

**STRATEGIC RESPONSES BY PARKLANDS SPORTS CLUB TO CHANGES IN
THE EXTERNAL ENVIRONMENT, IN KENYA**

BY:

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DECLARATION

This is my original work and has not been submitted in any other university

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This project has been submitted for examination with my approval as the university supervisor

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DEDICATION

This study is dedicated to my loving children: Diana Kirigo, Michael Waigwa and Steven Kiago who have been a source of inspiration and great encouragement to me during the MBA programme

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ABSTRACT

Organizations exist within an external environment. They depend on the external environment for their inputs and rely on the same environment to absolve their outputs. The external environment is dynamic and is in a continuous state of change. For an organization to compete effectively, it should continuously scan the external environment for opportunities and threats and respond with appropriate strategies to either take advantage of the opportunities or insulate the organization from threats. Only organizations which maintain a strategic fit between their activities and their external environments succeed in the long run. This study was about strategic responses of Parklands Sports Club to changes in the external environment. The study was undertaken using a case study design as its research design. A case study design allows for an in-depth analysis of the chosen organization. The researcher collected both primary and secondary data. Secondary data was collected from the organization's sources such as information booklets, newsletters, and staff circulars. Primary data was collected through personal interviews of four senior managers of Parklands Sports Club, with the help of a structured interview guide. The study found that Parklands Sports Club was affected by changes in the external environment and responded to the changes using a variety of strategies such as: improvement in customer service, investment in information technology, diversification, and outsourcing among others. The researcher recommends that since service delivery is the core activity of Parklands Sports Club, increased focus on customer satisfaction is required. Since this is a case study of one organization, the research findings cannot be generalized on other organizations. The researcher therefore suggests that further research be conducted on similar organizations to get a better understanding of this sector of the economy as far as strategic responses to external environmental changes are concerned. In the process of conducting the study, limitations such as time constraints and busy working schedules of the senior managers, were encountered.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to the Environment Dependence Theory, all organizations are environment dependent and environment serving. They receive inputs in the form of labour, raw materials, and financial capital from the environment and after a transformation process release the outputs in form of finished goods back to the same environment. The external environment is not static, it is in a continual state of change. This dynamism in the external environment creates both opportunities and threats for the organization. The external environment consists of forces that an organization has no direct control over. These forces include: political, economic, social, technological, ecological and legal (Johnson, Scholes, &Whittington, 2008). These forces are continuously interacting, resulting in complex business environments. The survival, growth and prosperity for any organization be it for profit or nonprofit depends on how it responds to the changes taking place in the 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 organization can take advantage of the opportunities and avoid threats by applying appropriate response strategies (Xu, Lahaney, Clarke, & Duan, 2003). It is only organizations that respond to their environments by enacting appropriate response strategies that survive, grow, prosper and attain sustainable competitive advantage.

From the 1980's, organizations in Kenya faced a myriad of challenges arising from changes in their operating environments. These changes included: liberalization of the trade regime, deregulation, price decontrol and the privatization of public entities. The Kenyan organizations responded to these changes by diversifying their businesses, restructuring their organizations resulting in massive layoffs, developing new products and services, cost cutting, price cuts and employing various marketing gimmicks.

Private members clubs in Kenya were established at the onset of the 20th century to cater for leisure requirements of white settlers. First to set base was Muthaiga golf club which drew membership from the general settler community. This was followed by Nairobi club which served the interests of the colonial senior civil servants. From these humble beginnings, private members clubs have grown tremendously in number and the country now hosts about fifty active members clubs offering various services to its members.

Parklands Sport Club was the third members club to be established in the country in 1906, specifically to serve the needs of the colonial middle level management. Membership was initially only open to white members, but following independence, membership was opened to all races and gender. Currently, Parklands Sports Club is a leading private members club in Kenya with a modern gymnasium, tennis court, squash, and cricket facilities. The club has a variety of bars, coffee shop and a restaurant which ensures that all members are catered for.

1.1.1 Organization Response to the Environment

Organizations operate within an external environment. Regardless of the industry in which they compete the external environment influences organizations as they seek strategic competitiveness, that is, the external environment affects an organization's strategic actions (Ireland, Hoskisson, &Hitt, 2013). The environmental conditions in the current global economy are characterized by uncertainties. For example, organizations are faced with rapid technological changes and a continuing growth of information gathering and processing capabilities necessitating organizations to develop effective competitive actions on a timely basis. The rapid sociological changes occurring in many countries affects labour practices and the nature of products demanded by increasingly diverse consumers. Government policies and laws also affect where and how organizations choose to compete. In addition changes in the financial regulatory systems increase the complexity of organization's financial transactions.

In totality, therefore, organizations are today, facing very uncertain external environments. For organizations to grow and thrive they need to deal with these uncertain and dynamic environments by responding with appropriate strategies. Porter (1980)

described the external environment as the conditions that affect an organizations competitive situation. Porter (1985) avers that for an organization to gain competitive advantage it needs to examine its internal and external environments and respond with appropriate strategies. To be successful, organizations must be strategically aware. They must understand how changes in their competitive environment are unfolding. They should actively look for opportunities to exploit and ward off threats by adapting and seeking improvements in every area of business. Organizations should act quickly in response to opportunities and threats.

In order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment (Johnson et al., 2008). Failure to effectively adapt the organization to its environment leads to a mismatch between what the organization offers and what the market demands (Ansoff & McDonnell, 1990).

To succeed, an organization has to continuously scan the environment. According to Johnson et al. (2008) environmental scanning enables organizations to identify potential developments in the external environment that could have an impact on its operations. Scanning the environment enables the organization to gauge both the direction and speed of change in the environment. Environmental scanning is an important first step in formulating effective response strategies. Effective scanning of the environment is necessary to the successful alignment of strategies with the requirements of the environment resulting in the achievement of outstanding performance. Scanning the external environment allows an organization to learn about the opportunities, that it may be positioned to take advantage of and conditions that threatens its performance thus enabling the organization to craft response strategies in line with critical environmental conditions.

Pearce and Robinson (2005) define an organizations external environment as all those factors beyond the control of the organization that influence its choice of direction, action, organizational structures and internal processes. The external environment is dynamic multifaceted and complex. To succeed, an organization has to develop strategies that will enable it to fit within the environment in which it operates. The organization has

to learn adapt and orient itself to the changing environment (Ross, 1996). To succeed in the long term, an organization must compete effectively and outperform rivals in a dynamic environment.

In dynamic environments, strategic thinking enables organizations to be flexible enough to change to suit the changes in the external environment. Strategic thinking is an ongoing process in which significant events are dealt with in a comprehensive manner (Rowe et al, 1994). According to think Watson.com, strategic thinking is defined as the ability to see the total enterprise, to spot the trends and understand the competitive landscape, to see where the business needs to go and to lead it into the future. According to Hill (2014), strategic thinking involves making a series of decisions about what actions the organization intends to take to become more successful. At the heart of strategic thinking is the ability to anticipate major shifts in the competitive market place and identify emerging opportunities. Strategic thinking is beneficial to an organization as it enables the organization to determine how to use its scarce resources most effectively and advance it towards its objectives. Strategic thinking focuses the organization on markets that are most likely to succeed.

Strategic thinking helps the organization avoid costly mistakes, such as opening a new retail location before the customer population is large enough to support it (Hill, 2014). Strategic thinking is a mindset of preparing for change in the market place and having plans in place to deal with them. Reacting quickly allows the organization to take advantage of opportunities and minimize the damage of unforeseen negative events.

