and sustained strategic management effort (Pearce, Robbins and Robinson, 1987). They are the overall drivers of strategic actions; however, grand strategies require caution as many firms may operate in more than one environment or indeed have different interpretations or perceptions of the environment (O'Regan et al., 2012). Grand strategies include mergers and acquisitions, diversification and strategic alliances. Mergers and acquisitions are aspects of corporate strategy, finance and management, dealing with the buying, selling, dividing and combining of different companies and similar entities that help an enterprise grow rapidly in its sector or location of origin, or a new field without creating a subsidiary (Pearce and Robinson, 2011).

Diversification is a business development strategy allowing a company to enter additional lines of business that are different from the current goods, services and markets. The two principal objectives of diversification are improving core process execution, and enhancing a business unit's structural position (Johnson and Scholes, 2002). Diversification brings competitive advantages thus companies reduce risks.

Strategic alliances are short-term but have long-term voluntary relations between organizations concerning one or more areas of activity such as market entry, skill acquisition or technological exchange in which both parties regulate their future contact ex ante by means of mutual forbearance and more or less formally specified contractual mechanism (Gulati, 1998). They are aimed at achieving competitive advantage for the partners. It is a form of cooperation that lies between mergers and acquisitions, and organic growth. Past research has shown that four key factors influence partner selection and subsequent strategic performance: trust, commitment, complementary and value or financial pay off (Shah and Swaminathan, 2008).

Other strategic responses that can be used include new product developments, innovations, downsizing, business process re-engineering and use of information technology to speed business processes and communication, human resource management, leadership and culture (Pearce and Robinson, 2011). Strategic responses are influenced by a number of factors including, past strategies, mission and vision, leadership, corporate culture, management attitude towards risk, timing and pressure from stakeholders (Johnson et al., 2008; Wheelen and Hunger, 2008).

2.3.3 Operational Responses

Operational responses involve actions that are taken to improve operations in an organization by designing and controlling the processes of production and redesigning business (Ross, 2011). It is crafting and implementing operation strategies specifying policies and plans on resources to support long term competitive strategy (Johnson et al., 2008). It is the pattern of decisions on long-term capabilities of actions and impact to overall strategy by reconciling of market requirements with operation resources (Pitt, 2000).

Organizations adopt strategies directed at improving the effectiveness of basic operations within the organization such as production, marketing, materials management, research and development, and human resource. Porter (1980) views operational responses as part of planning process that coordinates operational goals with those of the target organization. Operational responses ensure that business operations are efficient by using minimum resources and effective when meeting customer requirements.

Porter (1985) states that, for firms to retain competitive advantage, they need to examine their environment both internal and external and respond accordingly. Environmental scanning therefore is a key step in responding to the environmental challenges. Through this, the firm will understand how to respond to threats,

technological changes, political, economic, social and cultural challenges as well as taking advantage of opportunities (Pearce and Robinson, 2011). Although several explanations of strategic responses have been developed, two views are particularly dominant – industry structure and managerial cognition.

Industry structure view assumes complete rationality on the part of strategic decision makers; in contrast, managerial cognition literature suggests that bounded rationality prevents top managers from developing a complete understanding of their environment (Nadkarni and Barr, 2008).

The promptness at which response strategies are taken to combat external environmental turbulence is very critical and depends on the speed with which a particular threat or opportunity develops in the environment. Response strategies and in particular fast ones may improve competitive performance across environments because such responses lead to improved business models that provide competitive advantages (Jones, Lanctot and Teegen, 2000). As Baum and Wally (2003) put it, early adoption of efficient-gaining process technologies even in established industries; preemptive organization combinations that enable economies of scale and knowledge synergies provide useful information for effective secondary action. This is very effective and efficient in dynamic markets and hence solve some of the environmental and managerial challenges.

Conclusively, theoretical discussions and the work of other researchers done on strategic responses due to turbulent environment show that response speed enables firms to exploit opportunities while they still exist, impeding threats before it is too late. Data showed that, with the changes taking place in the Kenyan government, various challenges were bound to face Regional Development Authorities. The

strategies they would adopt in resource utilization was to have far much reaching repercussions.

Theoretical framework on strategic responses organizations have previously used to deal with changes had been due to dynamism in the external environment. Formulation of response strategies was management's responsibility. Counter strategies had to be adopted every time there was turbulence in the external environment. The firm's management style was not determined by only its ability to respond to the changing environment but also by unique managerial approaches, control systems, decision making styles and communication models (Lavie, Haunschild and Khanna, 2012)

2.4 Chapter Summary

This chapter presented an overview of the relevant literature that covers research areas on strategic responses and turbulent external environment. The researcher collected material from several reference sources related to the theme and objectives of the study which was to establish the strategic responses adopted TARDA due to turbulence in the external environment.

The chapter started by giving a review of the theoretical foundation, then discusses in detail the Dynamic Capabilities Theory, Resource Based Theory, Environment-Dependence Theory of Organizations and Chaos Theory. It discussed in profoundly the concept of strategic responses and turbulent external environment. Finally the

chapter compared the theories and studies done both internationally and locally based authors.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the research design, population, data collection including, type of data that was collected, data collection procedure and data collection tools which were used, and their administration. It also describes how the data was analyzed, presented and displayed.