Organization proficiency in strategic thinking is continually evaluating their business strengths and weaknesses versus those of key competitors. They look for the right time and best means to attack stronger, better capitalized competitors. They try to tilt the playing field in their favor by taking a critical look at where they can improve their products, service levels, and the message they send to the market place (Hill, 2014).

Thinking strategically requires an awareness of alternative organization strategic purposes and objectives and the ability to recognize critically different environments. In addition it requires the ability to diagnose an organization in terms of its strategic capabilities and to develop those capabilities so that the organization is best fitted to its environment so as to achieve its purpose and objectives. Johnson et al. (2008) define strategic capabilities as the resources and competencies of an organization needed for it to survive.

In dynamic environments Porter (1985) posits that it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive succeed and remain relevant. The alignment between strategy and the external environment is the basis of success for any organization.

1.1.2 Private Members Clubs in Kenya

Private members clubs or social clubs were originally set up by and for the British upper class men in the 18th Century and popularized by English upper-middle class men and women in the late 19th century and early 20th century. The 19th century brought an explosion in the popularity of clubs particularly around the decades of the 1880s. An increasingly number of clubs were characterized by their members' interest in politics, literature, travel or some other pursuit. Today private members clubs exist throughout the world, predominantly in common wealth countries and the US (Source: Wikipedia).

In Kenya there are about fifty private members clubs. They were started from the onset of the 20th century to cater for the influx of British settlers in the newly established Kenyan colony. These clubs offer various services to their members. They are in effect second homes where members can relax, mix with their friends, play games, get a meal and in some clubs stay overnight. Private members clubs provide everything a regular home would. They are places to relieve stress and worries. They provide emotional and practical needs. They provide spaces such as dining halls, library, entertainment and game rooms, rooms for sleep, bathrooms and washrooms and a study (Source: Parklands Sports Club information booklet).

1.1.3 Parklands Sports Club

Parklands Sports Club was founded in 1906 in Parklands area in Nairobi by a group of eleven white settlers. Currently it caters for three thousand four hundred and fifty three full members, forty nine upcountry members, one hundred and ninety eight overseas members and six hundred and fifty four junior members. Full membership is accorded to members who are over twenty five years old while junior members are children of members who are in the age bracket of twenty one years and twenty five years (Source: Parklands Sports Club General manager).

The objectives of Parklands Sports Club are to promote and encourage sports and games on the club premises and in Kenya generally and to provide recreational and social facilities for members. The management of the club is vested in a Committee known as the main committee whose members are elected at the Annual General meeting. The club is run using proceeds from members joining fees and subscriptions which are adjusted periodically to cater for inflation. Membership of the club is open to persons of not less than twenty one years of age and consists of the following: honorary life members, life members, full members, nominated members, airline crew members, temporally members and junior members, absentee members, reciprocating members, country members and international members (Source: Parklands Sports Club Newsletter).

Since the 1980's the club has faced various challenges and opportunities. The 1990's were a time of great upheaval in Kenya resulting in the club undergoing significant changes since. In the 1990s the club faced and survived the monetary hardships the country experienced and recovered as the economy began to pick up. In this decade also, the club enjoyed an influx of youthful members, a post independence generation of men and women who worked hard in different professions and had brought into the living, healthy lifestyles that became the urban catchphrase of the 1990's (Source: Parklands Sports Club information booklet).

In the decade of the 1990's also, the World Bank and the International Monetary Fund curtailed aid until Kenya's economy was liberalized, causing further destabilization in the country's economy. Ripples from the crisis spread to the private sector and major

companies, as uncertainty increased. This had negative repercussions for the club (Source: Parklands Sports Club information booklet).

At the beginning of the new millennium, the Gulf War started. The impact of the gulf war was felt by Parklands Sports Club due to rising diesel prices. Heating the swimming pool became prohibitively expensive resulting in members deciding to turn off the heating. Other challenges that the club faces are delayed subscriptions and sometimes defaulting leading to financial difficulties (Source: Parklands Sports Club information booklet).

1.2 Research Problem

The environment in which organizations operate is ever changing (Ansoff & McDonnell, 1990). These changes in the environment present opportunities and threats to an organization. To succeed, an organization has to respond to these changes in the external environment by crafting and implementing appropriate response strategies. Porter (1980) states that the aim of crafting competitive strategies is to fit the organization to the environment in which it operates- in most cases this is the industry in which it has chosen to compete in. organizations are expected to be alert to their changing environments by continuously scanning the environment for opportunities which it can take advantage of and threats which it would seek to contain.

Environmental changes have not spared nonprofit organizations like private members clubs. Private members clubs in Kenya have faced various environmental challenges and opportunities. Those that responded to these environmental changes by formulating appropriate strategies flourished but those that didn't failed.

Various studies have been conducted on responses of organizations to changes in their environments: Mathara (2007) conducted a study on the response of National Bank of Kenya to the changes in the external environment, Mwarania (2003) did a study on the responses of Kenya Reinsurance Corporation to changes in the external environment, Murgor (2008) conducted a study on the strategic responses of Sugar Companies in Kenya to changing environmental conditions, Onyango (2011) researched on strategic responses by Kenya Post Office Savings Bank to changes in the environment, Kandie

(2001) did a study on the responses by Telkom Kenya in a competitive environment, and Komira (2011) researched on strategic responses by Jubilee Insurance to a changing competitive environment.

All these studies established that these organizations responded to their environments by formulating coping strategies. However, all these studies focus on for-profit organizations. Parklands Sports Club is a non-profit organization and a study focusing on challenges and opportunities it has faced has to date not been conducted. This study also represents a different context from the other studies so far carried out as differences across organizations affect the way strategic management is practiced. The study aims to establish whether and how Parklands Sports Club responded to the changes in the external environment. How has Parklands Sports club responded to the changes in the external environment?

1.3 Research Objective

The objective of this study is to establish how Parklands Sports Club strategically responded to changes in the external environment.

1.4 Value of the Study

The study will be beneficial to practitioners in having a better understanding of the working of this sector of the economy. The practitioners will thus be in a better position to appreciate the challenges and opportunities facing this sector. Potential investors seeking to invest in this sector will find the study's conclusions useful thus enabling them make informed decisions.

The study is also expected to be useful to policy makers in their regulation duties. By having a better understanding of this sector, policy makers will be able to come up with appropriate policies and a legal framework for regulating the sector.

Lastly, the study will benefit researchers by contributing to the existing body of knowledge. Future researchers will find the study's findings useful while conducting research on the responses of organizations to environmental changes. The study will also help future researchers in identifying areas of further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of information from other studies conducted by researchers in related fields. Areas discussed in this chapter are: Theoretical foundation, concept of strategy, organization and the environment, and strategic responses to external environmental changes.

2.2 Theoretical Foundation of the Study

This study is guided by the Environment Dependence Theory and the Dynamic Capabilities Theory.

2.2.1 Environment Dependence Theory

This theory views organizations as open systems which are dependent on their external environments. Organizations receive inputs from the environment and after a process of conversion generate outputs which they feed back to the same environment. The external environment consists of factors that are beyond the control of any organization .These factors are: Political, economic, socio-cultural, technological, ecological, and legal (Johnson, Scholes, &Whittington, 2008)

The external environment is in a state of change. These changes introduce uncertainty in the organization's business environment creating both opportunities and threats for the organization. In order to survive and prosper an organization has to adapt to the environment in which it operates (Johnson et al., 2008)

Ansoff and McDonnell (1990) observed that for an organization to be assured of continued success, its activities must be matched with the demands of the external environment. This is the basis of the Environment Dependence Theory.

Ireland, Hoskisson, and Hitt (2013) stated that the external environment imposes pressures and constraints that determine the strategies that organizations employ to

respond to opportunities and threats that do arise. Thus the external environment has a dominant influence on an organization's strategic actions. The Environment Dependence Theory holds that competitive advantage is achieved when organizations are able to effectively study the external environment as the foundation for identifying an attractive industry and implementing the appropriate strategy. Porter (1980) points out that the ability for an organization to gain competitive advantage rests on how well it positions and differentiates itself in the external environment and more so in the industry in which it operates.

2.2.2 Dynamic Capabilities Theory

The basic assumption of the dynamic capabilities Theory is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantages to address dynamic external environments. The academic literature on dynamics capabilities grew out of the resource based view of the firm and the concept of "routines" in evolutionary theories of organizations(Nelson and Winter,1982). Leonard- Barton (1992) states that dynamics capabilities are" the firms ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments.

Dynamic capabilities thus reflect an organizations ability to achieve new and innovative forms of competitive advantages. Teece (1982) defines dynamic capabilities as "an organizations ability to renew and recreate its strategic capabilities to the meet the needs of a changing environment". Teece (1982) argues that for a firm to achieve competitive advantages over others, it needs to develop a capacity to change, innovate, to be flexible, and to learn how to adapt to a changing environment.

2.3 Concept of Strategy

The word strategy comes from the Greek verb strategies which means to plan the destruction of one's enemies through effective use of resources. The concept of strategy in military and political context has been in use for a long time and has been discussed by

such major writers as Shakespeare, Montesquieu, Kant and Mill. The strategic concepts developed by these writers have been used by numerous militarists and political theorists such as Machiavelli, Napoleon and Hitler (Bracker,1980)

Concepts of strategy related to business evolved after World War II as business moved from a relatively stable environment into a more rapidly changing and competitive environment. Modern business definitions of strategy are many and varied. According to Drucker (1954) strategy is analyzing the present situation and changing it if necessary. Incorporated in this is finding out what ones resources are or what they should be. Chandler (1962) defines strategy as the determinant of the basic long term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out the goals. Chandler, (1962) argued that the structure of any organization followed the chosen strategy. He defined structure as the design of an organization through which the enterprise is administered. He stated that changes in strategy are mainly responses to opportunities created by changes in the external environment. Therefore as a consequence of changes in strategy complimentary new structure also have to be devised.

Ansoff (1965) views strategy as the 'common thread' among a firm's activities and product markets and is comprised of four components: product- market scope, growth vector (or the changes that a firm makes in its product – market scope), competitive advantage and synergy.

Andrews, learned, Christenson, and Guth (1969) described strategy as the pattern of objectives, purposes or goals and major policies and plans for achieving these goals stated in such a way as to define what business the company is in or is to be in and the kind of company it is to be.

Andrews et al. (1969) stated that corporate strategy is composed of two interrelated but practically separate aspects: formulation and implementation. They viewed the challenge in formulation as identifying and reconciling four essential components of strategy: market opportunity, firm competence and resources, managers personal values and

aspiration and obligation to stakeholders. After the strategy is formulated they suggested that implementation is concerned with how resources are mobilized to accomplish the strategy and requires appropriate organization structure, systems of incentives and controls, and leadership.

Glueck, (1976) defined strategy as a unified, comprehensive, integrated plan designed to assure that the basic objectives of the enterprise are achieved. Johnsons, schools, and Whittington (2008) define strategy as the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder expectations. This definition of strategy indicates that strategy is about addressing the following : Where the business is trying to get in the long term(direction), the markets in which the business should compete in and the kind of activities involved in such markets, how the business can perform better than competition in those markets, the resources (skills, assets, finance, relationships, technical competency facilities) required in order to compete, external environment factors affecting the businesses ability to compete effectively and the values and expectations of those who have power in and around the business.

Thompson, Peteraf, gamble, and Strickland (2012) define strategy as consisting of the competitive moves and business approaches that organization managers employ to compete successfully, improve performance and grow the business. Thus an organization's strategy is concerned with: how to satisfy customers, how to out compete rivals, how to manage each functional area, and how to develop requisite capabilities to achieve the organization's objectives. Thompson et al.(2012) argue that strategy is about competing differently from rivals, that is, doing what competitors don't do or even better doing what they can't do. They state that every strategy needs a distinctive element that attracts customers and produces a competitive edge. Thus, an organization's strategy is management's action plan for competing successfully and operating profitably.

According to Ireland et al. (2013), a strategy is an integrated, and coordinated set of commitments and actions designed to exploit core competencies and gain competitive advantage. Ireland et al, (2013) state that when an organization implements a strategy that creates superior value for customers and competitors are unable duplicate or find too costly to imitate, then that organization has achieved a competitive advantage over its competitors.

Aosa (1992) stated that strategy is creating a fit between the external characteristics of an organization and its internal characteristics to solve a strategic problem. He defined a strategic problem as a mismatch between internal characteristics of an organization and its external environment. The match is only achieved by developing an organizations core capabilities related to the external environment and minimization of threats. Mintzberg (1979) defines strategy as a mediating force between the organization and its environment; consistent patterns in streams of organizational decisions to deal with the environment.

An organizations strategy is partly proactive and partly reactive: proactive actions are meant to improve performance while reactive actions are meant to address unforeseen developments. Mintzberg (1990) distinguished between intended, realized and emergent strategy. According to Mintzberg (1990), intended strategy is strategy as conceived by management. It specifies a consciously intended course of action, is designed in advance of the actions it governs, is developed deliberately and may be general or specific. Emergent strategy is strategy that becomes apparent from a stream of actions and is

developed in the absence of intention and without pre-conception. Emergent strategy visualized only after the events it governs. Realized strategy is the strategy that is observed. It is influenced by both intended and emergent strategy.

Porter (1985) described strategy as concerned with positioning a business in its chosen field of operation so as to maximize the use of its capabilities. He observed that sustainable competitive advantage cannot be achieved through operational effectiveness

alone which means doing similar activities better than rivals. He asserted that sustainable competitive advantage comes about by performing different activities in different ways, that is, strategy is about being different from rivals.

Porter (1980) came up with three generic strategies that organizations can choose from in order to build competitive advantage: a low cost strategy, a differentiation strategy and a focus strategy. An organization that uses a low cost strategy to compete seeks to achieve a lower price than competitors whilst trying to maintain similar perceived product or service benefits to those offered by competitors. An organization that uses a differentiation strategy to compete seeks to provide products or services that offer benefits that are widely valued by buyers. Cost leadership and differentiation strategies are based on the creation of competitive advantage over an entire market segment. In contrast a focus strategy focuses on market niches, that is, on specific target groups or a narrower geographic area. An organization which has chosen to compete using the focus strategy seeks to provide high perceived product or services benefits justifying a substantial price premium, usually to a selected market segment (niche). Organizations using the focus strategy are specialists.

In summary, strategy is about winning. It is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organization. Bracker (1980) suggests that business strategy normally has the following characteristics: An environment situational analysis is used to determine an organizations position in its field of operation and then the organization resources are utilized in an appropriate manner so as to attain its major goals.

2.4 Organization and the External Environment

The business environment is changing faster than ever before as a result of globalization of business, rapid technological advances resulting in short product life cycles , and changes in customer tastes and preferences. These changes have resulted in business environments which are complex and turbulent. Teopaco (1993) , Lane and Maxfield (1996) define environmental complexity as the measure of heterogeneity or diversity of environmental sub factors such as customers , suppliers, social politics and

technology. As complexity increases the ability to understand and use information to plan and predict becomes more difficult (Black & Farios, 1997). Environmental turbulence is defined as dynamism in the environment involving rapid unexpected change in the environment sub dimensions (Conner, 1998).