3.2. Research Design

A research design is the linkage and organization of conditions for collection and analysis of data in a manner that aims at combining relevance to the research purpose with economy in the procedure (Cooper and Schindler, 2011). The research design adopted for this study was descriptive case study. This design entails description of the characteristics of phenomena, obtains information concerning the current status of the phenomena and describes 'what exists' with respect to variables or conditions in a

situation (Cooper and Schindler, 2011). Descriptive approach was appropriate for this study because an authentic and accurate description was required of the environmental and managerial challenges and the response strategies put in place.

The unit of study was Tana and Athi Rivers Development Authority. The design was most appropriate because detailed, in-depth analysis for a single unit of study was desired. It provided very focused and valuable insights to phenomena that would otherwise be vaguely known or understood. The design enabled the researcher not only to establish factors explaining phenomena but also unearth underlying issues.

3.3 Data Collection

The study was made by collection of both primary and secondary data. Primary data was obtained from managers of Tana and Athi Rivers Development Authority using an interview guide. The interview guide (Appendix III) was used to solicit data on the changes in the company's environment and the responses thereto. The respondents of the study were fourteen (14) managers drawn from the various departments and projects (branches) of the organization. They included Chief Managers, Senior Managers, Project Managers and Regional Coordinators.

The management was better placed in providing required data because they played a leading role in ensuring that they position the company favorably within the changing environment through instituting appropriate responses. The interview guide was administered through personal interviews which allowed for further probing. The secondary data was obtained from the company's documented strategies and other relevant information about the company. Data was obtained through review of relevant documents, key among them the company' strategic plan and other relevant documentations.

3.4. Data Analysis

Primary data was reviewed and categorized according to the type of response strategy used, whether generic strategies or grand strategies documented. The secondary data was reviewed, edited to be in correspondence with the research question and marched with the variables. The data was then processed using Microsoft-word document and Microsoft-Excel computer applications for ease of categorization, sorting, storing, retrieving and data analysis.

Since the primary and secondary data were qualitative in nature, content analysis was used to analyze it. Content analysis is the measurement through proportion – pervasiveness as an indicator index of specific factor strength (Kothari, 2004). According to Nachamias (1996), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.

Content analysis can be done at two levels; simple, and subtle. It is simple level when pursued on the basis of certain characteristics of the documents or verbal materials that can be identified and counted, such as of major scientific concepts in a book. It is at a subtle level when the researcher makes a study of the attitude, say of press towards education by feature writers (Nachamias, 1996). Both levels of analysis were attempted. This was done by the use of personal administered face to face interview techniques. Lastly, frequency analysis and proportionality was used to get the inference to the data.

3.5 Chapter Summary

This chapter discussed in detail the methodology that the researcher used in the study. It reviewed the tools that were used in gathering data, procedure used for data collection and data analysis.

As a requirement to the fourth chapter, this chapter discussed in detail the research outline and credits the result and findings of the study. The chapter also further detailed the means of data collection as well as the data analysis technique used to draw conclusions in the findings expounded.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter provides details of data analysis, describes and deliberates the results obtained from respondents and undertakes comparative analyses of the results in relation to previous studies in similar or closely related setting. Data on the strategies adopted by Tana and Athi Rivers Development Authority was collected and analyzed from 4 Chief Managers, 5 senior managers, 3 Project managers and 2 Regional coordinators.

TABLE 4.1: RESPONSE RATE

Designations of respondents	Targeted Numbers	Total Respondents
Chief managers	5	4

Senior managers	5	5
Regional coordinators	2	2
Project managers	4	3
TOTAL	16	14

Source: Research data, 2015

The 14 respondents from whom data was collected represented 88% response rate which was considered adequate for data analysis. 12% of the targeted managers did not find time to be interviewed.

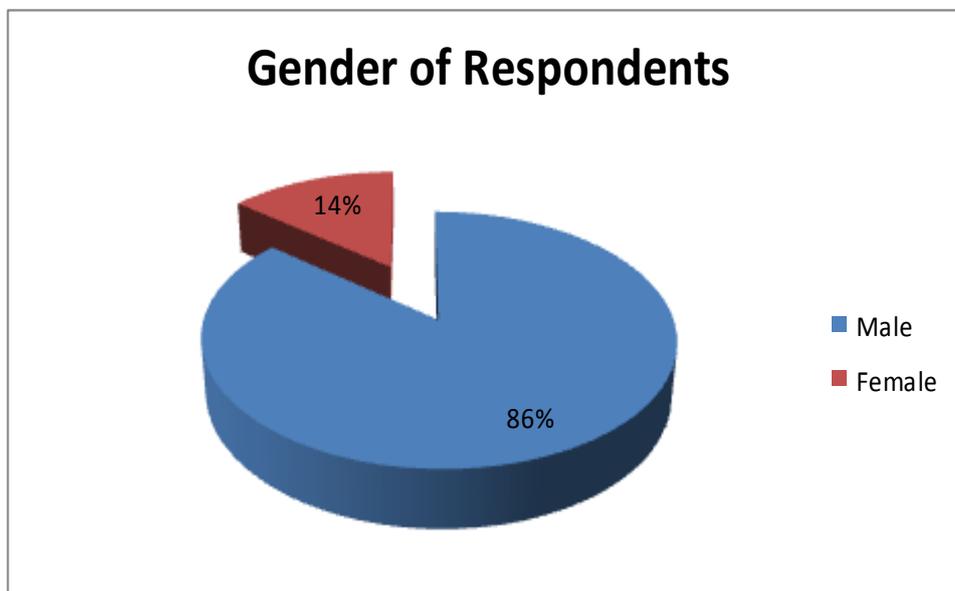
4.2 Respondents Characteristics

The study sought to establish information on the respondents' gender, age, level of education and duration of service in their management position.