A stable environment changes little but when it does the change is unpredictable. In a turbulent environment there many unexpected changes. According to Mintzberg (1994), turbulence is the natural state of the world. Turbulent environments are characterized by unfamiliar rapid and unpredictable events (Ansoff, 1988). Ansoff (1988) stated that the extent to which the business environment is turbulent depends on six factors: changeability of the market environment, speed of change, intensity of competition., fertility of technology, discrimination of customers, and pressures from government and influence groups. He gave the following prescription to tame a turbulent environment: aggressiveness of the firms strategic behavior needs to match the turbulence of its environment, responsiveness of the firm's capability matches the aggressiveness of its strategy and that the components of the firm's capability must be supportive of one another.

Aosa (1992) states that for firms to cope effectively with environmental turbulence, they have to embrace the concept of ' learning organization' as failure to do so may jeopardize future success of these organizations. A learning organization is capable of continued regeneration from the variety of knowledge , experience and skills of individuals within a culture which encourages mutual questioning and challenge around a shared purpose or vision (Johnson, schools, & Whittington , 2008).

A major escalation in environmental turbulence means, a change from the familiar world to that of new things : new technologies, new competition, new customers and a new dimension of social control (Ansoff & McDonnell 1990). As business turbulence increases, technological changes are giving rise to innovation at a faster rate and therefore greater capacity for imitation and substitution of existing products and services. For an organization to survive and thrive, more emphasis has to be placed on its capacity to change , innovate , to be flexible and to learn how to adapt to a rapidly changing

environment. Teece (1982) argued that the strategic capabilities that achieve competitive advantage in such dynamic conditions are dynamic capabilities. He defined dynamic capabilities as organization's abilities to renew and recreate its strategic capabilities to meet the needs of a changing environment. Whereas in more stable conditions, competitive advantage might be achieved by building capabilities that may be durable overtime, in more dynamic conditions, competitive advantage requires the building of capacity to change, innovate and learn, that is, to build dynamic capabilities. To build dynamic capabilities, organizations need to embrace a learning culture. Organizations that will excel in the future will be those that discover how to tap people's commitment and capacity to learn. Teece (1982) concept of dynamic capabilities essentially says that what matters for business is the capacity to first sense and shape opportunities and threats, secondly to seize opportunities and thirdly to maintain competitiveness through enhancing, combining, protecting and where necessary reconfiguring the business enterprises to meet the needs of the changing environment.

Organizations must be able to understand the complexity and trends of the changing environment. Some of the changes may be as a result of external forces such as increased international competition and rapid technological change while others will be the outcome of actions taken by the organization itself such as the need for flexibility when serving customers in situations when time to market and timing of introducing new products is critical (Ireland et al., 2013).

Mason (2007) posits that awareness of the complexity and turbulence of the external environment coupled with the ability to embrace a learning culture, enables organizations to manage change successfully by changing technologies, processes and business architectural to maintain a successful fit with the environment.

2.5 Strategic Responses to External Environmental Changes

Organizations are increasingly facing external environments that are highly turbulent and complex. As a result of this, organizations are facing business environments which are filled with uncertainty. To successfully deal with these conditions of uncertainty and to achieve strategic competitiveness and thrive, organizations must be aware of and

fully understand the changes in the external environment (Ireland et al.,2013). An organization's external environment creates both opportunities and threats. Understanding the external environment is therefore key to the organization's success. Collectively, opportunities and threats facing an organization affect its strategic actions.

According to Johnson et al. (2008), organizational responses can be both strategic and operational. Strategic responses involve fundamental changes in the business of the organization and its future direction. The purpose of strategic response is to ensure that the organization is headed in the right direction by aligning it to changes in the environment. Operational response is aimed at ensuring that the organization activities are being performed in the best way possible, the focus being on excellence in what the organization does. Purpose of operational response is to ensure that the organization is efficient by employing superior organizational procedures. Strategic responses affect operational decisions.

Pearce and Robinson (1997) define strategic responses as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve an organization's objectives. Thus strategic responses are actions that an organization takes such as building new capabilities and core competencies in the hope of insulating itself from any negative environmental effects and to pursue opportunities as the basis for better serving its customer's needs. According to Ansoff and McDonnell (1990) strategic responses are meant to position and relate an organization to its environment in a way that will ensure success. They noted that strategic response involves changes in the organization's behavior to ensure success in facing future changes in the organization's external environment. Ansoff and McDonnell (1990) further argued that the management systems used by an organization determines the organization strategic response to environmental changes as it sets the way the management perceives the environment, analysis of the impact on the organization, and thus the decisions taken and implemented in response to the changes in the environment.

Strategic responses require organizations to change their strategy to match the external environment and to redesign their internal capabilities to match this strategy (Grant, 2011). Thompson and Strickland (2003) argue that for effective strategic response, continuous scanning of both the internal and external environments is vital. This helps keep the organization updated of all the environmental variables that are important for its continued success.

For an organization to continue to grow and prosper, its strategy must be matched to the demands of the external environment. Johnson et al. (2008) stated that strategic response is about adopting new strategies that match the challenges from the environment. Maintaining a strategic fit between the activities of the organization and its external environment should be the goal of every organization for continued success.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the research design chosen for this study. It highlights the data collection method used. It also indicates how the resulting data has been analyzed.

3.2 Research Design

Nachmias and Nachmias (1996) describe a research design as the blue print that enables the investigator to develop solutions to the research problem and guides him in the various stages of the research. This research used a case study as its research design. Cooper and Schindler (2011) define a case study as a research methodology that combines individual and sometimes group interviews with record analysis and observations. This methodology according to Cooper and Schindler (2011) is used to understand events and their ramifications and processes, emphasis the full contextual analysis of a few events or conditions and their interrelations for a single participant.

Case study allows for the collection of in depth information on the organization. This detail is secured from multiple sources of information. An emphasis on detail provides valuable insight for problem solving, evaluation, and strategy. Case study allows evidence to be verified and avoids missing data. Yin (1989) says that a case study allows an investigation to retain the holistic and meaning of real life events.

3.3 Data Collection

Both secondary and primary data was collected. Secondary data was collected from a wide variety of printed materials: business publications, organization information booklets, organization's newsletters and staff circulars. Primary data was collected by use of an interview guide. Such information is best collected using an interview guide (Touliantos & Compton, 1988; Bell 1993).

The interview guide was designed in line with the objectives of the study. It had two sections, an introductory first section with general questions and a main section with

detailed questions. The questions on the main section were open ended to enable as much probing as possible on the subject matter of interest. The interview guide was also structured so that only relevant questions in line with the objective of the study were asked.

The primary data was obtained from interactive personal interviews with senior management staff of Parklands Sports Club who included: the club's General Manager, Human Resource Manager, Manager in charge of information technology and Chairman of the Club's main committee. Personal interviews have the advantage of allowing: greater flexibility, greater control of the interview situation and the opportunity to use probes. However they have the disadvantage of interview bias and lack of anonymity.

3.4 Data Analysis

After collection of data, the data was checked for completeness, clarity, accuracy and consistency in preparation for analysis. Data analysis is the process of editing and reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler, 2011). The data was analyzed using content analysis in order to come up with conclusions and recommendations.