4.2.1 Gender of Respondents

The gender of respondents was recorded as shown in figure 4.2.1

FIGURE 4.1: GENDER OF RESPONDENTS



Source: Research data, 2015

12 respondents were male and 2 female which translated to 86% and 14% respectively. Although no information was obtained on impact of decisions based on the management's sex orientation, it was clear, as recorded in figure 4.2.1 that the management didn't depict a balanced gender representation.

4.2.2 Age of Respondents

The respondents were asked to indicate their ages, either actual or in the range of 10 years as shown Table 4.2.2

TABLE 4.2: AGE OF RESPONDENTS

Age group	Frequency	Percentage (%)
Below 30 years	0	0
Between 31-40 years	3	21
Between 41-50 years	5	36
50 years and above	6	43

Source: Research data, 2015

The findings showed that no manager was below the age of 30, it was also established that only 3 managers were between 30 to 40 years. Majority of the managers were between 41 and 60 years, this translated to 79% of the total respondents. An important responsibility of the top management is ensuring efficient and effective management and continuous career development to ensure smooth succession. The success of a business lies predominantly in the hands of the top management of an organization (Andrews, 1971). The data was meant to identify whether this long term transition

procedure was in place which would ensure continuity on strategies implementation. According to Gitonga (2014), old management meant there was enough experience to handle management matters, however lack of young managers means there are no mentorship programs and poses the danger of lack of experience once the top managers retire or new technology is developed which requires new methods of operations from the young manager.

4.2.3 Years Worked in Management

The respondents were asked about their designation and the number of years they had worked in management positions.

TABLE 4.3: YEARS WORKED IN MANAGEMENT

Years worked	Frequency	Percentage (%)
Below 3 years	1	7
Between 3 – 5 years	4	29
Between 5 – 10 years	3	21
10 years and above	6	43

Source: Research data, 2015

The findings presented in Table 4.2.3 show that 64% of the respondents had been in a management position for over 5 years. Only one regional coordinator had served in a period less than a year. This showed that the respondents had served in management positions for sufficient time to understand recurring turbulent external forces in the external environment affecting TARDA and how response strategies had been

adopted to deal with them. Experience is a key component when planning response strategies.

4.2.4 Level of Education and Training

The research sought to establish the academic and professional qualifications of respondents. They were required to give details of every form of training including special training done within or outside the organization which added or improved their skills in performance. More emphasis was given on information about tertiary education. The highest professional qualification was post graduate degree and the lowest was general certificate which was the equivalent of an advance diploma in the current education curriculum.

TABLE 4.4: LEVEL OF EDUCATION AND TRAINING

Professional training	Frequency	Percentage (%)
Post graduate	5	35
Graduate	4	29
Diploma	4	29
Certificate	1	7
Total	14	100

Source: Research data, 2015

This information was required to determine whether the managers had enough professional training to formulate reliable response strategies when the external environment became turbulent. Professional training was essential in running any organization, whether private or public. 64% of the managers had attained at least one

undergraduate degree with 35% of the entire management with a post graduate degree. Only one certificate was registered, but the manager had over 25 years working experience in the organization in more than 5 different projects. Two project managers had been trained in Japan and Israel on handling horticultural farming. Data on the training and professional qualifications was considered enough for the managers to identify environmental challenges and scheme response strategies to counter the danger posed.

4.3 Strategies Implemented in the Organization

The study sought to investigate the respondent's knowledge on whether the organizations was implementing or had implemented a strategic plan. Information on how strategies in the plan had been affected by external influences was documented. Out of the 14 respondents interviewed only one project manager answered no to a direct question whether TARDA had a documented strategic plan. After further questioning he said it was as good as not been there since it had not been implemented at his project. Convincingly, every respondent agreed there was a document strategic plan; indifference was only on its mode of implementation. The respondents confirmed that the organization had implemented two five year strategic plans, 2004 to 2009, 2008 to 2012 and were yet to launch the third one which had been planned run from 2014 to 2019.

The respondents were required to name the strategies been implemented. Although the Authority had a single strategic plan, different strategies were not implemented uniformly; discriminative selectivity on implementation was done depending on diversity and uniqueness of projects. The choosiness or selectivity of implementation was done based on region (whether Tana or Athi Region) or project. The key ones are

Strategic Alliances, Joint ventures and Partnerships. The generic strategies used were Cost Leadership, Cost focus and Diversification

4.4 Turbulent External Environment Factors

The respondents were asked to list and rank external influences faced by the organization. These influences were: - Various Acts of Parliament conflict with the TARDA Act, Inadequate funding from the Exchequer, Encroachment on TARDA's assets by other State agencies, Lack of legal framework for TARDA, in fulfilling its legislative mandate to exercise superintendence, intervention, or oversight and Devolved System (county Govt). Diminishing good will from the community was paramount with Inter-ethnic clashes and Community dynamics aggravating the situation.