Cooper and Schindler (2011) define content analysis as a flexible, widely applicable tool for measuring the semantic content of a communication- including counts, categorizations, associations, and interpretations. Content analysis is also used to study the content of speeches, advertisements, newspapers, and magazine editorials, focus groups and transcripts.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study. The study findings are in respect of the research objective which is to establish the strategies that parklands sports club uses to respond to changes in the external environment. The data was obtained by personal interviews of the respondents using an interview guide as the research instrument. The interview guide was designed in line with the objective of the study. Secondary sources of data such as the organization's newsletter and staff circulars were also used. The gathered data was analyzed using content analysis.

4.2 Interviews Profiles

The researcher interviewed four respondents. These were the club's general manager, the information technology manager, the human resource manager and the chairman of the club's main committee. From the study findings, all the interviews had attained university degrees and in addition the general manager is a holder of a Master of Business Administration degree from the University of Nairobi.

The study further showed that all the interviews had been with the organization for more than ten (10) years. The respondents were thus conversant with the goings on in the organization. They were therefore deemed knowledgeable enough and able to articulate on matters which are the subject of the study.

4.3 Strategic Responses by Parklands Sport Club to External Environmental Change

The study findings show that since the onset of the 1990's, Parklands Sports Club has faced an uncertain external environment. This uncertain environment has presented challenges in the operation of the club. The factors in the external environment that have affected the operations of the club are: political, economic, socio-cultural, technological, ecological, and legal.

On the political/legal front, the main forces affecting the operation of the club have arisen from: the political conduct of elections, government policies, government regulatory actions, and taxation measures undertaken by the government. On the economic front, the club has been affected through changes in interest rates, inflation rates and depreciation of the Kenyan currency. In respect of the socio-cultural environment, the club has been affected through changes of customers (members), tastes and preferences. The technological environment has affected the club through rapid technological changes while the ecological environment has had the effect of making the club change its source of energy from non-renewable to renewable sources. To mitigate the effects of these challenges on the operations of club and to take advantage of opportunities presented by the external environment Parklands Sports Club responded by formulating and implementing the following strategies:

4.3.1 Strategic Planning

The research findings indicate that Parklands Sports Club started doing informal strategic planning towards the end of the 1990's. By the beginning of the new millennium, the club had come up with a strategic plan covering the next ten years. The main aim of the strategic plan was to modernize facilities to enable the club offer superior services to its members thus facilitating the attainment of the club's vision of becoming the preferred private members club in Africa. Three clear phases in the modernization of the club were identified in the year 2000; to revamp the car park, remodel the club house and revamp the residential facilities. The production of the strategic plan helped channel scarce resources to only the prioritized projects resulting in efficient resource allocation.

The respondents explained that the club's stakeholders starting from employees, senior managers and club members were involved in the formulation of the strategic plan. The members are involved through a system of members committees. There are a total of nine such members committees with jurisdiction over various matters of the club. Each committee is affiliated to a particular department of the club and has requisite expertise in that area. The purpose is to guide that department in terms of policy objectives. The apex

committee is called the main committee and acts as the board of governors of the club. According to the respondents, members of the main committee together with the club's senior managers lead the process of crafting the strategic plan.

Once the five year strategic plan is agreed on, it is broken down into annual plans and funds allocated according to the identified needs. Each month, the various committees hold meetings with the affiliated department's managers, the aim being to review the progress of the department's programs and avail any needed funding. These meetings ensure that the implementation of the strategic plans proceed smoothly and any hiccups are ironed out at the earliest opportunity.

The respondents further indicated that Parklands Sports Club periodically gathers and analyses data about the external and internal factors that affect its operations. According to the respondents, this process takes place after every two months. The staff are tasked with generating internal data on matters such as patrons per sporting activity and age groups patronizing a particular sport. This data is cascaded to the senior managers who convert the raw data into strategic issues such as whether the existing facilities are still adequate to handle the patron's needs especially during the dense months of patronage.

External data that has a bearing on the clubs operation is gathered by the departmental managers led by the finance manager with the help of the clubs sub committees. This data could for example be the changing prices of commodities in the market place. Also of importance to the club is what other competing clubs are doing to cope with the changes in the external environment

The respondents indicated that the raw data gathered internally and externally is analyzed and discussed by the top management and recommendations made to the main committee. According to the respondents, the main committee is expected to provide the policy direction on the way forward within one month of receipt of the recommendations from top management. According to the respondents, if the issues involved are not

weighty, the main committee gives straight forward responses. For instance it could recommend that the club absorbs any price changes or allow for minimal increases in menu prices.

If the issues under considerations are weighty, like the need to upgrade a facility, which would require substantial resources, the main committee requests for a special general meeting for club members to deliberate on the issue. Once the way forward is secured, the main committee informs the top management through the general manager who sits in the main committee. The decision so reached is ratified at the annual general meeting.

4.3.2 Hiring of a Strategic Leader

To move the strategic plan forward, the researcher learnt that the club management decided to hire a competent strategic leader (general manager). A new General Manager, Mr. Robert Kinyua was head hunted in 2002 from whispering palms hotel at the coast where he had been general manager for seven years. In addition he had worked in several hotels owned by African Tours and Hotels group in various senior capacities.

He was tasked with: modernizing the club facilities which were in a dilapidated state, improving service delivery and raising the standards of sports at Parklands Sports Club to international level. His experience in overseeing the development and renovation of hotels came in handy when the club started its facility rehabilitation programme. He was also instrumental in ensuring that the club had a well trained workforce.

4.3.3 Modernization of Facilities

In order to position the club as the preferred members club in Africa, the study findings showed that the club management engaged in the modernization of all facilities in the club. The Gymnasium was modernized and more machines added and is now one of the most modern in the region. The tennis courts were also rehabilitated to international standards. The cricket field was re-carpeted with kikuyu grass and an underground

irrigation system was installed to ensure a bush green cover all year round. Two basketball courts were built and approved by the Kenya basketball association. The sauna and steam baths in both the women and men's changing rooms were also rehabilitated.

In addition to the rehabilitation of facilities, the club introduced a variety of new menus which included organic foods and juices for the health conscious. These measure which were in response to the changing social environment. It is worth noting that about the beginning of the new millennium non-communicable diseases such as cancer, diabetes and heart diseases surpassed communicable diseases such as malaria and HIV Aids in mortality rates. Many people as a result started seeking out health clubs and were also concerned with healthy eating. This fitness craze saw the popularity of Parklands Sports Club among the elites and professionals soar. Currently it's not easy to secure membership at Parklands Sports Club as the waiting list is very long and only leaving members are being replaced.

4.3.4 Human Resource Training and Development

The research findings show that the newly recruited club general manager, Mr. Kinyua, embarked on a campaign to train and develop the club's workforce. He enrolled the club in the Kenya association of hotel keepers and caterers who helped train the staff on the job. In addition, in 2002, seven staff members attended a management and supervision training programme at the Kenya Utalii College. This constituted the first batch of trainees.

The partnership with Utalii College was an annual one where every year a group of staff members went for training. The club is also a member of the Kenya Body Building Association where the Gymnasium staff go for training. Further to this, several senior staff members undertook self-sponsored programs.

The respondents were of the view that investments made to acquire and develop high quality human capital are productive in that the development of any organization can be attributed to the effectiveness of its human resources. In any case, as the dynamics of

competition accelerate, people are the only truly sustainable source of competitive advantage. Effective training and development programs increase the probability of individuals becoming successful in their undertakings.

The management further views the training programs as increasingly linked to parklands sports club success as knowledge becomes more integral to gaining and sustaining a competitive advantage. Additionally such programs build knowledge and skills, inculcate a common set of core values and offer a systematic view of the organization, thus promoting the organizations mission and organizational cohesion. Building human capital according to the respondents is vital to the effective execution of strategic responses.

When human capital investments are successful, the result is a work force capable of learning continuously. Continuous learning and leveraging the organization's expanding knowledge base are linked with strategic success. Learning also can preclude making errors.

4.3.5 Improved Customer Service

The research findings show that as a result of enhanced training programs, the level of service delivery has improved. The researcher was informed that apart from training on customer service at Kenya Utalii College, the employees go through in-house training courses conducted every six months by a hired outside consultant. Effective training and development programs, the study shows, contributed to Parklands Sports Club efforts to up its game in service delivery. Learning and building knowledge are also important for creating innovative ways in service delivery.

The researcher learnt that the club has posted suggestion boxes at various places to help club members make an input in the improvement of delivery of services. In addition the club management carries out periodic member satisfaction surveys using a questionnaire and sometimes online to gauge the level of satisfaction in service delivery. This enables the management to identify areas that require improvements. Any staff who cannot cope

with the high standards demanded is either redeployed to other areas or dismissed. To ensure that staff are aware of what is expected of them, the club management has come up with a standard customer service operating procedure manual to guide the staff.

The research findings also show that the club management established a staff bursary fund in year 2003, as a way to motivate employees improve on service delivery. The fund was meant to assist bright children of the club's employees get quality education. The beneficiaries of this fund were to receive a full scholarship covering secondary andn University education. The first beneficiary of this fund reported to Tala academy in year 2004, having scored 294 points in the KCPE of year 2003. The respondents felt that taking measure to advance the welfare of employees had resulted in improved service delivery.

4.3.6 Partnering with Academia

Research findings indicate that Parklands Sports Club partners with academia as a strategy to update and upgrade the staff skills in service delivery. The club partners with Kenyatta University in the area of physical education, Mt. Kenya University in area of hospitality and information technology and Eldoret University in the area of information technology and engineering. It also partners with Kenya Utalii College in the area of customer service and hospitality management.

In all cases, these academic institutions send their graduating students for attachment at the club for a period of three to four months. While in attachment, the graduating students work alongside Parklands Sports Club staff. In the process, the employees absorb the latest trends in their fields from academia and end up enriching themselves in the way they deliver services. Thus, in the end these partnership end up being win-win situations for both participating organizations.

4.3.7 Rebranding

The study shows that as a strategy to achieve the status of the most preferred club in Africa, the club management decided to rebrand the club. The club revised its membership admission policies in the year 2005 such that to be eligible for admission,

one had to possess a degree and be a professional in his/her field of study. Prior to the change, anybody of good character who could afford the membership fee was eligible to join. The aim of the revision of admission criteria was to attract a pool of professional members in various fields of study, who could drive the club forward via membership committees.

This rule change has had the effect of turning Parklands Sports Club into a club of professionals. Professionals from various fields find the club ideal for networking and thus feel that they are receiving value by being members. The respondents also indicated that the availability of professionals in all fields enriches the decisions and policies made by the main committee which runs the club, as all professional disciplines are readily available and are represented in the main committee.

4.3.8 Diversification

Parklands Sports Club main source of income is service delivery to its members. However, a survey conducted by the club indicated that only 20% of members patronized the club regularly due to various social and economic reasons. This low level of club patronage had a bearing on the clubs income from sale of food and beverages and also receipts from other sporting activities.

The study found out that as a result, the management decided to diversify into an unrelated area: Offering residential accommodation for the clubs guests with the aim of increasing the income streams. In early 1990's the club management put up a proposal to members on the need to construct residential accommodations to cater for members' local and overseas guests. This proposal was overwhelmingly supported by members, resulting in the construction of eighteen standard self-contained rooms. Demand for these rooms is currently very high with an occupancy rate of 87-90%. This project has ended up being the club's cash cow and there are now plans to expand the residential section by doubling its capacity from the current eighteen to thirty six rooms, and create some superior rooms like mini suites and family rooms.

4.3.9 Outsourcing

Parklands Sports Club outsources some non-core activities as a strategy to raise efficiency by having them done by third party independent companies who can perform the tasks more professionally and more cost-effectively, according to the study findings. The organization has outsourced the following services: provision for security services, maintenance of the gymnasium equipment, car wash and the barbershop, shoeshine and hair salon. This has enabled the clubs management to concentrate its energy and scarce resources on the club's core function which is efficient delivery of sporting and recreational services to its members.

According to the respondents, outsourcing has its own downside too. First and foremost the organization loses control of the outsourced activities which can be a major problem if the outsourced activities are not being performed at the organization's satisfaction.

Secondly, the organization over time loses its competency to perform these outsourced activities. This can present a challenge were the outsourced activities to revert back to the organization following a sour outsourcing relationship.

4.3.10 Investment in Information Technology (I.T)

The research findings show that the technological environment has had a major impact on the operations of the club. Prior to the beginning of the new millennium, the operations of the club other than payroll were manual based. About the year 2000, the club management made a decision to computerize all departments. The club went on to install an Accounting financial management system which allowed for the computerization of the clubs accounts, membership management and stock management. In the year 2005 a point of sale system which manages the sale of food and beverages and a computerized security system were installed. Access to the club and payment of food and drinks is now by a smart card. The clubs operations are now cashless.

The club has also embraced other forms of technology. To pay for subscription, members now use an M-pesa pay bill number. The club uses the email platform to communicate with members on important matters and reminders of special general meetings or the annual general meeting. The club also posts an electronic newsletter to members

regularly. In addition to this, the club hosts a Wi-Fi hotspot for its members. This enables its members and children of members to do research using such internet engines as Google. This facility according to the respondents is of immense benefit to members and employees as some of them have embarked on web based studies.

The research findings show that Parklands Sports Club has heavily invested in information technology with the goal of increasing efficiency in operations and reducing costs. In order to serve the members even better, there are plans to install an integrated system which will enable the integration of all the clubs activities: accounting, security, membership management and point of sale. Parklands sports club management seek to transform the club into the most computerized in the region.

4.3.11 Collaboration with Other Clubs

The study showed that parklands sports club pursues collaborative relations as a strategy to deepen the satisfaction of its members. Collaboration enables members to enjoy facilities that parklands sports club does not provide like golfing. Research has shown that, effective collaboration relations can have major strategic benefits and that organizations with effective collaboration skills are likely to have a competitive edge.

Parklands sports club collaborates with local and international clubs according to the study findings. It has collaborative arrangements with the following local clubs: Eldoret club, Kericho club, Kitale club, Mombasa sports club, Nanyuki club, Nyanza club, Nyeri golf club and Rift valley sports club.

In addition to the local clubs, Parklands sports club collaborates with the following international clubs: Arusha Gymkhana and Dar-Es-Salaam gymkhana both in Tanzania, Entebbe club in Uganda, Lusaka sports club in Zambia, Lilongwe Golf club in Malawi, Singapore recreation club in Singapore, The Bombay presidents golf club and Bangalore club both in India and last but not least Hong Kong football club in China. These collaborative agreements are of much benefit to members who travel regularly and especially now that it is easy to make International connections via Kenya Airways.

4.3.12 Partnership with the Private Sector

The study findings indicate that Parklands Sports Club partners with the private sector as a strategy to enhance sports in the club and raise funds for charity work. The business community sponsors competitions in squash, tennis, cricket and golf tournaments. In exchange the business community is allowed to display their products in the club premises as a form of advertisement.