The institution of new commissions and water boards such as (Tana Athi water board), who were competing for the same resources with TARDA, had led to overlapping of mandates between the organizations leading to unhealthy competition and creating friction between the National & County governments. Other influences were Political such as frequent changing of CEOs, Climatic change, External debts, Government (parastatal reforms) in line with vision 2030 & gender balance, Security threats such as terrorism and External professionals brought by the national government and Change of planning agents with no continuity in planning. The research noted that a review on the institution's act was underway although it had taken long before conclusion.

These factors were categorized in to five factors named political, ecological, social technological, economical and legal. Johnson, Scholes, and Whittington (2011) coined the acronym PESTEL for these external factors. The factors were then ranked

according to the extent of influence on the organization as whether they had: - no influence, insignificant influence, moderate influence, great extent or very great extent as shown in Table 4.4. PESTEL classification helped in identifying the main sets of forces exerting influence on the organization. The tools with which to analyze the business environment could also be determined once the factors had been identified. This provided information on a guided company's strategic situation

TABLE 4.5: EXTERNAL INFLUENCES

External Factor	EXTENT OF INFLUENCE FREQUENCY					Total Frequency	Total %
	No influence	Insignificant influence	moderate influence	Great extent	Very Great extent		
Political	0	0	2	7	4	13	28
Economic	0	0	0	8	3	11	23
Social	0	0	1	5	2	8	17
Ecological	0	1	1	2	2	6	13
Technological	0	0	1	2	1	4	8
Legal	0	0	1	3	1	5	11

Others	0	1	6	27	13	46	100
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Source: Research data, 2015

Out of the five external factors, political interference and economic influence were the main factors influencing operations and strategy implementation in TARDA. Both factors had more than 50% influence. This was in terms of reduced or untimely funding by the exchequer and reduced focus on regional development since county governments started operations after the promulgation of a new constitution in 2010 and the subsequent general elections in March 2013. Political influence was the rapid change of chief executive officers. This had been done without proper regard on skill and expertise but rather political alignment and apathy which led to sycophancy.

Ecological environment effects registered lowest because the main component was climatic change which affected rainfall distribution since most of TARDA projects and production operations depended on water. Fortunately most of the projects had sufficient water storage such as Masinga reservoir and Kiambere dam because of the constant flow of Tana River. However, climatic change had immense effects in one project which led to reduced production by over 50%. In that particular project, water supply had changed drastically which led to protests by local community. This prompted the intervention of WRMA. The actions culminated to alteration of irrigation program. Social factors recorded 17% which was because TARDA projects directly affected the communities around them. This was through supply of food stuff and employment of local communities. However the negative influence was when the community leaders felt purely local residents should run the projects, which was not a viable idea.

Technological impact, on average, had no far much reaching impact in the organization. Although old equipment were been used such as, plant machinery and water pumps, local mechanics had consistently ensured frequent servicing and repairs. The 8% Technological influences was through change brought by the outsourcing of External professionals and Change of planning agents. This had led to dented continuity in planning because employees who felt they should have been involved in running the programs felt ignored, which led to demoralization.

4.5 Effects of Turbulent External Environment

The respondents were asked to provide details of the impacts which had been occasioned by the external factor they had given out. The effect where categorized on whether financial or non-financial.

The financial effects had numerical value and could be measured and tabulated. Firstly, it led to increased Cost of Operation in the organization. Secondly, loss of revenue especially on projects directly affected by climatic change and seasonal crops such as fruits which lack timely attention such as crop pesticides; delay of funding leads to crop failure. Thirdly, no projects expansion due to insufficient funding by the government. Fourthly, dependency on external funding has led to the organization's financial instability. Lastly High production cost leading to increased loses or reduced profits.

The non-financial effects were what the organization could not directly tie with financial ramifications. The prevalent ones were poor customer satisfaction which automatically cut repeat buying giving competitors undue advantage. Secondly, there was Poor Public Relation which led to hostility between the organization and its publics such as community and suppliers. Thirdly, low staff morale led to skilled staff

turnover. Lastly, there was inefficient customer care program due to lack of consistent employee engagement & motivation with proper and consistent feedback system.

4.6 Response Strategies Adopted

Respondents were asked to describe the choices they had made that committed important resources, set important precedents and directed important firm-level actions. These were processes that could shape a firm's direction in the short and long run. TARDA had tailored the response strategies to suit within its mandate given by the government through cap 247 of the laws of Kenya and its vision and mission as enshrined on the strategic plan. The main customize strategy was Public Private Partnership initiative.

Public Private Partnership strategy was done through signing of various Memoranda of Understanding and entering into agreements with both public and private partners to carry out various development programmes such as the Kiambere Seed Multiplication Unit; Narok wheat commercialization programme (with ENSDA) and management of Masinga Resort Hotel by Kenya Utalii Hotel.

Another main modified strategy was the integrated development initiated by the government. This brought about the Kazi kwa vijana initiative, Dam constructions and Institution capacity building choices made by managers that commit important resources, set important precedents and/or direct important firm-level actions. They are processes that shape a firm's direction

4.6.1 Determinant of Response Strategies

Respondents were required to name the factors which were considered when the management was coming up with response strategies to counter turbulence in the external environment. One is the National Government (Blue print) such as Government Policies on energy natural resource exploitation. Two, TARDA Mandate

and policy framework as it is prescribed in the constitution. Three, Political and Social environment consideration such as Customer/ stakeholders and community dynamics. Four, Internal processes and Project operations such as decisions by project committees. Lastly, financial resources held by the company, Human resource and land resources.