Money raised in the competition is used in charity work. Beneficiaries include: Mji wa Huruma run by the sisters of charity, Old People's homes run by the Salvation Army. The Kikuyu old people's home run by the Women's Guild of the church of the Torch at Thogoto, Dagoretti Children's home run by Ministry of Home Affairs, and Saint Teresa's Children's home run by the Catholic Church among others. The respondents noted that there is synergy with partnerships and more mileage can be covered by both partners.

4.3.13 Hiring out of Under-Utilized Facilities

According to the study findings, parklands sports club hires out under-utilized facilities as a strategy to make extra income to defray the ever rising operating costs. The club hires out the soccer/cricket field for different types of functions and activities ranging from team building, weddings and family fun activities. The field is also very popular with corporate Organizations who set up tents for their end of year parties and Annual General Meetings

The club also has a number of conference rooms for hire. The rooms are suitable for holding functions, meetings, and seminars. In addition The club offers conference facilities for groups of forty to one hundred and fifty persons.

4.3.14 Development of a Performance based Corporate Culture

Parklands Sports Club was established to cater for leisure needs of colonial middle level managers who were white. After independence, membership discrimination on the basis of race was outlawed by the government of the day. This allowed many Kenyans of Asians and African origin to join the club. This shift in membership from a white only

club to a multi-cultural club necessitated change in the corporate culture of the club. The shared values, beliefs, ethical standards and traditions that defined the behavioural norms as a white only club had to give way to a different style of operating with a different set of ingrained attitudes and accepted work practices where discrimination in service delivery could not be tolerated. To improve on service delivery, the research findings show that Parklands Sports Club management has endeavored to create a performance based corporate culture.

The study findings indicate that to enhance efficiency in executing functions, the newly recruited general manager, Mr. Robert Kinyua started by crafting a management and organization chart with the management team getting job titles and descriptions that were restructured and redefined. An effective performance appraisal system was then put in place. Individual goals were set and a system of measuring individual performance toward goals was established. Parklands Sports Club management continuously monitors employee performance, culminating in the yearly performance appraisals.

Every month, the best performing employee is named as the employee of the month and at year end the employee of the year is named. The outstanding employees are motivated to perform even better by the act of recognizing them and awarding them monetary tokens. The club has also put in place a system to encourage innovations. The employees are encouraged to come up with ideas which can improve delivery of services. Promotions and salary increments are based on positive contributions to the attainment of the club goals of delivering exemplary services to its members.

The respondents were of the view that because corporate culture influences how the organization conducts its business and helps regulate and control employees' behaviour. It can be a source of competitive advantage. Thus a vibrant corporate culture is one thing that Parklands Sport Club seeks to develop in its goal of improving its performance on service delivery to its members, the study findings found.

4.3.15 Emphasizing Ethical Conduct of Employees and Club Members

Parklands sport club takes ethical conduct of its staff and club members very seriously. According to the respondents, the management is of the view that the effectiveness of processes used to implement the firms strategies increases when they are based on ethical practices. The club has a code of conduct for staff and club members are obliged to follow the club constitution. New members are inducted on ethical conduct at the time of joining the club. Staff undergo regular training in-house by a consultant who is hired by the club management.

Parklands Sports Club encourages and enables its staff at all levels in the organization to act ethically when doing their day to day activities and when implementing strategies. Parklands Sports Club is a family club and members are encouraged to act ethically when dealing with each other and also when dealing with the club's employees. This has in turn fostered harmonious relationships in the club .At Parklands Sports Club, ethical practices shape the organizations decision making processes and is an integral part of its culture. This in itself has contributed in influencing employee's judgment and behavior.

The respondents noted that a value-based culture is the most effective means of ensuring that employees comply with the organization's ethical requirements. Parklands Sports Club senior managers are expected to be ethical leaders for whom honesty, trust and integrity are important and who include ethical practices as part of their strategic direction for the organization. The respondents were of the view that as the senior management consistently display ethical practices, these qualities will inspire employees as they work with others to develop and support an organization culture in which ethical practices are the expected behavioral norms. To entrench ethical practices in the organization, Parklands Sports Club has created and uses an explicit reward system that recognizes acts of courage like rewarding those who use proper channels and procedures to report observed wrongdoing.

Also, Parklands Sports Club has created a work environment in which all people are treated with dignity. The sum total of emphasizing ethical practices by both employees and members is the reduction of fraud in the organization's dealings,

thus resulting in the safeguarding of the clubs resources, not to mention the harmonious relationships that exist in the club as a result.

4.3.16 Transforming the Club into an Eco-Friendly Facility

According to the research findings, the Club management seeks to transform Parklands Sports Club into an Eco Friendly facility. Currently the club has managed to do away with plastic packages and is instead using paper packaging. The club has also planted many trees in the compound.

During the current strategic plan running to 2017, Parklands Sports Club is planning to install a solar heating system for the club's swimming pool. The swimming pool is currently heated using a diesel fired boiler. Another project in the pipeline is the harvesting of water from the washrooms which is to be recycled and used to irrigate the grass field and flowers using sprinklers.

The respondents also informed the researcher that plans are underway to install a solar water heating system in the club premises so that all bathing water will be solar heated. Currently bathing water is electrically heated, which is very expensive. There are also plans to shift from the current electricity based lighting system to one which will be powered by solar energy. The respondents noted that these projects will require a substantial initial financial outlay but in the long run they will deliver a handsome dividend.

The study further found that to conserve the City Council water and reduce water bills, the club has dug a borehole from which it taps bathing water. The borehole water also comes in handy when the City Council is unable to deliver water. Also water for sprinkling the grass and flowers during the dry periods of the year comes from the borehole.

According to the research findings, Parklands Sports Club uses both proactive and reactive strategies to respond to changes in the external environment. Proactive by following its five year strategic plans and reactive while responding to urgent

emerging issues such as the current depreciation of the Kenya shilling which has resulting in a high inflation rate regime in the country. Imported goods such as wines and spirits are now more expensive.

The respondents were unanimous that the strategies that Parklands Sports Clubs implements to respond to the changing external environment are effective. They pointed to the growing popularity of the club whose membership now stands at three thousand four hundred and fifty three full members, forty nine upcountry members, one hundred and ninety eight overseas members and six hundred and fifty four junior members, this despite the fact that the current joining membership fee is quite high at Kshs 450,000. The club has also been successful in attracting professionals of all cadres who are able to network with their colleagues in other professions. In addition, members satisfaction surveys indicate that members are quite satisfied with the services offered, according to the respondents .

4.4 Discussion

This study has demonstrated that today's organization face a myriad of challenges from the external environment in their day to day operations and Parklands Sports Club has not been an exception. For Parklands Sports Club to survive and thrive it has had to match its activities to the demands of the external environment. This it has done by crafting appropriate strategies that position it to take advantage of opportunities offered by the external environment and nullify threats that pose a danger to its operations.

4.4.1 Link with Theory

Porter (1985) states that for an organization to gain competitive advantage, it needs to examine its external and internal environments and respond with appropriate strategies. This is in line with what Parklands Sports Club has been doing in order to cope with the requirements of the external environment. Parklands Sports Club scans both its internal and external environments every two months for any changes that may have a significant impact on its operations and crafts appropriate strategies to respond to those changes.

According to Ansoff and McDonnell (1990) strategic responses are meant to position and relate an organization to its environment in a way that will ensure success. This statement is supported by Parklands Sports Club experiences. Parklands Sports Club has used various responses strategies such as modernizing its facilities, rebranding, improving customer service to position itself as the premier club in the region.

Johnson et al. (2008) states that organizational responses can be both strategic and operational. This statement is in line with Parklands Sports Club operations. Parklands Sports Club uses operational interventions such as staff motivation to improve on efficiency of operations and strategic interventions to position the organizational to take advantage of existing opportunities or to insulate the organization from negative environmental effects.