When asked whether TARDA had allocated enough resources to response to any changes in the strategic plan, the answer was a resounding no with only 3 respondents out of 14 accepting. This could be attributed to the dockets they managed in the organization where a negative response could have compromised their efficiency. However, the unsatisfactory or late allocation of resource could be explained on the dependency to the exchequer by government to fund operations in the authority. The TARDA's budget was not always funded. Sometimes also funds were delayed compromising programs.

4.6.2 Constraints to Response Strategies

The constraints to response strategies were tied to the determinant of response strategy the organization had adopted in 4.6.1 above. Predominant been reduced or late funding by the national government through the exchequer. Low literacy level by residents in regions under TARDA's jurisdiction had in a big way limited adaptability of strategies. In a certain scenario, the community had refused piped water arguing that the residents would lose revenue by the sale of water using donkeys. Unanticipated climatic change had restricted the start of some projects due to lack of water. The introduction of PPP was faced by lack of long term policies which could ensure continuity and prosperity. Turnover of trained personnel had deprived the organization important expertise and skill to implement planned projects. Terrorism which is a national concern had increased the costs of operations due to installation of

security measures to counter that. Some respondents felt that prioritization on finance allocation had not been well considered.

Rapid change of leadership and management of the same had impeding execution on the organic structure & implementation of plans through functional lines. Some respondents also felt that response strategies lacked Top management commitment and support.

4.7 Discussion

The study showed that TARDA management had not satisfactorily responded to influences posed by turbulent external environment. This could be to the disconnect between chief managers and senior managers who operated from the head office situated in the capital city, Nairobi and the project manager and regional coordinators who operate from projects and regional offices respectively, situated at the counties along the Tana and Athi River's basins.

Given the current dynamisms in the organizations' external environment, there was need to understand changing trends so as to easily position the organization strategically (Hamel and Prahalad, 1994). Kanter (2004) reinforced this adding that adapting to environmental changes; firms require effective leadership and management. Although the management of TARDA could clearly anticipate challenges posed by turbulent external environment, management on responses had not been administered properly.

TARDA had contradicted the Resource-Based Theory because it had not put systems in place to monitor changes in the external environment; however, the responses to changes had remained a challenge which had made some projects unsuccessful.

Resource-Based Theory is based on the concept of economic rent and the view of the company as a collection of capabilities highlighting the need for a fit between the external market context in which a company operates and its internal capabilities. Since resources were unique from one RDA to another, the success of any of the six RDAs would be due to the best and most appropriate utilization of stock of resources relevant for its business and strategy which were well explained by the Resource-Based Theory (Penrose, 1997).

Penrose (1959), provided a general theory of the growth of the firm, a theory of entrepreneurship based on the subjective opportunity set of the firm, expansion based on indivisibility and the balance of processes, a resource-based theory of diversification, and a theory of expansion through acquisition and merger. On TARDA's effort to grow, it had embraced diversification on capacities of its existing management through expansion to new projects which Penrose (1959) summarized as Penrose effect.

The research contradicts the assertions of Mintzberg (1987), who argued that it is simply not possible to consider future complex environments; he advocates that the strategist must wait for events to occur, or emerge, then develop strategy. Mintzberg recommends that, as discontinuous events occur, the firm should dynamically craft a strategy. That should not be the case with TARDA; this was because most of the factors brought by turbulent environment were recurrent.

Organizations could speculatively plan for strategies and put on measures to avoid them. The study completely concurred with Senge (1990) who suggested that the secret to surviving the changing environment was to have a learning organization. The organization should but in continuous and sustainable systems and structures to

ensure this is achieved, especially with the management. This is confirmed by Andrews (1971) who found out that the success of a business lies predominantly in the hands of the top management of an organization.

The study was significant to DCT which focuses on the firm's ability to orchestrate and reconfigure externally sourced competences while leveraging internal resources. TARDA had not quickly coordinated and configured externally sourced competences leading to discontent among managers rather than leveraging managements input. However, the findings could not change paradigms on how to adapt to radical discontinuous change and how to maintain threshold capability standards ensuring competitive survival since adequate actions had not been taken as defined by Teece, Pisano, and Shuen (1997).

The contest for limited resources by TARDA with other competitors resonates with the principles of the Chaos Theory which is the study of complex, nonlinear, dynamic systems as described by Lorenz (1963). Chaos Theory provided a useful theoretical framework for understanding the dynamic evolution of organizations and the complex interactions among industry stakeholders. TARDA's Social, Ecological, Political, Technological and economic systems also tended to be characterized by nonlinear relationship and complex interactions that evolved dynamically over time which correspond with Levy (1993) assertions.

RDAs interacted with each other and their external environment such as consumers, suppliers, the government and financial institutions. These interactions were strategic in the sense that decisions by the organization had to put in to consideration the anticipated reactions by the others; there was therefore interdependence of TARDA

and its publics. That is through internal strategies of adaptation and adjustment or organizational design and by external strategies (Davis and Powell, 1992).

Implementing change successfully required that the right managers be in the right positions for facilitation. TARDA had to be sure who would lead the change and whether they had the relevant characteristics to ensure effective implementation of the change. A change agent has to be sensitivity to changes in the personnel and top management perceptions, market conditions and way in which these impact on the goals of the project at hand (Stephen, 2010).

Ansoff (1998) presented the strategic success factors as the aggressiveness of the firm's strategic behavior needs to match the turbulence of its environment. The Responsiveness of the firm's capability had to match the aggressiveness of its strategy and have component which are supportive of one another.

In summary, the details of data analysis and results obtained from respondents in this study, showed that unsatisfactory response to turbulent external environment. In relation to previous studies in similar or closely related setting, information showed that the organization was inadequately prepared for speculative changes posed by the dynamic external environment. John and Richard (1991) emphasized that managers employ management processes that they feel will position the organization in a competitive environment by maximization of the anticipation on environmental changes and unexpected internal and competitive demands. The firm's management style is therefore determined not only by its ability to respond to the changing environment but also by unique managerial approaches, control systems, decision making styles and communication models (Lavie, Haunschild and Khanna, 2012)

4.8 Chapter Summary

This chapter offered the data analysis, presentation and interpretation of the results of the study in the research methodology. It presented the research findings and the subsequent discussions taking cognizance of the stated objective which is to establish the strategic responses adopted TARDA due to turbulence in external environment.

It also discussed the findings in comparison with relevant theories which were:- DCT, RBT, EDT and Chaos Theory. The literature established by other authors in the field of strategic management regarding various turbulent external environment and strategies developed to deal with the different environments was discussed.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives summary; conclusions and recommendation from the findings of the study. The study sought to find the strategic responses adopted by TARDA due to turbulence in the external environment. It drew conclusion from the findings, and outlined limitation of the study and recommendations for further research.

5.2 Summary

The research objective was to establish strategic responses to the turbulent external environment by Tana and Athi rivers development authority. The study confirmed that the organization had implement the two five-year strategic plans, 2004 to 2009, 2008 to 2012 and has already documented a third five-year strategic plan which is supposed to run from 2014 to 2019.

The findings showed that projects had reliable quick response strategies in comparison with regional offices and the headquarters. Most projects been

agricultural, climate change had immediate and severe impact on operations. Some effects such as dying crops had greatly dented the projects targets which were personalized by the top managers as non-performance by project managers. 79% of respondents said that TARDA did not allocate enough resources for response to the changes in the strategic plan. Therefore only handful actions had been taken at projects level to respond to the dynamic environment.

Interestingly, more than three thirds of the respondents felt that the top management had put the right people, by qualification and skill, at strategic positions to respond to external changes. This was predictable since the respondents were purely on management positions, which were chief managers, senior managers, Project managers and regional coordinators.

All respondents from projects felt that TARDA's top management involvement of lower level personnel when coming up with grand and response strategies was diminutive. Lower level staff involved were only involved on some Operational strategies. However secondary data collected on monitoring and evaluation showed that all functions and levels in the organization were actively involved in formulation and implementation of strategic plans

Conclusively, as disclosed by most managers, the top management composed of the managing director and the board of directors is not doing enough to cope with changes at their level. This was because only 20% of the respondents felt effort had been made to appropriately respond to the turbulent external environment.

5.3 Conclusion

Firms that engage in strategic management are more profitable and successful than those that do not have the benefit of strategic planning and strategic management. When firms engage in forward looking planning and careful evaluation of their priorities, they have control over the future, which is necessary in the fast changing business landscape of the 21st century. However changes in the macro environment are inevitable due to turbulence.

For an organization to be a high performer and keep on track to achieving its long term objective, it required that the top management to make more informed decisions when responding to changes. They needed to consider both the short term and long-term consequences and hence orient the strategies accordingly. In contrast, firms that do not engage themselves in meaningful strategic planning, closely monitor the turbulent macro environment and quickly respond appropriately will be bogged down by problems and lack of focus that will lead to failure.

TARDA could not properly do time planning because funding scheduling was controlled by the national government. This definitely compromised its mandate on Conservation, which could not be achieved. Rather it led to late projects implementation and Delayed program execution; Disturbances on ongoing projects due to late funding causing missed targets; Degrading community projects funded by the organization. RDAs had institute Stakeholder engagement framework, Enhance communication with the two levels of government, private sector and stakeholders. There had to be conflict management resolution mechanisms put in place which would eliminate strained community relationship.

The top management which dealt with policy matters had to enhance resource mobilization mechanisms and reduce the dependency to the exchequer. The chief executive with help to chief managers could enhance risk management procedures to deal with the turbulent external environment. Project managers could enhance revenues collection from commercial projects and ensure zero wastage measures which would definitely reduce cost, increase profits and reduce the burden of external funding as well.

5.4 Recommendations

From the findings and analysis in the study, a number of recommendations were made. There was an alarming turnover of senior employees and skilled personnel including chief managers. Some of the reasons cited were frustration and low morale. The board needed to institute measures in ensuring this anomaly was corrected. Every organization should endeavor to have zero turnovers of employees and especially technical and skilled personnel.