Grant (2011) observes that strategic responses require organizations to change their strategies to match the external environment and to redesign their internal capabilities to match this strategy. The study found that Parklands Sports Club changes its strategy to suit the demands of the changing external environment and hired a strategic leader (new general manager) and embarked on training programs for its staff as a way of redesigning its internal capability to match the chosen strategy.

4.4.2 Comparison with Other Studies

Komira (2011) researched on the responses by jubilee insurance to changing competitive environment and found that jubilee insurance company had responded to the environmental changes through such strategies as: new product development, diversification, expansion to new regions, organizational restructuring, customer service improvement and adoption of new information technology. This study shows that Parklands Sports Club also adopted such strategies as improved customer service, investment in new technology and diversification among others.

Ndirangu (2011) studied the response strategies of Safaricom Ltd to environmental changes and found that competition, changes in technology and globalization prompted Safaricom into adopting strategic responses. Safaricom adopted such strategies as:

training of management team, investment in new technology, collaboration with academia and improving on customer care to cope with the changes. This study shows that parklands sports club has been collaborating with academia, improving customer care and investing in new technologies among other strategies in order to cope with the changing environment.

Njiru (2013) researched on strategic responses adopted by Kenya women finance trust (KWFT) to environmental changes and found that KWFT responded to the changes by adopting such strategies as encouraging innovation among its staff, staff training and development, investment in new technologies, product differentiation, customer service improvement among others.

Parklands Sports Club according to this study had also used such strategies as staff training and development, encouraging innovation and investment in new technologies among others to cope with changes in its operating environment.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study findings. It highlights the conclusions drawn from the findings and the recommendations suggested. It also points out limitations of the study and suggests areas of further research.

5.2 Summary of findings

Since the beginning of the 1990's there have been many changes in the Kenyan business environment. These changes included; political, economic, socio-cultural, technological, ecological and legal. These changes have presented challenges to the operations of Parklands Sports Club. The research findings showed that Parklands Sport Club used an all-inclusive process to identify changes in the external environment. The process involved employees, top management and members through membership committees.

Changes in the operating environment necessitated Parklands Sports Club to formulate and implement appropriate response strategies to take advantage of the opportunities presented by the changes in the external environment and mitigate the effects of any threats arising from the changes. Parklands Sports Club used such strategies as: hiring a strategic leader, strategic planning, rebranding, human resource training and development, improvement in customer service, investment in information technologies, partnering with the private sector, partnering with academia, outsourcing, hiring out underutilized facilities and emphasizing on ethical practices.

The study found that Parklands Sports Club uses both proactive and reactive strategies to respond to the external environmental changes. Parklands Sports club uses proactive strategies to improve performance by positioning the club through strategic planning to take advantage of opportunities offered by the external environment. The club uses reactive strategies to address un-expected developments from the external environment.

The research findings also indicated that the response strategies crafted were successful as Parklands Sports Club has managed to achieve the coveted position as one of the premier private members club in the region. Membership in the club is now something that is highly sort after by professionals and when achieved is highly valued. The club is so popular that despite the membership joining fee being substantial and currently standing at four hundred and fifty thousand Kenya shillings, membership is still growing. The club membership is now controlled such that new members are now only being admitted to replace those leaving the club

5.3 Conclusion

The research findings show that Parklands Sports Club has faced major changes in its operating environment over the last fifteen years. These changes included: technological, political/legal, economic, socio-cultural and ecological. These changes have had a major impact on the operations of the organization.

However, the study also showed that in spite of the challenge in the environment, Parklands Sports Club managed to cope by using such strategies as: diversification, training and development of human resources, customer service improvement, and investment in information technology among others. The study further shows that adoption of these strategic responses has helped Parklands Sports Club position itself as a premier private members club in the region.

5.4 Recommendations

The researcher recommends, that since service delivery is the core activity of Parklands Sports Club, increased focus on customer satisfaction is required. This will be achieved by continuous improvement in customer service through continuous training of the workforce and performance monitoring to ensure satisfaction with the aim of achieving increased customer experience.

The researcher also noted that as a result of using electric power to heat shower water, Parklands Sports Club electricity bills are very high. The researcher therefore recommends that the adoption of solar water heaters be prioritized as a matter of urgency. Initial cost of the change will be high, but the long term savings will be worthy it.

The researcher also noted that as a result of increased membership at the club, parking space has started being a constraint. The researcher recommends that the club management explores ways of increasing parking slots by building more parking slots while at the same time improving on parking management. Currently the researcher noted that each member is issued with two parking stickers and there are possibilities of some dishonest members issuing some parking stickers to their non-member friends who may be leaving their cars in the parking slots during the day, while they dash to town for their errands, thus contributing to the clogging of the parking spaces.

5.5 Limitations of the Study

The researcher interviewed four senior managers at the club. As is expected their views might not represent all the shades of opinion in the organization. To get a better understanding of all the issues facing Parklands Sports Club, more stakeholders need to be interviewed.

The study also faced time constraint. The study was conducted within a short period of time and hence an exhaustive and comprehensive research could not be carried out. The study also faced limitations arising from the busy schedule of the senior managers resulting in the researcher being unable to probe deep for appropriate responses on some issues.

5.6 Suggestions for Further Research

Since this is a case study of one organization, the research findings cannot be generalized on other organizations. The researcher therefore recommends that further research be conducted on several similar organizations. This will help shed more light on the operations of this sector of the economy as far as strategic responses to external environmental changes are concerned.

The researcher also suggests that research on the contribution of a strategic leader to the effectiveness of decisions reached towards strategic responses of an organization to changes in the external environment be carried out. The research would also determine the effectiveness of a strategic leader in the implementation of the decisions so reached. The researcher further suggests that research on the effect of corporate culture on an organization's strategic responses to changes in the external environment be conducted.

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APPENDIX 1

INTERVIEW GUIDE

STRATEGIC RESPONSES BY PARKLANDS SPORTS CLUB TO CHANGES IN THE EXTERNAL ENVIRONMENT

PART A: GENERAL INFORMATION

Date of interview -----

Name of Employee-----

Department-----

Job title -----

Number of years in company service -----

PART B: SPECIFIC

- 1) Does Parklands sports club practice strategic management?
- 2) Does Parklands sports club have a formal strategic plan?
- 3) Does Parklands sports club periodically gather and analyze data about external and internal factors that affect its operations and business?
- 4) If yes, kindly state how often this data is gathered and analyzed.
- 5) Does the analysis of this data identify opportunities and threats that can have an impact on the organization?
- 6) Who is responsible for formulation of responses to the opportunities or threats so identified?
- 7) Briefly explain the changes that have taken place in the organization as a result of direct influence by each of the following external factors.

- i. Economic environment
- ii. Socio-cultural environment
- iii. Technological changes
- iv. Political-legal environment
- v. Ecological environment

- 8) In what ways have the changes mentioned above affected the operations of the organization?
- 9) Kindly indicate the strategies that the organization put in place to deal with each of the external factors mentioned in (7) above.
- 10) Do you consider the various strategies adopted by Parklands sports club to be proactive or reactive to the changes in the external environment? Explain.
- 11) Are the strategies Parklands sports club uses to respond to the changes in the external environment successful? Please explain.
- 12) What challenges has Parklands sports club faced in responding to the changes in the external environment?
- 13) How has Parklands sports club dealt with these challenges?
- 14) Please give any other comment you may have regarding the subject we have been discussing.

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Thank you for your time and participation.