Notably also, the organizations management force was aging 79% of the respondents were above the age of 40 years with no single manager below 30 years, 55% of these above 50 years. Only a minority 21% were below 40 years. Most of the managers running projects in TARDA then, were old professionals. Although lack of continuous training in management and refresher course could not directly be linked response strategies adopted, the government needed to review requirements for appointment to all levels of management within its corporation beyond academic qualifications and management experience to include, training in management.

Old management provided required experience to handle management matters, importantly also, young managers provided continuity; the board had to ensure there were mentorship and career development programs to train young managers who would grow in their position. Mentoring is the process of using specially selected and trained individuals to provide guidance, pragmatic advice and continuing support, which can help the person or persons allocated to them learn and develop. Mentoring programs would definitely provide motivation and reduce turnover of employees.

Having implemented two strategic plans and faced almost similar challenges posed by the turbulent external environment, the top management had to come up with lasting solutions to amicably deal with the threatening dangers. The country had a challenge disbursing the national budget to all its units due to pressure by political class and county governments, other long term and manageable solutions had be sought to fund operations and institute adaptable measures in deal with turbulent macro environment.

The public private partnership was a great strategy; it could however be managed properly and commercialized with optimum use of both human and financial resource to realize profits. The board members with leadership of the chairman and advice from the top managers and experts could ensure profits realized were rechanneled so as to multiply.

Follow up programmes and feedbacks were very essential. There was no economic sense of adopting the best response strategy in the world which would not be monitored, evaluated and controlled to achieve the intended objective. The viability of these projects could be done well without mischief and malice. Proper utilization of resources was very essential as well on feedback and response strategies.

The monitoring and evaluation department had to be given a better attention by management. It could carry the picture of the organization in terms of projects diversification representation. This was to ensure expert recommendation on feedback and response. Personnel in this department had to be discouraged to work on routine and prototype. Colleting and filing reports could not provide a correctional measure to effects triggered by external environment. Proper and consistent follow-up to relevant departments and projects had to be ensured and the best responses adopted.

Although management skills could be learnt through experience or reading, TARDA could develop constant management training to ensure quick and up to date managerial decision making when responding to changes brought about by the turbulent external environment. This could be done through creating a culture of a learning organization.

Creating a learning organization is a key personnel management. Regardless of which level it is practiced it ensures preparedness by an organization to deal with changes brought about by turbulent environment. A learning organization has capacity to adopt strategies to new challenges. It is an organization in which everyone is engaged in identifying and solving problems in order to increase an organization's effectiveness.

TARDA management could maximize the capacity of individuals and groups to think and perform their tasks in a creative way. All organizations learn, even if learning is unconscious, but leaning organizations make deliberate efforts to facilitate learning.. This will reduce uncertainty brought about by the changes in the turbulent external environment in Kenya. The management through the workforce will detect mistakes and look for solution or provide solutions to the problems.

5.5 Limitations of the Study

The difficulties encountered during the study, data collection, analysis and general compilation were: - the pattern of TARDA projects construction was not even. Projects were built along rivers Tana and Athi. These areas were very remote and the road network was very poor. No consistent reliable means of transport for people visiting these projects. The distance from one project to another was quite extensive which also applied to commuting form the capital city.

Most managers had busy schedules preparing reports and budgets since the study was carried out during the last two months of the financial year 2014/2015. This prolonged the data collection period the researcher had planned to collect data.

These limitations were overcome with contingency planning. Although eventualities increased the predetermined budget, they were effectively mitigated eliminating the risks of deficit on data collection or compromising the quality of data collected.

5.6 Suggestions for Further Studies

There are six RDAs in Kenya, the research recommends that same concept on responses strategies adopted due to external environment in Kenya be done on the other five RDAs and determine whether the effects and the counter strategies are the same and on different contexts. Comparison should be done on similar projects especially those ones carrying out agricultural activities.

The study did not pay much attention on the long term financial implications of the strategies adopted to counter external influences brought about by the turbulent external environment. They should be studied independently so that strategies with long term negative implications to the organization can be avoided.

Future research may be done on the influence of County Governments on Regional Development Authorities. Throughout the research, the researcher found out that there was massive influence brought about by the county government system when the new constitution was promulgated. That could not be ignored since it greatly affected the long-term running on RDAs and future strategic management of the same.

5.7 Implication of the Study

This sub-section gives recommendation on the contribution of the study to theory, knowledge and application of the results in policy formulation and industry practice.

Government policy makers were take positive cognizance on the recommendations in this study through the ministry of environment, water and natural resources. Workable programs on funding RDAs should be developed. The government could involve all stakeholders in the Development Authorities when developing long term plans for them. Proper evaluation procedures could be instituted in ensuring efficiency and effectiveness.

The government needed to review requirements for appointment to all levels of management within its corporations beyond academic qualifications and management experience to include, training in management. The findings of this study provided a platform on establishing funding mechanisms to RDAs. The government was to give autonomy on choice of response strategies to the management of RDAs.

This study made positive contribution to the Strategic Management literature by focusing on the relationship challenges posed by turbulent external environment and the strategies adopted to counter them. Strategic management involves understanding the external environment and major decisions. This study helped in identifying major external influences on organizations and outlining tools with which to analyze environments; the importance of environmental scanning and how it fitted into the strategic management process and the necessity to conduct PESTLE analysis for an organization. Scholars can identify the main sets of forces exerting influence on organizations and thus use of Porter's five forces analysis to define the attractiveness of industries and sectors for investment and to identify their potential for change.

The study validated the environment-dependence theory of organizations that, organizations were environment-serving, such that they could not completely control their own behavior and were influenced in part by external forces as was articulated by Ansoff and McDonnell (1990). The finding added knowledge that organizations are ecological entities that had mutual relations with other entities in their environment where they operate as open systems and relied on their environment for inputs and market for their end products, which is described by the environment-dependence theory, confirming that organizations operate in an environment that is dynamic and turbulent with constant and fast-paced changes that made past years' strategies irrelevant as established by Johnson and Scholes (2002). The theoretical framework developed in this study was an integration of the Environment-Dependence and Resource-Based Theories of competitive advantage to explain strategic management of RDAs.

The response strategies adopted by TARDA and the factors influencing their choice were more or less similar to those Adopted by other government institutions. This shows that TARDA was run just like other government owned entities. The strategic management practice was similar to that of other corporations in Kenya. The day to day operations and long term objectives were geared towards establishing a sustainable economic growth in the country.

Therefore the recommendations in this study had a positive impact on the management practice in TARDA and other organizations in Kenya. In order to promptly and effectively compete with the private sector, RDAs needed to cooperate with the devolved system in the country, establishing strategic alliances, complementing each other in areas where they have advantages instead of always

depending on the exchequer for funding. TARDA had enormous physical capacity in form of land, which if well exploited and properly managed could immensely contribute towards the achievement of vision 2030 in terms of balanced and equitable resource distribution along the two basins (TANA and ATHI).

The management had to incorporate the recommendation in this study and develop long term solution to structures and systems in preparedness for uncertainties brought by turbulent external environment. Using the results in this study, managers could identify strategic groups within the industry with similar strategic characteristics and define strategic intent to the course of the entire and mission organization which involved formulation of strategies.

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APPENDICES

Appendix I: Introduction Letter



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 18/05/2015

TO WHOM IT MAY CONCERN

The bearer of this letter CLEMENT K. MBUWA

Registration No. DEI/71178/2014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Appendix II: Data Collection Permission Letter



Clement K. Mbuw'a
P.O. Box 47309-00100
NAIROBI
Tel.: 0722 571 924
E-mail: moklemb@yahoo.com

18th May, 2015

The Managing Director
TARDA
P. O Box 47309-00100
NAIROBI

Dear Sir,

RE: LETTER OF INTRODUCTION AND PERMISSION FOR DATA COLLECTION.

I am a continuing student at the School of Business, University of Nairobi pursuing a Master of Business Administration (MBA) degree specializing in Strategic Management. I am currently undertaking a research project as partial fulfillment of the requirements for the award of the said degree. The title of my research project is "*Response Strategies Adopted by Tana and Athi Rivers Development Authority to Turbulent external Environment in Kenya*". The study targets TARDA as an organization and the respondents will be the chief managers, senior managers, regional managers and project managers.

I assure you that the information and data collected will be used for academic and policy formulation purposes only and will be treated with utmost confidentiality. The names of the respondents shall not appear in the final report. However, at the end of the study, I will send an executive summary of the findings or a copy of the final document upon request.

Thank you in anticipation for your permission and cooperation in this survey.

Yours faithfully,

A handwritten signature in black ink, appearing to be "Clement K. Mbuw'a".

Clement K. Mbuw'a
D61/71178/2014
MBA Student, University of Nairobi

A large, stylized handwritten signature in black ink, possibly reading "James O. Ombui".

Appendix III: Interview Guide

To be used when interviewing the Chief Managers, Senior Managers, Regional Managers and Project Managers.

Section 1: GENERAL INFORMATION

1. Name of the respondent (optional).....
2. Gender Male Female
3. Age (optional).....
4. Current position

(if in project manager, indicate name of project and years worked there)

5. Years worked in the current position (TARDA)
 6. Professional training: diploma graduate post graduate
- Others please specify

Section 2: EXTERNAL INFLUENCES

7. Does TARDA has a documented strategic plan
8. What are the current strategies been implemented.
 - i) Generic
 - ii) Grand
9. What are the external influences affecting the organization's planning and implementations of strategic plan
.....
.....
10. Using the list provided above (no. 9), to what extent do you think external influences have affected the organization's planning and implementations of strategic plans? Please rank using the five point scale given below

[1] No influence, [2] Insignificant influence, [3] moderate influence, [4] Great extent, [5] Very Great extent

11. What effects has the changes in no. 9 above brought in the organization

i) Financial

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

ii) Non-Financial

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

Section 3: RESPONSE STRATEGIES

12. What determines the choice of strategy TARDA employs?

.....
.....

13. How does the organization apply each Strategy?

i) Generic strategies

.....
.....

ii) Operational strategies

.....
.....

iii) Grand strategies

.....

Section 4: ADDITIONAL INFORMATION.

14. Does TARDA allocate enough resources for response to any changes in the strategic plan?

.....
.....

15. Does the organization have the right people, by qualification, at strategic positions to respond to external changes?

.....
.....

16. Does TARDA involve lower level personnel when coming up with response strategies?

.....
.....

17. On which strategies are lower level staff involved?

- Grand strategies
- Operational
- generic

18. What is TARDA doing to cope with changes at your level?

.....
.....

19. What are the constrain factors when responding to changes?

.....
.....

NOTES.....

.....